



AUTOMODULAR CORPORATION

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an Annual Meeting (the "Meeting") of the shareholders of Automodular Corporation (the "Corporation") will be held in the Ridout Room of The Toronto Board of Trade, Downtown Centre, 1 First Canadian Place, Toronto, Ontario on Wednesday May 10, 2006 at 11:00a.m. (Toronto time) for the following purposes:

1. To receive the audited consolidated financial statements of the Corporation for the years ended December 31, 2005 and December 31, 2004 together with the report of the auditors thereon;
2. To appoint auditors and authorize the directors to fix their remuneration and terms of engagement;
3. To elect directors to serve for the ensuing year; and
4. To transact such other business, including amendments to the foregoing, as may properly come before the Meeting or any adjournment thereof.

This Notice is accompanied by a form of Proxy and the Management Information Circular as well as a copy of the Corporation's annual report, which includes audited consolidated financial statements for the years ended December 31, 2005 and December 31, 2004.

Shareholders of record at the close of business on April 4, 2006 will be entitled to notice of and to vote at the Meeting either in person or by proxy, in accordance with, and subject to, the provisions of applicable law.

BY ORDER OF THE BOARD OF DIRECTORS

"Christopher S. Nutt"

Christopher S. Nutt
Chief Financial Officer

Toronto, Canada
April 10, 2006

NOTE:

This solicitation of proxies is made on behalf of management of the Corporation

The Board of Directors urges each shareholder to attend the Meeting in person. Whether or not you expect to attend, please complete, sign and return the enclosed proxy in the envelope provided for that purpose. To be effective, proxies to be used at the Meeting must be deposited with Computershare Investor Services Inc., Registrar and Transfer Agent for the Corporation, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Attn: Proxy Department, no later than 5:00p.m. (Toronto time) on Tuesday May 9, 2006. If you are able to attend the Meeting, sending your proxy will not prevent you from revoking it prior to the commencement of the Meeting and voting in person.

Automodular Corporation Management Information Circular

SOLICITATION OF PROXIES

This Management Information Circular (“Information Circular”) is furnished in connection with the solicitation of proxies by and on behalf of the management of Automodular Corporation (the “Corporation” or “Automodular”) for use at the Annual Meeting (the “Meeting”) of holders of common shares of the Corporation to be held at 11:00a.m. (Toronto time) on Wednesday, May 10, 2006 for the purposes set forth in the accompanying notice of meeting (the “Notice”) and for use at any adjournment of the Meeting. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited by telephone or other personal contact by employees of the Corporation. The costs of solicitation will be borne by the Corporation.

Part One: Voting Information And Principal Shareholders

APPOINTMENT AND REVOCATION OF PROXIES

REGISTERED SHAREHOLDERS

If you are a registered shareholder, you can vote your shares at the Meeting in person or by proxy. A form of proxy is enclosed and, if it is not your intention to be present in person at the Meeting, you are asked to sign, date and return the form of proxy in the envelope provided. The form of proxy must be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof, duly authorized. Proxies to be exercised at the Meeting must be lodged with Computershare Investor Services Inc., Registrar and Transfer Agent of the Corporation, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Attn: Proxy Department, to arrive no later than 5:00p.m. (Toronto time) on Tuesday, May 9, 2006 or, if the Meeting is adjourned, not later than the close of business on the business day preceding the day of such adjourned Meeting.

Appointment of Proxy

The persons named in the enclosed form of proxy are directors or officers of the Corporation. **A shareholder has the right to appoint some other person (who need not be a shareholder) to attend and vote for and on behalf of the shareholder at the Meeting.** Such right may be exercised either by inserting such other person's name in the blank space provided on the form of proxy and striking out the names of management's nominees or by substituting another proper form of proxy and, in either case, depositing the completed form of proxy so as to arrive at the principal offices of Computershare Investor Services Inc., Registrar and Transfer Agent of the Corporation, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Attn: Proxy Department, not later than 5:00p.m. (Toronto time) on Tuesday, May 9, 2006 or, if the Meeting is adjourned, not later than the close of business on the business day preceding the day of such adjourned Meeting.

Revocation of Proxy

A shareholder who has given a proxy may revoke it as to any matter in which a vote has not already been cast pursuant to its authority by instrument in writing executed by the shareholder or by his attorney in writing or, if the shareholder is a corporation, executed by a duly authorized officer or attorney thereof and deposited at the abovementioned principal office of Computershare Investor Services Inc. or the registered office of the Corporation on or before the business day preceding the day of the Meeting or of any adjournment thereof at which the proxy is to be used, or with the Chairman of such Meeting on the day of such Meeting or of any adjournment thereof, provided that such proxy will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy.

NON-REGISTERED SHAREHOLDERS

Your shares may not be registered in your name but in the name of an intermediary (which is usually a bank, trust company, securities dealer or broker, or a clearing agency in which an intermediary participates) or nominee. If your shares are registered in the name of an intermediary or a nominee, you are a non-registered shareholder.

Since the Corporation's transfer agent, Computershare Investor Services Inc., does not have a record of the names of the Corporation's non-registered shareholders, Computershare Investor Services Inc. will have no knowledge of a non-registered shareholder's right to vote. The Corporation has distributed copies of this Information Circular, the accompanying form of proxy and Notice of Annual Meeting (the "Notice") and its Annual Report including the audited consolidated financial statements of the Corporation for the years ended December 31, 2005 and December 31, 2004, to intermediaries for distribution to non-registered shareholders together with the intermediary's form of proxy or voting instruction form. Unless you have waived your rights to receive these meeting materials, intermediaries are required to deliver them to you as a non-registered shareholder of the Corporation and to seek your instructions as to how to vote your shares.

Typically, a non-registered shareholder will be given a voting instruction form which must be completed and signed by the non-registered shareholder in accordance with the instructions provided by the intermediary. In this case, you cannot use the mechanisms described in the section above for registered shareholders and must follow the instructions provided by the intermediary.

Occasionally, a non-registered shareholder may be given a proxy that has already been signed by the intermediary. This form of proxy is restricted to the number of shares owned by the non-registered shareholder but is otherwise not completed. This form of proxy does not need to be signed by you. In this case, you can complete and deliver the proxy as described above under the heading "Registered Shareholders".

If a non-registered shareholder who receives either a form of proxy or a voting instruction form wishes to attend and vote at the Meeting in person (or have another person attend and vote on their behalf), the non-registered shareholder should follow the corresponding instructions provided by the intermediary. A non-registered shareholder has the right to demand and to receive from an intermediary holding shares on behalf of the non-registered shareholder a proxy enabling the non-registered shareholder to attend the Meeting and to vote the shares.

A non-registered shareholder may revoke a voting instruction, and may revoke a waiver of the right to receive meeting materials and to vote, given to an intermediary at any time by written notice to the intermediary; however, an intermediary is not required to act on any such revocation that is not received by the intermediary well in advance of the Meeting.

Non-registered shareholders should follow the instructions on the forms they receive and contact their intermediaries promptly if they need assistance.

VOTING OF SHARES BY PROXY

The persons named on the enclosed form of proxy will vote, or will withhold from voting, the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. In the absence of such directions, such shares will be voted in favour of the matters specified in the Notice.

An intermediary may not vote, or give a proxy authorizing another person to vote, except in accordance with voting instructions received from the non-registered shareholder who beneficially owns the shares.

EXERCISE OF DISCRETION BY PROXY

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to such other matters as may properly come before the Meeting or any adjournments thereof. At the date of this Information Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than matters referred to in the Notice. **If amendments or variations to matters identified in the Notice or if other matters properly come before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote in accordance with their judgment on such matters.**

RECORD DATE

The Board of Directors of the Corporation has fixed April 4, 2006 as the record date for the determination of shareholders entitled to receive notice of the Meeting and to vote at the Meeting.

OUTSTANDING VOTING SHARES, VOTING AT MEETINGS AND QUORUM

As of the date of this Information Circular 22,049,233 common shares of the Corporation are outstanding.

The holders of common shares at the close of business on April 4, 2006 will be entitled to one vote per common share at the Meeting, except to the extent that a holder has transferred any shares of the Corporation after that date and the new holder of such shares establishes proper ownership and requests, not later than 10 days before the Meeting, to be included in the list of shareholders eligible to vote at the Meeting. Such new holder shall have the right to vote the shares so transferred.

Unless otherwise required by law, every question coming before the Meeting shall be determined by a majority of votes duly cast on the matter.

A quorum for the Meeting and any adjournments thereof is two persons together holding or representing by proxy not less than 10% of the issued and outstanding common shares in the capital of the Corporation.

Proxies returned by intermediaries as "non-votes" because the intermediary has not received instructions from the non-registered shareholder with respect to the voting of certain shares, or because under applicable stock exchange or other rules the intermediary does not have the discretion to vote those shares on one or more of the matters that come before the Meeting, will be treated as not entitled to vote on any such matter and will not be counted as having been voted in respect of any such matter. Shares represented by such intermediary "non-votes" will, however, be counted in determining whether there is a quorum.

PRINCIPAL HOLDERS OF VOTING SHARES

To the knowledge of the directors and executive officers of the Corporation, there is no beneficial owner of, nor any person who exercises control or direction over more than 10% of the outstanding common shares in the capital of the Corporation, other than as set out below:

Name	Number of Voting Securities	Type of Ownership or Control	Percentage of Outstanding Common Shares
Michael F. Blair	3,442,411 Common Shares	Indirect ⁽¹⁾	15.6%
R. Peter McLaughlin	2,600,159 Common Shares	Indirect ⁽²⁾	11.8%
Scotia Merchant Capital Corporation ("SMCC") ⁽³⁾⁽⁴⁾	8,800,000 Common Shares	Indirect ⁽³⁾⁽⁴⁾	39.9%

Notes:

⁽¹⁾ These shares are held directly by Renegade Capital Corporation, a corporation over which Michael F. Blair has control or direction.

⁽²⁾ These shares are held directly by Greenbriar Holdings Limited, a company over which R. Peter McLaughlin has control or direction.

⁽³⁾ SMCC is a wholly-owned subsidiary of The Bank of Nova Scotia and SMCC, as trustee, has control and direction over SMC Equity Partners 2001 Fund (the "Fund").

⁽⁴⁾ SMCC holds 8,536,000 common shares and the Fund holds 264,000 common shares. SMCC held 1,459,234 Class X shares of Automodular Assemblies Inc. ("AAI") which were exchangeable into 6,790,000 common shares of the Corporation under certain conditions; the Fund held 45,131 Class X shares of AAI which were exchangeable into 210,000 common shares of the Corporation. On December 20, 2005, Automodular issued a Notice of Exchange (the "Notice") to SMCC and the Fund and, pursuant to the Notice and section 2.4 of the Exchange Agreement dated June 20, 2001 between SMCC, Automodular and AAI (the "Exchange Agreement"), SMCC and the Fund exchanged all of their Class X shares of AAI into common shares of the Corporation in accordance with the terms and conditions of the Exchange Agreement.

Part Two: Compensation Disclosure and Related Matters

Compensation of Named Executive Officers

The Summary Compensation Table below details all annual and long-term compensation information for the three fiscal years ended December 31, 2003, 2004 and 2005, for the Chief Executive Officer, the Chief Financial Officer and the other individuals (to a maximum of 3) who were the most highly compensated executive officers of the Corporation and its subsidiaries and whose annual salary and bonus from the Corporation and its subsidiaries exceeded \$150,000 in 2005, (collectively, with the Chief Executive Officer and the Chief Financial Officer, the "named executive officers" or the "NEOs" of the Corporation).

The information includes;

- salary earned in each applicable year;
- incentive bonuses earned in each applicable year;
- other annual compensation, which includes perquisites and personal benefits; and
- all other compensation not reported elsewhere.

SUMMARY COMPENSATION TABLE (Year Ended December 31, 2005)

Neo Name and Principal Position	Annual Compensation				Long-Term Compensation			All Other Compensation
	Year	Salary	Bonus	Other Annual Compensation	Awards		Payouts	
					Securities Under Options/SARs ⁽¹⁾ Granted	Shares or Units Subject to Resale Restrictions	LTIP ⁽²⁾ Payouts	
(a)	(b)	(\$) (c)	(\$) (d)	(\$) (e)	(#) (f)	(\$) (g)	(\$) (h)	(\$) (i)
Michael F. Blair Chief Executive Officer	2005 2004 2003	346,698 360,032 346,310	50,000 ⁽⁶⁾ 0 134,640	34,077 33,142 27,446	0 0 0	0 0 0	0 0 0	22,000 ⁽³⁾ 146,700 ⁽³⁾⁽⁷⁾ 146,800 ⁽³⁾⁽⁷⁾
Christopher S. Nutt Chief Financial Officer	2005 2004 2003 ⁽⁴⁾	155,653 155,769 66,346	0 0 0	17,500 14,500 0	0 0 100,000	0 0 0	0 0 0	0 0 32,000 ⁽⁵⁾
Russell M. Baranowski President ⁽⁹⁾	2005 2004 2003	153,461 ⁽¹⁰⁾ 311,538 298,745	0 0 110,160	31,884 27,988 21,458	0 0 0	0 0 0	0 0 0	48,000 ⁽³⁾⁽¹⁰⁾ 18,000 ⁽³⁾ 17,000 ⁽³⁾
Winston R. Ash Executive Vice-President	2005 2004 2003	200,000 207,692 193,530	0 0 105,280	13,027 12,797 11,810	0 0 0	0 0 0	0 0 0	100,000 ⁽¹¹⁾ 0 29,825 ⁽⁶⁾
Daniel K. Krzewski Corporate Manager, Human Resources	2005 2004 2003	150,000 155,769 135,769	25,000 ⁽¹²⁾ 0 34,250	8,250 8,250 7,150	0 0 0	0 0 0	0 0 0	0 0 0

⁽¹⁾ Stock Appreciation Rights.

⁽²⁾ Long-term Incentive Plans.

⁽³⁾ Director's fees.

⁽⁴⁾ Mr. Nutt commenced employment on July 14, 2003.

⁽⁵⁾ Signing bonus.

⁽⁶⁾ The amount of a loan forgiven upon termination in 2003 of the Corporation's "1988 Share Purchase Plan for Key Employees".

⁽⁷⁾ The Company paid \$124,700 into Mr. Blair's pension plan during fiscal 2004 and \$123,800 during fiscal 2003.

⁽⁸⁾ A discretionary bonus awarded by the Board of Directors.

⁽⁹⁾ Mr. Baranowski retired on June 30, 2005.

⁽¹⁰⁾ Includes a \$30,000 retiring allowance.

⁽¹¹⁾ The employment contract of Mr. Ash was paid out October 31, 2005. The Company will continue to pay Mr. Ash until September, 2006.

⁽¹²⁾ A discretionary bonus awarded by the Board of Directors.

OPTIONS GRANTED TO NAMED EXECUTIVE OFFICERS DURING YEAR ENDED DECEMBER 31, 2005

Neo Name	Securities Under Options Granted	% of Total Options Granted to Named Employees in the Financial Year	Exercise or Base Price	Market Value of Securities Underlying Options on the Date of Grant	Expiration Date
	#		\$	\$	
N/A	Nil	Nil	N/A	N/A	N/A

AGGREGATED OPTIONS EXERCISED DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR AND FINANCIAL YEAR-END OPTION VALUES FOR THE NAMED EXECUTIVE OFFICERS

Neo Name	Securities Acquired on Exercise	Aggregate Value Realized	Unexercised Options at Year-End	Value of Unexercised In-the-Money Options at Year-End
	#	\$	# Exercisable/Unexercisable	\$ Exercisable/Unexercisable
Michael F. Blair	0	0	0/0	0/0
Christopher S. Nutt	0	0	40,000/60,000	0/0
Russell M. Baranowski	0	0	150,000/0	0/0
Winston R. Ash	0	0	50,000/20,000	0/0
Daniel K. Krzewski	0	0	28,800/13,200	0/0

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

None of the executive officers, former executive officers, employees, directors, former employees, former directors or proposed nominees for election as directors of the Corporation, nor any of their associates, is or was since the beginning of the most recently completed financial year of the Corporation indebted to the Corporation.

TERMINATION OF EMPLOYMENT, CHANGE IN RESPONSIBILITY, EMPLOYMENT CONTRACTS AND OTHER COMPENSATORY ARRANGEMENTS

The Corporation has written employment contracts with the named executive officers as follows:

Mr. Michael F. Blair – an amended employment contract terminating December 31, 2008, with annual remuneration of \$360,000 per annum or as agreed plus reasonable out of pocket expenses. The contract provides for termination benefits of 36 months base salary for termination without cause. See also the disclosure made under "Defined Benefit Plan".

Mr. Christopher S. Nutt – a three-year employment contract with Automodular, terminating in 2006, with annual remuneration of \$150,000 or as agreed. The contract provides for benefits of 18 months base salary for termination without cause.

None of the foregoing contracts contains any payment or vesting provisions in the event of a change of control of the Corporation or any of its subsidiaries nor in the event of a change in the responsibilities of the named executive officers following a change of control.

Mr. Russell M. Baranowski – President of the Corporation before his retirement on June 30, 2005, receives an unfunded retirement allowance of \$60,000 per annum paid bi-weekly and subject to required statutory deductions. This allowance was approved by the Board of Directors. See also the disclosure made under "Defined Benefit Plan".

DEFINED BENEFIT PLAN

In 2001, the Corporation initiated a defined benefit pension plan for its Chief Executive Officer. The pension benefit for this plan is a formula based on earnings and years of service as shown in the following table. At year-end, the plan was funded under a retirement compensation arrangement (RCA) registered under the *Income Tax Act (Canada)*.

PENSION PLAN TABLE

Remuneration (\$)	Years of Service				
	15	20	25	30	35
200,000	\$60,000	\$80,000	\$100,000	\$120,000	\$140,000
250,000	\$75,000	\$100,000	\$125,000	\$150,000	\$175,000
300,000	\$90,000	\$120,000	\$150,000	\$180,000	\$210,000
350,000	\$105,000	\$140,000	\$175,000	\$210,000	\$245,000
400,000	\$120,000	\$160,000	\$200,000	\$240,000	\$280,000
450,000	\$135,000	\$180,000	\$225,000	\$270,000	\$315,000
500,000	\$150,000	\$200,000	\$250,000	\$300,000	\$350,000
550,000	\$165,000	\$220,000	\$275,000	\$330,000	\$385,000
600,000	\$180,000	\$240,000	\$300,000	\$360,000	\$420,000

The compensation covered by the plan is the Chief Executive Officer's base salary in the 12-month period immediately prior to retirement. The Chief Executive Officer had 16 full years of service to December 31, 2005. The retirement benefit is determined as 2% of the Chief Executive Officer's final year's base salary multiplied by the number of full years of service with the Corporation to the date of retirement. The retirement benefit is payable as a life annuity, with no Consumer Price Index or other indexing. On the annuitant's death after retirement, 50% of the retirement benefit is payable to the annuitant's surviving spouse for the remainder of her life. The retirement benefit is not subject to any deduction for social security (Canada/Quebec Pension Plan and/or Old Age Security) or other offset amounts.

Mr. Russell M. Baranowski, President of the Corporation before his retirement on June 30, 2005, receives an unfunded retirement allowance of \$60,000 per annum paid bi-weekly and subject to required statutory deductions.

STOCK OPTION PLAN

Automodular's Stock Option Plan (the "Plan") was adopted by the Corporation on May 21, 1997. Under the Plan, the Board of Directors may grant, at its discretion, options to purchase common shares of the Corporation to certain employees, officers, directors and consultants of the Corporation and its subsidiaries. The exercise price is established by the Board of Directors but may not be lower than the closing price on the Toronto Stock Exchange for common shares on the business day immediately preceding the date of the grant. Unless determined otherwise by the Board of Directors of the Corporation, options are exercisable for a period of 5 years from the date of grant, except in the event of retirement, termination of employment, death, disability or change of control. Options granted vest evenly over a period of 5 years at a rate of 20% per year commencing on the first anniversary date of the grant. Shareholder approval was received at the May 27, 1999 annual and special shareholders' meeting for an amendment to replenish the Plan and set the number of common shares which may be reserved for issuance at 970,000. On May 31, 2005, the shareholders approved an amendment to the Plan, to increase the number of common shares authorized for issuance under the Plan by 230,000 so that an aggregate of 1,200,000 common shares would be available for issuance under the Plan. At the date hereof there are 580,000 options outstanding exercisable to purchase 580,000 common shares under the Plan which represent 2.6% of the 22,049,233 issued and outstanding common shares of the Corporation.

The total number of shares which may be optioned to any one optionee under this Plan shall not exceed 5% of the number of issued and outstanding shares at the date of the grant of the option. The total number of shares issuable to insiders, at any

time, under all security-based compensation arrangements, cannot exceed 10% of the issued and outstanding shares at such time. The number of shares which may be issued to all insiders, within any one-year period under the Plan and under all other security-based compensation arrangements, cannot exceed 10% of the issued and outstanding shares at the date of issuance.

Options expire (i) one year following the death of an optionee or the permanent disability of an optionee resulting in termination of employment or his or her ceasing to be a director, officer or consultant of the Corporation or of any subsidiary; (ii) 60 days following the date upon which an optionee ceases (other than due to death or disability) to be a director, officer, employee or consultant of the Corporation or of any subsidiary; and (iii) 30 days following the termination for just cause of any of the foregoing persons. Upon a change of control, all options vest not later than 10 days prior to the closing of the sale to permit the optionees to tender their shares.

Options granted under the Plan are not assignable except by will.

The Board of Directors may amend or discontinue the Plan at any time, subject to the prior approval of the appropriate regulatory authority, provided that no such amendment may (i) without approval of the shareholders increase the maximum number of common shares that may be optioned under the Plan, (ii) change the manner of determining the exercise price, or (iii) without the consent of the optionee, alter any of the terms of any option previously granted to an optionee under the Plan.

The following table provides information as at December 31, 2005 with respect to common shares authorized for issuance under the Plan. The Plan is the only equity compensation plan that provides for the issuance of common shares of the Corporation.

EQUITY COMPENSATION PLAN INFORMATION

Plan Category	(A) Number of Securities to be Issued Upon Exercise of Outstanding Options and Rights	(B) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	(C) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column A)
#	#	\$	#
Equity compensation plans approved by securityholders	580,000	4.00	620,000
Equity compensation plans not approved by securityholders	N/A		N/A
Total	580,000		620,000

LONG TERM INCENTIVE PLAN

The Corporation does not have a long-term incentive plan for executive officers.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

At December 31, 2005 the Corporation maintained \$5,000,000 of group liability insurance for the protection of the directors and officers of the Corporation and its subsidiaries. The annual premium for this liability insurance in 2005 was \$23,100. This coverage would be in addition to the corporate indemnification outlined in by-law #5.

DIRECTORS' COMPENSATION

Each Director of the Corporation is paid an annual retainer of \$10,000 and an attendance fee of \$1,000 for each board and committee meeting attended. The Board of Directors passed a resolution on August 3, 2005 authorizing an annual payment of \$40,000 to the Chairman of the Board and \$10,000 to the Chairman of the Audit Committee. These payments are in addition to the annual retainer and the meeting attendance fee. Directors' compensation is reviewed on an annual basis by the Corporate Governance and Nominating Committee which has determined that the current compensation is appropriate for the responsibilities and risks assumed by the Directors. For the year ended December 31, 2005, aggregate cash compensation of \$226,000 was paid to the Directors. Directors are reimbursed for incurred costs associated with attendance at Board meetings and also participate in the Automodular Stock Option Plan. No options were granted to Directors in the year ended December 31, 2005.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person (within the meaning of National Instrument 51-102 "Continuous Disclosure Obligations", which definition includes executive officers and directors) of the Corporation, no nominee for election as a director of the Corporation and no associate or affiliate of any informed person or nominee for election as a director of the Corporation has or had any material interest, direct or indirect, in any transaction that has materially affected or will materially affect the company except as follows:

Mr. T. Daniel Flood was the President and a substantial shareholder of Tec-Mar Distribution Services, Inc. ("Tec-Mar"), having founded that company in 1992. He was appointed to the Board of Directors of Automodular following Automodular's acquisition of Tec-Mar in January, 2003. Through companies controlled by him, Mr. Flood is the owner of two facilities leased by Tec-Mar for production purposes, as follows:

Address	Lease start date	Lease termination	Monthly lease payment
16150 Grove Road Lansing Michigan	August 1, 2001	July 31, 2006	\$91,875.00
16130 Grove Road Lansing Michigan	July 1, 2003	June 30, 2008	see ⁽¹⁾

⁽¹⁾ Tec-Mar is closing down its Lansing operations as a result of the cancellation and expiry of certain production contracts and has entered into an agreement to settle remaining lease obligations on the 16130 Grove Road facility which had 30 months remaining. Under the terms of the settlement, Tec-Mar made an immediate payment to the Landlord of US\$1,350,000 and restored the facility to the condition required by the lease. Tec-Mar turned the facility back to the landlord on January 31, 2006.

Mr. Flood resigned from the Board of Directors of Automodular in September, 2005.

COMPOSITION OF COMPENSATION COMMITTEE

The Board of Directors does not have a Compensation Committee. All significant matters relating to executive compensation are referred to the full Board which gives final approval on compensation matters. Two members of the Board, Russell M. Baranowski and Michael F. Blair, were officers and employees of the Corporation or its subsidiaries during 2005. Mr. Baranowski retired as President of the Corporation on June 30, 2005 but is still a member of the Board of Directors.

REPORT ON EXECUTIVE COMPENSATION

All matters relating specifically to senior executive compensation are reviewed and approved by the full Board. The following report has been submitted with the unanimous approval of the Board of Directors.

Executive Officer Compensation Policy

The Chief Executive Officer makes recommendations to the Board with respect to compensation of the executive officers and the Board gives final approval on compensation matters. The Corporation's policy is to recognize individual performance as well as to provide a competitive level of compensation.

The components of Automodular's total compensation for its executive officers are:

1. **A competitive base salary.**

Base salaries of executive officers are reviewed annually based on individual performance, responsibility and experience to ensure they reflect the contribution expected from each officer. Base salaries are validated against comparable positions in companies of similar size and industry and growth strategy.

2. **Short-term incentives in the form of a variable annual bonus plan based on the responsibilities of the officer and the achievement of objectives.**

The executive officers participate in an annual bonus plan. The purpose of this plan is to provide these key employees with an incentive to increase the growth and profitability of the Corporation and to offer a cash reward based on the achievement of performance objectives derived from the Corporation's strategic plan, as reflected in the annual operating budget. Annual targeted bonus entitlements range from 30% to 40% of base salaries, depending on the position held. Actual awards are contingent upon the achievement of the performance objectives of the Corporation and the executive's contribution to the achievement of those performance objectives. In the event the Corporation's performance objectives are not met, no cash bonuses are awarded.

3. **A benefits package providing the officer with protection in the event of death or disability, as well as medical and dental plans.**

4. **A stock option plan.**

No executive officer was granted options during fiscal 2005.

Chief Executive Officer Compensation Policy

The components of the Chief Executive Officer's compensation are the same as for the other executive officers of the Corporation. In addition, the Chief Executive Officer is the sole participant in the defined benefit pension plan established by the Corporation. The Board of Directors considers the compensation package of the Chief Executive Officer to be competitive.

The performance of the Chief Executive Officer is measured against the non-financial tasks detailed in his job description as well as the quantitative objectives detailed in the Corporation's operating budget. Specific areas referenced are:

- Consolidated earnings from operations before interest, amortization and taxes
- Consolidated net earnings
- Reduced corporate overhead
- Acquisitions and expansions

The Board of Directors awarded a cash bonus of \$50,000 to the Chief Executive Officer in 2005. Any future bonus consideration for the Chief Executive Officer will be established annually based on the budget for the following year and will utilize a formula of budgeted net earnings and capital expenditures.

Respectfully submitted April 4, 2006

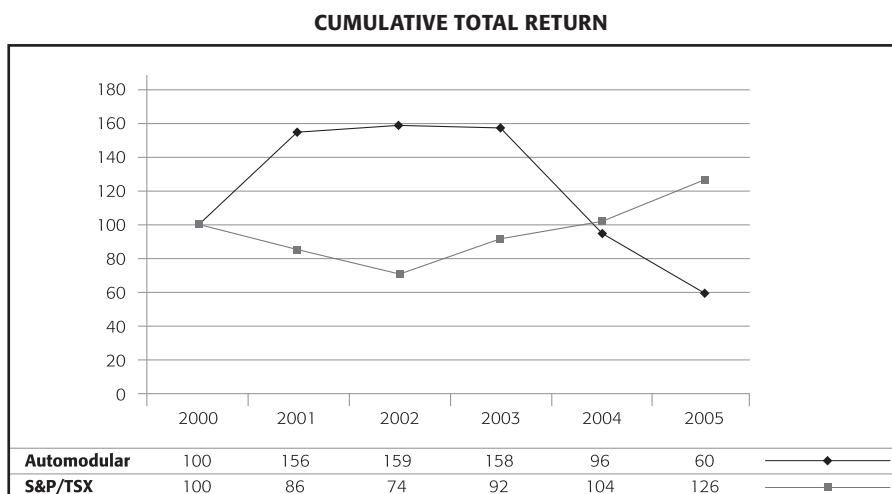
Russell M. Baranowski
Michael F. Blair
Andrew Brenton

Garth Davis
Henry J. Knowles
R. Peter McLaughlin

James Rodgers
Rae E. Wallin

PERFORMANCE GRAPH

The following compares the total cumulative shareholder return for \$100 invested in common shares of the Corporation on December 31, 2000 with the cumulative return of the S&P/TSX Composite Stock Index for the five most recently completed financial years.



Part Three: Business of the Meeting

1. Financial Statements:

The audited consolidated financial statements of the Corporation for the years ended December 31, 2005 and December 31, 2004, together with the report of the auditors thereon and the report of the directors to the shareholders, will be presented to the shareholders at the Meeting for their consideration.

2. Appointment of Auditors:

Shareholders will be requested to re-appoint Smith, Nixon & Co. LLP, Chartered Accountants, as auditors of the Corporation to hold office until the next annual meeting of shareholders at a remuneration and terms of engagement to be fixed by the directors. Smith, Nixon & Co. LLP, Chartered Accountants, was first appointed auditors of the Corporation in 1991.

3. Election of Directors:

The Articles of the Corporation provide that the Board of Directors of the Corporation is to consist of a minimum of 5 and a maximum of 15 directors and, pursuant to a shareholders' resolution dated June 26, 1984, the shareholders granted the directors the discretion to determine, by resolution of the directors, the actual number of directors to be elected at a meeting of shareholders. The Board of Directors has determined that the number of directors will be 8. Each director holds office until the close of the next annual meeting of shareholders or until his successor is duly elected or appointed, unless he ceases to hold office in accordance with the *Business Corporations Act*, (Ontario) or the by-laws of the Corporation.

The following table and notes thereto set forth the nominees proposed by management for election as directors of the Corporation. **Management does not contemplate that any of such nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy will vote for another nominee as management may recommend unless the shareholder has specified in the form of proxy that his shares are to be withheld from voting in the election of directors.**

Nominee and Jurisdiction of Residence	Director Since	Expiry of term	Principal office with Automodular, its significant affiliates and/or principal occupation during the preceding five years	Common shares of Automodular beneficially owned or controlled
Russell M. Baranowski Ontario, Canada	1997	2007	Prior to June 30, 2005, President, Automodular (Retired)	500,000
Michael F. Blair ⁽¹⁾ Ontario, Canada	1989	2007	Chief Executive Officer, Automodular	3,442,411 ⁽¹⁾
Andrew Brenton ^{(2)(*)} Ontario, Canada	2001	2007	Managing Partner, Scotia Merchant Capital Corporation (merchant banker)	0 ⁽²⁾
Garth Davis ⁽²⁾ Ontario, Canada	2001	2007	Partner, Scotia Merchant Capital Corporation (merchant banker)	0 ⁽²⁾
Henry J. Knowles ^(*) Ontario, Canada	1989	2007	Business and Financial Consultant (prior to January 1, 2004 Counsel to Sheldon • Huxtable, Barristers & Solicitors)	250,948
R. Peter McLaughlin ^{(3)(*)} Ontario, Canada	2000	2007	President, Greenbriar Holdings Limited (private family holding company)	2,600,159 ⁽³⁾
James Rodgers Ontario, Canada	2002	2007	President, Cames Consulting Inc. (consulting company)	0
Rae E. Wallin ^(*) Ontario, Canada	1998	2007	Chairman, Director, President, N-Viro Systems Canada Inc. (bio-solids management company)	7,833

* Member of the Audit Committee

** Member of the Corporate Governance and Nominating Committee

⁽¹⁾ Michael F. Blair is President of Renegade Capital Corporation which beneficially owns or controls 3,442,411 or 15.6% of the outstanding common shares of Automodular Corporation.

⁽²⁾ Scotia Merchant Capital Corporation, ("SMCC"), a wholly-owned subsidiary of The Bank of Nova Scotia, owns 8,536,000 shares of Automodular. SMC Equity Partners 2001 Fund owns 264,000 shares of Automodular. Andrew Brenton and Garth Davis are unit holders of the Fund over which SMCC, as trustee of the Fund, has control and direction.

⁽³⁾ R. Peter McLaughlin is President of Greenbriar Holdings Limited which owns beneficially or controls 2,600,159 or 11.8% of the outstanding common shares of Automodular Corporation.

To the knowledge of the Corporation, no director, executive director or principal shareholder of the Corporation is, or has been within the 10 years prior to the date hereof, a director or executive officer of an issuer that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days, (b) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days, or (c) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets except for the following;

Mr. Michael F. Blair, a director and Chief Executive Officer of the Corporation, was a director of Beukeboom's Country Fresh Market Inc., a retail food operation and a subsidiary of the Corporation that went into receivership in May, 2000 approximately 2 months after he resigned as a director on March 16, 2000. Beukeboom's ceased to operate as a going concern.

Mr. Andrew Brenton, a director of the Corporation, was a director of RNG Group Inc., a private company which entered interim receivership on February 11, 2002 and was declared bankrupt on October 28, 2002. Mr. Brenton resigned as a director on December 21, 2001.

Mr. Henry J. Knowles, a director of the Corporation was a director of Triangulum Corporation which had a receiver manager appointed to hold its assets approximately 6 months after he resigned as a director on December 19, 2001. Triangulum Corporation ceased to operate as a going concern.

Part Four: Corporate Governance and Other Information

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation has adopted a series of guidelines, policies and procedures that comprise its corporate governance framework. The Corporation's corporate governance practices are regulated by a number of regulatory bodies and are influenced by emerging concepts of best practices.

National Instrument 58-101 *Disclosure of Corporate Governance Practices*, which came into effect June 30, 2005, requires each listed company to disclose on an annual basis its approach to corporate governance. The Corporation's disclosure with respect to the guidelines is set out in Schedule "A" to this Information Circular. The disclosure statement has been prepared by the Corporate Governance and Nominating Committee of the Board of Directors and has been approved by the full Board.

The Corporation understands that corporate governance standards and requirements are continually evolving. The Corporate Governance and Nominating Committee has been charged with monitoring corporate governance regulatory developments, in particular the best practices and governance recommendations of the Canadian Securities Administrators as set out in National Instrument 58-102 *Corporate Governance Guidelines*, and with reviewing the Corporation's corporate governance policies and procedures in light of these developments.

BOARD COMMITTEES

The Corporation has an Audit Committee consisting of outside, independent directors. The current members of the Audit Committee are Andrew Brenton, Henry J. Knowles, R. Peter McLaughlin and Rae E. Wallin. The charter of the Audit Committee of the Corporation is appended as Appendix "A" to the Annual Information Form of the Corporation dated March 31, 2006 and additional disclosure relating to the Audit Committee is found in the section in the Annual Information Form entitled "Audit Committee Disclosure".

The Corporation has a Corporate Governance and Nominating Committee consisting of outside, independent directors. The current members are R. Peter McLaughlin (Chairman), Andrew Brenton and Henry J. Knowles.

The Corporation does not have an Executive or a Compensation Committee. All significant operating and executive compensation matters are presented directly to the Board for approval.

AVAILABILITY OF INFORMATION

Additional information relating to Automodular can be found on the SEDAR website at www.sedar.com or on Automodular's website www.automodular.com. Financial information is provided in the Corporation's comparative financial statements and management discussion and analysis ("MD&A") for the 2005 financial year. Securityholders may obtain copies of this Information Circular, the Annual Information Form and the Annual Report containing the MD&A and the audited comparative financial statements for the most recently completed financial year from the Corporation's head office, 20 Toronto Street Suite 420, Toronto Ontario, Canada M5C 2B8: telephone 416.861.0662x1000 or e-mail invest@automodular.com.

The information contained in this Information Circular is given as of April 4, 2006. Management of the Corporation knows of no matter to come before the Meeting, other than the matters referred to in the accompanying Notice.

BOARD APPROVAL

The contents and the sending of this Information Circular have been approved by the Board of Directors of the Corporation.

BY ORDER OF THE BOARD OF DIRECTORS

Christopher S. Nutt
Chief Financial Officer

Toronto, Canada
April 10, 2006

Schedule "A"

NATIONAL INSTRUMENT 58-101 DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

1. BOARD OF DIRECTORS

a. Disclose the identity of directors who are independent.

The Board considers Andrew Brenton, Garth Davis, Henry J. Knowles, R. Peter McLaughlin, James Rodgers and Rae E. Wallin to be independent within the meaning of section 1.4 of MI 52-110 (Audit Committees).

b. Disclose the identity of directors who are not independent and describe the basis for that determination.

Michael F. Blair, Chief Executive Officer of the Corporation and Russell M. Baranowski, President of the Corporation until his retirement in June 2005, are not considered independent by virtue of being a member, or former member, of management.

c. Disclose whether or not a majority of directors are independent.

The Board consists of 8 members, 6 of whom are independent within the meaning of section 1.4 of MI 52-110 (Audit Committees).

d. If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the issuer.

The following Directors are also directors or trustees of other reporting issuers.

Name of Director	Reporting Issuer
Andrew Brenton	Q9 Networks Inc. Osprey Media Income Fund
Michael F. Blair	Dominion Citrus Limited Dominion Citrus Income Fund
Henry J. Knowles	Dominion Citrus Limited Dominion Citrus Income Fund Quest Capital Corp. Samuel Manu-Tech Inc. Wolfden Resources Inc.
R. Peter McLaughlin	Dominion Citrus Limited Dominion Citrus Income Fund
Rae E. Wallin	Dominion Citrus Limited Dominion Citrus Income Fund

e. Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.

The independent Directors hold meetings without management and non-independent directors as standard procedure. Directors also have the resources to engage outside consultants to review matters on which they feel they require independent advice. During 2005, 4 meetings of the independent directors were held. The Audit Committee also holds *in camera* meetings with the external auditors.

f. Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director and describe his or her role and responsibilities. If the board has neither a chair nor a lead director who is independent, describe what the board does to provide leadership for its independent directors.

Rae E. Wallin, an independent Director, is Chairman of the Board. The Board of Directors as presently constituted, facilitates effective decision-making. The Chairman chairs all meetings of the board as well as meetings of the independent Directors and annual meetings of shareholders. The Chairman's role is to encourage open and frank discussion among the Directors and to ensure that the committees of the Board discharge their responsibilities to the Corporation and the shareholders.

g. Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.

There were 8 scheduled meetings of the Board of Directors during 2005. With the exception of Henry Knowles who attended 7 meetings, the remaining Directors attended every meeting.

2. BOARD MANDATE

Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its roles and responsibilities.

Automodular's written charter of the Board of Directors is set out below:

As set out in the *Business Corporations Act* (Ontario), the Board of Directors manages the business and affairs of the Corporation in strict compliance with applicable laws and in accordance with the by-laws of the Corporation.

STRATEGIC DIRECTION

- Long-term goals and planning
- Risk management
- Promotion of the Corporation's purpose and values

SUCCESSION AND LEADERSHIP DEVELOPMENT

- CEO and management succession
- Leadership and key talent development

PERFORMANCE EVALUATION

- Progress and impact of strategic initiatives
- Execution and business results

CONTROL & TRANSPARENCY

- Leading governance practices
- Accountability to all shareholders
- Strong, independent Board and Committees
- Integrity of controls and information systems
- Social responsibility

ORGANIZATION AND FUNCTIONING OF THE BOARD

a) Duties and Responsibilities

The Board of Directors is elected by the shareholders of the Corporation, and owes duties to act scrupulously in the best interests of the Corporation. Where the interests of the Corporation and the interests of its shareholders do not coincide, a director's duty is to the Corporation. Directors shall work to protect and enhance the assets of the Corporation in a way that is consistent their duties, which should result in long-term value for all shareholders.

b) Board Composition

The following guidelines have been established regarding Board composition:

- The Board should be composed of no more than 10 members.
- The Board should be composed of a majority of individuals who qualify as unrelated directors. While the Corporation has significant shareholders, the Board should include a number of directors who do not have interests or relationships with either the Corporation or the significant shareholders.
- Composition of the Board should reflect business experience compatible with the Company's strategic and business objectives with consideration to geographic regions of operation.
- The Chairman's and CEO's roles should be separate.
- Directors must submit their resignation if they change

their principal employment as a change of position could alter the individual's suitability as a director. A decision will then be made if it is in the best interest of the Corporation to ask the director to stay.

- Each outside director will be expected to serve for a minimum term of 3 years, subject to ongoing evaluation and annual shareholder re-nomination.

Definitions:

Directors are considered "unrelated", "related", "inside" or "outside" on the following basis:

i) Unrelated Director

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 reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interest of the Corporation, other than interest and relationships arising from shareholding.

ii) Related Director

A related director is a director who is not an unrelated director or is a member of management.

iii) Inside Director

An inside director is a director who is a member of management, elected to bring internal expertise and understanding of the business to the Board. The role of an inside director is to bring first hand knowledge of the business to the decision-making process of the Board.

iv) Outside Director

An outside director means a director who is not a member of management.

c) Strategic Plan, Business Plan and Capital Plan

The Board has delegated to the CEO and senior management the responsibility to develop strategic and annual business and capital plans for the Corporation. It is the Board's responsibility to review and question not only the plan's effectiveness in increasing shareholder value but also the Corporation's ability to achieve the plans and the resources required. The Board also monitors the performance of management relative to the strategic and business plans and the capital plan.

d) Role of Committees

The Board has appointed certain directors to committees to assist the Board in carrying out its duties. The committees do not replace or supplant the board, but

will typically report to the Board and recommend actions arising from their work. Where appropriate, and where time does not permit convening a meeting of the Board, committees will have the power to take action on behalf of the Board.

e) Matters Requiring Board Approval

Management is required to obtain the approval of the Board (or a Board Committee where appropriate) in respect of the following matters:

Financial Matters:

Approval of:

- Strategic plan
- Annual business and capital plans, presented as an annual budget
- Annual financial statements and auditors' report
- Quarterly earnings and press release
- Capital expenditures in excess of \$1 million (outside approved capital plan)
- Acquisitions and divestitures
- Significant refinancing initiatives
- Dividend policy
- Share issuances and share repurchase programs

Human Resources:

Approval of:

- Appointment, compensation, succession, or dismissal of CEO
- Executive compensation schemes and incentive plans
- Employment agreements and termination agreements of senior officers, as such are defined in the Securities Act (Ontario).

Administration/Compliance

Approval of:

- Appointment of Board Committees
- Nomination of Directors
- Recommendation of auditors to the shareholders
- Proxy circular and Annual Information Form
- Appointment of Chairman
- Major policies

*Board may delegate to Committees. Approval matters delegated to Board Committees (e.g. employment or termination of senior officers) may require quick resolution (i.e. they cannot wait until the next Board or Board Committee meeting). In these cases, the CEO will consult with the Chair of the relevant Board Committee prior to implementing the relevant decision.

3. POSITION DESCRIPTIONS

a. Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.

The Board has written position descriptions for the Chairman of the Board and the Audit Committee.

The Board does not have a written description for the Chairman of the Corporate Governance and Nominating Committee.

Chairman of the Board:

The Corporation's Chairman is a duly elected, independent member of the Board of Directors appointed by the Board following the annual meeting of shareholders. The Chairman has a responsibility to the Corporation and the shareholders in accordance with best practices of corporate governance. The Chairman's responsibilities include:

- providing leadership to the directors
- acting as liaison between management and the Board
- setting the agenda of upcoming board meetings with the corporate secretary
- ensuring that all of the business set out in the agenda is discussed and brought to resolution, as required
- ensuring that all meeting materials are delivered to the directors on a timely basis
- ensuring that the Directors have the opportunity to meet separately without management being present, on a regular basis.

Chairman of the Audit Committee:

Members of the Audit Committee are appointed by the Board and the Chairman of the Audit Committee is designated by the Board from among those members. The Audit Committee Chairman's role is to ensure the Committee discharges its responsibilities under its mandate. The Chairman provides assistance to the Board in fulfilling its legal and fiduciary obligations and acts on behalf of the Audit Committee in resolving outstanding issues with the auditors, legal counsel and management with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Corporation and its subsidiaries.

Chairman of the Corporate Governance and Nominating Committee:

As stated above, there is no written description for the Chairman of the Corporate Governance and Nominating Committee. The Chairman of the Corporate Governance and Nominating Committee is charged with ensuring that the objectives and responsibilities of the Committee are carried out in accordance with the Corporation's Corporate Governance mandate. The Committee is responsible for the process and structure used to direct and manage the business and affairs of the Corporation so as to enhance shareholder value. The Committee oversees compliance and ensures the ethical and socially responsible conduct of the Corporation as well as monitoring the Board of Directors and reviewing the Board composition. The Chairman of the Committee reports on such matters to the Board at the regularly scheduled board meetings.

b. Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.

The Board of Directors has developed a written position description for the Chief Executive Officer. The Chief Executive Officer reports to the Chairman of the Board of Directors and has executive authority over the Corporation, its officers and staff. The Chief Executive assists the Corporation in all respects in meeting the objectives of the Corporation and, without limiting the generality of the foregoing, provides the following services:

- acts as Chief Executive Officer for the Corporation in respect of all aspects of the business and affairs of the Corporation;
- hires, pays, supervises and administers compensation and benefits for all personnel required by the Corporation including administering compensation and benefits for Company officers by participating as a member of the Board of Directors;
- provides executive services to the Corporation;
- present an annual business plan, including a strategic and operational plan and budget to the Board of Directors for approval by such Board;
- implements the business plan as approved by the Board of Directors including the provision of relevant information to the Board from time to time and

recommendations regarding the approved plans and budget of the Corporation;

- generally represents the Corporation to the public and the media.

4. ORIENTATION AND CONTINUING EDUCATION

a. Briefly describe what measures the board takes to orient new directors regarding

(i) the nature of the board, its committees and its directors; and

(ii) the nature and operation of the issuer's business

The Board does not have a formal orientation policy. New Directors, when added, are provided with an information package, including sufficient historical data to become familiar with the Corporation and its operating facilities and sufficient information to familiarize themselves with the procedures of the Board. The Corporate Governance and Nominating Committee ensures that all Directors are given the opportunity to visit the Corporation's operating facilities with management and to interact with and request briefings from management in order to familiarize themselves with the business of the Corporation.

b. Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

The Board does not have a formal continuing education program. All Directors are encouraged to become members of the Institute of Corporate Directors. The current members of the Board are experienced directors and have the resources to engage outside consultants to review matters on which they feel they require independent advice.

5. ETHICAL BUSINESS CONDUCT

a. Describe whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:

(i) disclose how a person or company may obtain a copy of the code;

Automodular has adopted a written Corporate Disclosure Policy, which addresses corporate disclosure

on a timely basis, confidentiality and insider trading and a Sexual Harassment Policy which can be viewed on the Corporation's website at www.automodular.com. Copies can be obtained from Automodular's Corporate Secretary at 20 Toronto Street Suite 420 Toronto ON M5C 2B8, telephone 416.861.0662. The Corporation has also initiated a Whistleblower Policy which allows employees or others to anonymously communicate any accounting concerns or issues to the Corporation. Automodular's core values and whistleblower policy are posted in its operating facilities and all employees receive copies of the quality policy statement and the health and safety policy in their Employee Handbook. The Board has not yet adopted a written ethical business conduct code for directors, officers and employees of the Corporation.

- (ii) *disclose how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code:*

The Board has established a Disclosure Committee responsible for overseeing the Corporation's disclosure practices and ensuring implementation and adherence to the disclosure policy. The Committee reviews and updates, if necessary, this disclosure policy on an annual or as needed basis. Health and safety and quality policies are monitored by the health and safety committee and the quality manager who report back to the Board through the Vice-President Canadian Operations and the General Manager US Operations.

- (iii) *provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.*

There have not been any violations. No report has been filed.

- b. *Describe any steps the Board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.*

The Corporation's governing statute and its by-laws state that every director of the company who is in any way directly or indirectly interested in a contract or a proposed contract with the Corporation shall declare his interest

at a meeting of the directors of the corporation. Such a declaration should be made at the meeting of directors at which the question of entering into the contract is first considered, if his interest then exists, or in any other case at the first meeting of directors after the acquisition of his interest and no director shall as a director vote in respect of any contract or arrangement in which he is interested as aforesaid, and if he does so vote, his vote shall not be counted. Any board materials referencing the contract in questions will be redacted for the director concerned and he will absent himself from all board discussions.

- c. *Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.* In order to avoid the potential for disclosure or the perception or appearance of disclosure, the Corporation observes a quarterly quiet period as well as a blackout period during which informed persons are prohibited from discussing material or non-public material or trading in securities of the Corporation.

6. NOMINATION OF DIRECTORS

- a. *Describe the process by which the board identifies new candidates for board nomination.*

The Corporate Governance and Nominating Committee is responsible for reviewing the composition of the Board of Directors. It is responsible for recruiting and recommending candidates for election as directors when necessary and assessing their qualifications. Candidates are then interviewed by the full Board.

- b. *Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.*

All members of the Corporation's Corporate Governance and Nominating Committee are independent directors as that term is defined in MI 52-110 Audit Committees.

- c. *If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.*

The Corporate Governance and Nominating Committee is responsible for developing the Corporation's approach to Board governance issues and the Corporation's

response to corporate governance guidelines and policies; developing the Corporation's approach to the ethical and social conduct of the Corporation in all jurisdictions in which it operates; reviewing the composition and contribution of the Board of Directors and its members and recommending Board nominees; overseeing the orientation and continuing education program for directors; helping maintain an effective working relationship between the Board of Directors and management of the Corporation.

7. COMPENSATION

- a. *Describe the process by which the board determines the compensation for the issuer's directors and officers.*

Director's compensation is reviewed on an annual basis by the Corporate Governance and Nominating Committee which then reports to the full Board. The Committee has determined that the current compensation is appropriate for the responsibilities and risks assumed by the Directors. With respect to determination of the compensation of the Corporation's officers, please refer to Report on Executive Compensation in the main body of the Management Information Circular.

- b. *Disclose whether or not the board has a compensation committee comprised entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.*

The Board does not have a compensation committee. Activities related to executive compensation and human resources are referred to the full Board and are accepted as responsibilities of the Board. The Directors meet *in camera* to review compensation of the Chief Executive Officer.

- c. *If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.*

The Board does not have a compensation committee.

- d. *If a compensation consultant or advisor has, at any*

time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.

During 2005, the Company engaged Watson Wyatt Canada to review the appropriateness of non-executive compensation and the incentive compensation plan.

8. OTHER BOARD COMMITTEES

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The Board has no standing committees other than the Audit Committee and the Corporate Governance and Nominating Committee, the activities of which are described earlier in this Schedule.

9. ASSESSMENTS

Describe whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe how the board satisfies itself that the board, its committees and its individual directors are performing effectively.

The Corporate Governance and Nominating Committee annually reviews the composition of the Board including the appropriate skills and characteristics required of the Directors in the context of the business experience and specific areas of expertise of each current director. The Committee also reviews the credentials and performances of nominees for re-election to the Board. The Committee ensures the Board can function independently of management and monitors the working relationship of the Board with management.