



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Héroux-Devtek Inc. (the "Company") will be held in the "Salon A & B" of the Delta Hotel, 777 University Street, in the City of Montréal, Québec, at the hour of 11:00 a.m., local time, on Thursday, August 4, 2005, for the following purposes:

1. to receive the Consolidated Financial Statements of the Company for the year ended March 31, 2005 and the Auditors' report thereon;
2. to elect Directors;
3. to appoint Auditors and to authorize the Directors to fix their remuneration; and
4. to transact such other business as may properly be brought before the meeting.

Proxies to be used at the Annual General Meeting must be deposited with the Company c/o National Bank Trust Inc., by mail to the address on the envelope provided herewith, or by personal delivery to Transfer Services, 1100 University Street, Montréal, Québec, Canada H3B 2G7, not later than 4:00 p.m., local time, on Tuesday, August 2, 2005.

Dated at Longueuil, Québec, Canada this 29th day of June 2005.

By order of the Board of Directors,

A handwritten signature in black ink, appearing to read "Jacques Paquin", is written over a horizontal line.

Jacques Paquin, Corporate Secretary

IMPORTANT

It is desirable that as many shares as possible be represented at the meeting. If you do not expect to attend, and would like your shares represented, please sign the enclosed proxy and return it as soon as possible in the envelope provided.

MANAGEMENT PROXY CIRCULAR

This Circular is furnished in connection with the solicitation of proxies by the management of Héroux-Devtek Inc. (hereinafter called the "Company") for use at the Annual General Meeting of the Shareholders of the Company to be held on August 4, 2005 (hereinafter called the "Meeting") and at every adjournment thereof. Solicitation will be primarily by mail but proxies may also be solicited by telephone, or personally by directors, officers or employees of the Company. The Company will bear all expenses in connection with the solicitation of proxies.

Voting by Proxy

Shares represented by properly executed proxies in favour of the persons designated in the enclosed form of proxy will be voted or withheld from voting on any ballot that may be called for and, if the Shareholder specifies a choice in respect of the matters to be voted upon, the shares shall be voted or withheld from voting in accordance with the specification made by the Shareholder. **If no specification is made, such shares will be voted for the election of the Directors specified in this Circular and the appointment of the Auditors named in this Circular and the fixing of their remuneration by the Directors.**

The enclosed proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice relating to the Meeting and other matters which may properly come before the Meeting other than for the election of a Director who would not be named in this Circular. At the date of this Circular, the management of the Company is not aware that any such amendments, variations, or other matters are to be presented for action at the Meeting.

Principal Holders of Voting Securities

To the knowledge of the Directors and senior officers of the Company, the only persons and companies who beneficially own, directly or indirectly, or exercise control or direction over more than 10% of the Common Shares of the Company are, as at May 30, 2005, the following:

Name	Number of Common Shares	Percentage of Outstanding Common Shares
Gilles Labbé	5,208,500 ⁽¹⁾	19.33%
Natcan Investment Management Inc. and Altamira Management Ltd.	5,338,200	19.80%
Howson Tattersall Investment Counsel Limited	4,373,898	16.22%
Capital d'Amérique CDPQ inc.	3,331,433	12.36%

(1) 5,029,000 Common Shares included in this number are held by 2635-6246 Québec inc. and 2945-0228 Québec inc., companies controlled by Mr. Gilles Labbé.

Appointment of Proxy

The persons named in the enclosed form of proxy are Executive Officers of the Company. **A Shareholder has the right to appoint a person, who need not be a Shareholder of the Company, other than the persons designated in the accompanying form of proxy, to attend and act on his or her behalf at the Meeting. To exercise this right, a Shareholder may either cross out the names printed on the form of proxy and insert such other person's name in the blank space provided in the accompanying form of proxy or complete another appropriate form of proxy.**

Revocability of Proxy

A proxy given pursuant to this solicitation may be revoked by an instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing and transmitted either to c/o National Bank Trust Inc., 1100 University Street, Montréal, Québec, H3B 2G7, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used, or to the Chairman or Secretary of such Meeting on the day of the Meeting or any adjournment thereof, or by any other manner permitted by law. Any proxy given by a Shareholder can also be revoked by the Shareholder if the Shareholder attends the Meeting in person and so requests.

Voting Rights

As of May 30, 2005, 26,960,482 Common Shares, without nominal or par value, of the Company were outstanding. Holders of Common Shares of record at the close of business on June 23, 2005 will be entitled to one vote for each such share held by them except to the extent that a person has transferred any shares after the record date and the transferee of such shares establishes proper ownership of such Common Shares and demands, not later than 10 days before the Meeting, to be included in the list of Shareholders entitled to vote at the Meeting.

Election of Directors

The affairs of the Company are managed by a Board of Directors. The members of the Board are elected annually at each Annual Meeting of Shareholders to hold office until the next Annual Meeting unless, prior thereto, he or she resigns, or the office of such Director becomes vacant by death, removal, or other cause. By resolution of the Board adopted on May 26, 2005, the precise number of Directors has been fixed at eight. Therefore, a total of eight nominees are being proposed as Directors for election by the Shareholders at the Meeting. The following table sets out the names of said nominees for election, their present principal occupation, the years in which they became Directors of the Company and the number of Common Shares of the Company owned, directly or indirectly, or controlled or directed by the nominees. **The persons designated on the enclosed form of proxy intend to vote for the election of the nominees whose names are set forth below.** Each of the nominees has provided the information as to the shares of the Company he beneficially owns or over which he exercises control or direction, as at May 30, 2005. All nominees have served continuously as director of the Company since their appointment or first election in such capacity.

Name	Principal Occupation	Director Since	Number of Common Shares
Claude Boivin ⁽¹⁾ Québec, Canada	Consultant and Member of various Boards of Directors	1994	16,000
John M. Cybulski ⁽²⁾ Florida, U.S.A.	Principal, Aeroglobe LLC	2004	8,900
Christian Dubé ⁽²⁾ Québec, Canada	Vice-President and Chief Financial Officer, Cascades Inc.	2004	-
Jean-Louis Fontaine ⁽¹⁾ Québec, Canada	Vice-Chairman of the Board and Director, Bombardier Inc.	1990	21,000
Helmut Hofmann ⁽¹⁾ Ontario, Canada	Chairman of the Board Héroux-Devtek Inc.	2000	879,749 ⁽³⁾
Gilles Labbé Québec, Canada	President and Chief Executive Officer, Héroux-Devtek Inc.	1985	5,208,500 ⁽⁴⁾
Pierre Marcouiller ⁽²⁾ Québec, Canada	Chairman of the Board and Chief Executive Officer, Camoplast Inc.	1998	3,400
Brian A. Robbins ⁽²⁾ Ontario, Canada	President and Chief Executive Officer, Exco Technologies Limited	2000	40,000 ⁽⁵⁾

(1) Member of the Human Resources and Corporate Governance Committee.

(2) Member of the Audit Committee.

(3) 544,293 Common Shares included in this number are held by H. Hofmann Management Inc., a company controlled by Mr. Hofmann.

(4) 5,029,000 Common Shares included in this number are held by 2635-6246 Québec inc. and 2945-0228 Québec inc., companies controlled by Mr. Gilles Labbé.

(5) Held by 555319 Ontario Limited, a corporation wholly-owned by Mr. Brian A. Robbins.

Reference is made to Item 12 ("The Audit Committee") of the Company's Annual Information Form ("AIF") that contains the information required by section 5.1 and Form 52-110F1 of Multilateral Instrument 52-110. Reference is also made to Item 8 ("Corporate Governance Disclosure") of the Company's AIF that contains the information required by subsection 2.1(1) and Form 58-101F1 of the proposed Multilateral Instrument 58-101. The Company's AIF is available on SEDAR at www.sedar.com and a copy of same will be provided free of charge, upon request, to any securityholder of the Company.

Remuneration of Directors

Directors who are not salaried employees of the Company are paid an annual base retainer of \$10,000 and are paid a fee of \$1,000 for attendance at each meeting of the Board. Directors who are not salaried employees of the Company and who are members of a committee of the Board are paid \$1,000 per meeting for their services as members of such committees. Directors who are not salaried employees of the Company and who act as Chair of a committee of the Board are paid \$500 per meeting for their services, such payment being in addition to any amount to which they are entitled as a member of such committee. Directors also receive reimbursement for reasonable expenses incurred in connection with attending Board and committee meetings.

Stock Appreciation Rights Plan (the "SAR Plan")

The SAR Plan for non-employee directors adopted by the Board of Directors in September 2001 and amended in September 2003 is intended to enhance the Company's ability to attract and retain high quality individuals to serve as members of the Board and participate in the Company's long-term success and to promote a greater alignment of interests between the Company's non-employee directors and its shareholders.

The SAR Plan is administered by the Human Resources and Corporate Governance Committee (the "Committee"). The SAR Plan enables the participants to receive, on the exercise date of a SAR, a cash amount equal to the excess of the market price of a common share on the exercise date of the SAR over the exercise price of the SAR. The exercise price of each SAR granted is determined on the basis of the average closing price of the common shares of the Company traded on the Toronto Stock Exchange, for the five trading days preceding the date of the award of the SAR. On September 2, 2004, the Committee granted 2,500 SARs to each non-employee director of the Company then in office at an exercise price of \$5.00. The SARs thus granted have a duration of seven years and may be exercised at a rate of 20% per annum during the five years following the first anniversary date of the award.

At March 31, 2005, on a cumulative basis, 45,000 SAR were still outstanding at a weighted-average granted value of \$6.13 (30,000 SAR at a weighted average granted value of \$6.70 at March 31, 2004) which expire at various dates between fiscal years 2009 and 2012.

Executive Compensation

The total amount of the remuneration paid to the executive officers by the Company and its subsidiaries in exchange of the services rendered during the year ended March 31, 2005 is \$2,299,812.

The following table sets forth, to the extent required by applicable securities legislation, all annual and long-term compensation for services in all capacities to the Company for the three most recent completed fiscal years in respect of the Chief Executive Officer and the Company's four most highly compensated executive officers (the "Named Executives").

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation	All other Compensation
		Salary	Bonus ⁽¹⁾	Other Annual Compensation ⁽²⁾	Securities Under Options Granted	
		(\$)	(\$)	(\$)	(#)	
Gilles Labbé President and Chief Executive Officer	2004/05	350,000	75,000	-	67,000	-
	2003/04	338,000	-	-	49,037	-
	2002/03	334,750	-	-	35,000	-
Réal Bélanger Executive Vice-president and Chief Financial Officer	2004/05	241,000	60,000	-	36,000	-
	2003/04	234,000	-	-	40,653	-
	2002/03	231,750	-	-	30,000	-
Alvin Cook President of the Gas Turbine Division	2004/05	222,600 US	-	-	18,000	-
	2003/04	218,400 US	-	27,747 US	-	-
	2002/03	216,138 US	-	52,047 US	10,000	-
René Lalande ⁽³⁾ Vice-President, Operations, Landing Gear & Aerostructure Division	2004/05	185,500	-	-	18,000	-
	2003/04	175,000	10,000	-	20,000	-
Guinn D. Crousen President, Progressive Incorporated ⁽⁴⁾	2004/05	250,000 US	-	33,303 US	-	-

(1) Represents bonus amounts earned in the corresponding fiscal year.

(2) The value of perquisites for each Named Executive is indicated when such value is equal to or exceeds \$50,000 or 10 percent of the total annual salary and bonus.

(3) Mr. René Lalande has taken up his duties on September 3, 2003.

(4) Acquired on April 1, 2004.

Stock Option Plan

Under the Company's Stock Option Plan (the "Plan") established in 1986, as amended in 1988, 1990, 1996, 1998, 1999, 2000, 2002 and 2003, the Board of Directors may designate officers and full-time key employees of the Company or its business units as eligible employees under the Plan, and may grant to such eligible employees options to purchase Common Shares of the Company.

The purpose of the Plan is to provide an additional incentive for the Company's officers and key employees to promote the interests of the Company to the best of their ability.

The total number of shares which may be issued under the Plan shall not exceed 2,187,118 Common Shares (representing approximately 8.1% of the Common Shares outstanding as at May 30, 2005) and the total number of shares in respect of which options may be granted to any one person under the Plan may not exceed five percent (5%) of the total number of Common Shares outstanding at each stock option award date.

The Plan also provides for certain restrictions regarding the number of shares and the number of options which may be issued and granted to Insiders, as defined below. Such restrictions may be summarized as follows: (i) the number of Common Shares reserved for issuance pursuant to options granted to Insiders, as this term is defined in the *Securities Act* (Québec), and to associates of insiders (the "Insiders"), shall not exceed ten percent (10%) of the total number of Common Shares outstanding at each stock option award date; (ii) the number of Common Shares issued to Insiders pursuant to the Plan, within a one-year period, shall not exceed ten percent (10%) of the total number of Common Shares outstanding at each date of such issue of Common Shares; (iii) the number of Common Shares issued to an Insider pursuant to the Plan, within a one-year period, shall not exceed five percent (5%) of the total number of Common Shares outstanding at each date of such issue of Common Shares; (iv) the aggregate number of Common Shares issued or which could be issued under the Plan to any one beneficiary shall not exceed 20% of the aggregate number of Common Shares issuable under the Plan, as amended from time to time; (v) the total number of

additional Common Shares which could be issued under the Plan shall not exceed 200,000 Common Shares per year; and (vi) the options granted to Insiders pursuant to the Plan shall not be re-priced at a reduced exercise price.

The options are awarded by means of a stock option agreement entered into in this regard with each beneficiary. Options generally may be exercised after the first anniversary of the date of grant until the seventh anniversary of the date of grant, subject to a vesting schedule upon each anniversary at a rate set forth in the agreement, provided that the average closing price of the Common Shares on the TSX, for 20 consecutive trading days, exceeds or equals the conditional share price set forth in the agreement, as determined by the Board of Directors on the recommendation of the Human Resources and Corporate Governance Committee at the time of the grant of the options.

The exercise price per share of an option will not be less than the average closing price of a regular board lot of Common Shares of the Company traded on the TSX for the five trading days preceding the granting of the option.

No financial assistance is provided by the Company to the beneficiaries for the exercise of options granted under the Plan.

In the event that a beneficiary's employment with the Company or any subsidiary is terminated for any reason other than death or retirement (a "termination of employment"), any or all of the vested options held by such beneficiary which have not been previously exercised may be exercised, at any time during a maximum period of 90 days following the date of termination of employment, or such other extended period as may be determined at the discretion of the Board of Directors of the Company, other than a voluntary termination of employment (but in no event after the expiry date), provided, however, that, notwithstanding any other term or condition of the Plan, in the event the employment of a beneficiary is terminated for cause, the vested options held by such beneficiary which have not been previously exercised will only be exercisable on the next business day following the date of personal delivery of a written notice to the beneficiary confirming (i) such termination for cause and (ii) the requirement to exercise such vested options.

In the event of the death of a beneficiary, his vested options may be exercised by the beneficiary's legal personal representative(s) at any time after the date of the beneficiary's death up to and including (but not after) a date which is 180 days following the date of the beneficiary's death (but in no event after the expiry date), as to any or all of such beneficiary's vested options which had not previously been exercised.

Upon the retirement of a beneficiary, any or all of the vested options held by such beneficiary which have not been previously exercised may be exercised at any time during a maximum period of 180 days following the date of his retirement (but in no event after the expiry date).

Save as aforesaid, options awarded under the Plan may not be transferred or assigned to anyone whomsoever and may not pass to the heirs, successors or assigns of a beneficiary.

In the event that the Company proposes to amalgamate, merge or consolidate with any other company (other than a wholly-owned subsidiary), or in the event of a change of control, as such term is defined in the Plan, the Company shall, upon notice thereof to each beneficiary holding options under the Plan, permit the exercise of all such options, within the 6-month period following the date of such notice, for all options (whether or not such options had previously vested), provided however, the conditional share price has been met at the time of the change of control and, upon the expiration of such 6-month period, all rights of the beneficiaries to such options or to exercise same (to the extent not theretofore exercised) shall *ipso facto* terminate and cease to have further force or effect whatsoever.

If an offer to purchase all of the outstanding Common Shares of the Company is made, all options that are not vested shall, from the date of the offer, be fully vested notwithstanding any provision to the contrary in any stock option agreement, provided, however, the conditional share price has been met at the time the offer is made.

Subject to options already awarded and to the approval of the Toronto Stock Exchange, the Board of Directors of the Company may amend the Plan at any time without the approval of the shareholders. However, notwithstanding the foregoing, the TSX may require security holder approval for some types of amendments that are considered as fundamental changes to the Plan.

The Board of Directors may also, by resolution, in the event the employment of a beneficiary is terminated without a valid cause or upon the retirement of a beneficiary at normal retirement age or in the event that a non-employee director ceases to act as a director of the Company other than by reason of death, removal or disqualification by law, advance the date on which any option may be exercised in the manner to be set forth in such resolution, provided that the Board shall not, in the event of any such advancement, be under any obligation to advance the date on which any option may be exercised by any other beneficiary.

Options are granted under the Plan by the Board based on recommendations made by the Human Resources and Corporate Governance Committee. All option awards are for Common Shares. During the fiscal year ended March 31, 2005, the Company granted options toward 200,000 Common Shares.

**OPTIONS GRANTED TO NAMED EXECUTIVES DURING
THE FISCAL YEAR ENDED MARCH 31, 2005**

Name	Common Shares under Options granted	% of total options granted to employees in fiscal year	Exercise price	Trading value of securities on the date of grant	Expiration date
	(#)			(\$Can/title)	
Gilles Labbé	67,000	33.5%	5.00	5.00	Sept. 1, 2011
Réal Bélanger	36,000	18.0%	5.00	5.00	Sept. 1, 2011
Alvin Cook	18,000	9.0%	5.00	5.00	Sept. 1, 2011
René Lalande	18,000	9.0%	5.00	5.00	Sept. 1, 2011
Guinn D. Crousen	-	-	-	-	-

**AGGREGATE OPTIONS EXERCISED BY NAMED EXECUTIVES DURING THE FISCAL YEAR ENDED
MARCH 31, 2005 AND NON REALIZED PROFITS ON UNEXERCISED OPTIONS AT THE END OF
THE FISCAL YEAR**

Name	Securities acquired on exercise	Aggregate value realized	Unexercised options at FY-End		Value of unexercised in-the-money options at FY-End	
			Exercisable	Unexercisable	Exercisable	Unexercisable
	(#)	(\$)	(#)	(#)	(\$)	(\$)
Gilles Labbé	-	-	45,346	130,691	-	-
Réal Bélanger	-	-	37,551	89,102	-	-
Alvin Cook	-	-	10,000	28,000	-	-
René Lalande	-	-	6,667	31,333	-	-
Guinn D. Crousen	-	-	-	-	-	-

**OPTIONS EXERCISED DURING FISCAL YEAR ENDED MARCH 31, 2005 BY EXECUTIVE OFFICERS AND KEY
EMPLOYEES OF THE COMPANY**

Thirty-five thousand options were exercised during the fiscal year ended March 31, 2005 by one of the executive officers (including the Named Executives) and key employees of the Company, namely 25,000 options at an exercise price of \$3.60 per share and 10,000 options at an exercise price of \$4.25 per share, for an aggregate cash consideration of \$132,500.

**OPTIONS GRANTED DURING FISCAL YEAR ENDED MARCH 31, 2005 TO EXECUTIVE OFFICERS ⁽¹⁾ AND KEY
EMPLOYEES OF THE COMPANY**

Date of grant	Number of options	Exercise price	Expiry date
		(\$)	
September 2, 2004	200,000	5.00	September 1, 2011
Total	200,000		

(1) Executive Officers include the "Named Executives"

The following options, for a total of 808,821 Common Shares (representing approximately 3.6% of the Common Shares outstanding as at May 30, 2005), were granted in previous years to executive officers and key employees of the Company and its business units and were outstanding as at March 31, 2005.

Date of grant	Number of options	Exercise price (\$)	Expiry date
June 12, 2000	166,600	4.96	June 11, 2007
June 22, 2000	52,500	4.05	June 21, 2005
September 7, 2000	50,000	5.85	September 6, 2005
June 6, 2001	87,500	9.65	June 5, 2008
June 5, 2002	90,000	9.77	June 4, 2009
February 18, 2003	10,000	4.60	February 17, 2010
April 1, 2003	20,000	3.15	March 31, 2010
September 3, 2003	132,221	4.96	September 2, 2010
September 2, 2004	200,000	5.00	September 1, 2011
Total	808,821		

During the fiscal year ended March 31, 2005, a total of 149,059 options were cancelled. The aggregate number of shares reserved for issuance under the Plan is 2,187,118 of which 364,279 remain available for future grants.

Stock Purchase and Ownership Incentive Plan

On September 2, 2004, the Board of Directors of the Company approved an employee stock purchase plan (the "Plan") to induce key employees to hold, on a long term basis, Common Shares of the Company.

Under the Plan, eligible employees can subscribe monthly, by salary deductions, up to 10 % of their base salary, a number of Common Shares issued by the Company corresponding to their monthly contribution.

Eligibility for the Plan extends to all Management Employees (*i.e.* all the regular employees who hold a permanent management position within the Company that is classified in salary grades I to VIII according to the job classification established by the Company or of equivalent level in a subsidiary of the Company) designated by the Company or by the Human Resources and Corporate Governance Committee (the "Committee"), who have no less than six (6) months of continuous service as at the first day of each Plan year, except when that condition is otherwise waived by the Committee. The Board of Directors or the Committee may from time to time designate any other employee of the Company or one of its subsidiaries as eligible for the Plan.

Membership in the Plan is optional and is valid for one Plan year at a time, namely for the period beginning January 1 and ending December 31 of each calendar year. An eligible Management Employee shall become a participating employee only if he joins the Plan by completing the Enrolment Form and if he subscribes with respect to said Plan year, for a number of shares whose aggregate subscription price shall equal between 2% and 10% of the employee's annual salary as at the date of his enrolment, without exceeding 10% of said annual salary.

The subscription price of the issued Common Shares represents 90 % of the average closing price of the Company's Common Share on the Toronto Stock Exchange (TSX) over the five trading days preceding the Common Share subscription. Also, the Company matches 50 % of the employee's contribution by attributing to the employee, on a monthly basis, additional Common Shares acquired on the TSX at market price. However, the Company's matching attribution cannot exceed 4 % of the employee's annual base salary. Common Shares attributed to the employee, as well as the subscribed Common Shares, will be earned and released over a three-year period beginning on July 1, 2005.

Except for the Company's matching attribution, no financial assistance is provided by the Company to the participating employees for the subscription or purchase of Common Shares under the Plan.

National Bank Trust Inc. (the "Trustee"), as trustee, is in charge of the administration of the Plan, including market purchases and subscriptions to the Company's Common Shares for and on behalf of the participating employees.

The Board of Directors has full and complete responsibility for the Plan, which includes, without restriction, the power to adopt, amend, suspend or terminate the Plan, as it deems necessary or desirable, provided that such acts do not retroactively affect the rights of the participating employees under the Plan and that the approval of the regulators and

the self-regulatory organizations, if necessary, is obtained. The Plan does not require that an amendment thereto be approved by the shareholders of the Company. However, notwithstanding the foregoing, the TSX may require security holder approval for some types of amendments that are considered as fundamental changes to the Plan.

The Board of Directors has mandated the Committee to manage and administer the Plan, with full and complete authority to interpret and adopt rules and by-laws and any other provisions necessary or desirable for the administration of the Plan.

When a participating employee voluntarily terminates his employment with the Company or when his employment is terminated due to his dismissal (with or without cause), the said participating employee thereby loses his right to all the shares attributed not yet vested. Moreover, all the Common Shares subscribed by the participating employee, regardless of whether or not they are unrestricted at the date of termination of his employment, shall become unrestricted automatically. The participating employee may then ask the Trustee to provide him with a certificate issued for all the Common Shares subscribed plus all the Common Shares attributed that are vested in the participating employee; he may also ask the Trustee to sell all or part of the aforesaid Common Shares at the market price. In all cases, all Common Shares attributed that are not yet vested shall be sold by the Trustee on the market with payment of the proceeds of disposition to the Company.

In the event that a participating employee retires (*de facto*, but after age 55), dies or becomes totally and permanently disabled (qualifying for the Company's long-term disability plan), he or his beneficiary, as the case may be, may ask the Trustee to provide him with a certificate issued for all the Common Shares subscribed, regardless of whether or not they are unrestricted, plus all the Common Shares attributed to him, regardless of whether or not they previously became vested. In the event of a change of control of the Company, as such expression is defined in the Plan, the participating employees shall have the same rights.

The rights and privileges conferred on a participating employee under the provisions of the Plan are non-transferable.

The aggregate number of shares reserved for issuance under the Plan shall not exceed 90,000 Common Shares (representing approximately 0.33% of the Common Shares outstanding as at May 30, 2005) and has been taken out from the number of Common Shares that was already reserved for the Company's stock option plan.

During the fiscal year ended March 31, 2005, 17,993 Common Shares were issued and 8,034 Common Shares were attributed to the participating employees.

Pension Plan

Defined Benefit Pension Plan

The Company provides the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer with a contributory defined benefit pension plan. The contribution of each employee payable under this pension plan represents 5% of the annual base salary subject to the maximum limit under the income tax regulations. The benefits payable under this defined benefit pension plan are based on a percentage of the final Average Base Salary of the employee multiplied by his credited years of service. Pension benefits in excess of the amount that can be funded through the registered pension plan under the Income Tax Act are provided by an unregistered supplementary pension plan payable directly by the Company.

Named Executive	% of Final Average Base Salary⁽¹⁾	Credited years of service	Maximum Defined Pension Benefits
Gilles Labbé	2.000	23 years (from 1982)	-
Réal Bélanger	2.965	12 years (from 1993)	60% of Final Average Base Salary

(1) Final Average Base Salary is based on the three (3) consecutive years within the 10 years of continuous employment before retirement or termination of employment, where base salaries were the highest.

The retirement benefits pursuant to the pension plan are payable from normal retirement date for life (with 60% continuance to the spouse); early retirement at age 55 or later is permitted subject to a 3% reduction per year if retirement occurs prior to attainment of age 60, completion of 30 years of service or the date the sum of the employee's age and years of service totals 80.

Benefits are payable upon death or termination of employment. Accrued pension benefits payable from normal retirement date as at March 31, 2005 are estimated at \$161,000 per annum for Mr. Gilles Labbé and at \$85,700 per annum for Mr. Réal Bélanger.

Defined Contribution Pension Plan

The Company also offers to the other Named Executive employees and other key employees a defined contribution pension plan. The contributions payable under this pension plan, equally made by the employee and by the Company, each represents 5% of the annual base salary of the employee, subject to the maximum deductible amount under the income tax regulations.

Other Employment – Related Agreements

Gilles Labbé, Réal Bélanger, Patrice Gauvin, Martin Brassard and Gabriel Duval

In October 2003, the Company entered into standard employment agreements with Mr. Gilles Labbé, Mr. Réal Bélanger, Mr. Patrice Gauvin and Mr. Martin Brassard and in May 2005, the Company entered into a similar employment agreement with Mr. Gabriel Duval (collectively the “Executive Officers” and individually an “Executive Officer”) in order to define the terms and conditions of termination of employment of said individuals in the event of a change in control of the Company, as defined in such agreement. These agreements were entered into in order to ensure such senior executives would continue to adequately see to the best long-term interests of the Company.

Hence, for a period of two years following a change in control of the Company, the agreements provide that, if the purchaser terminates the employment of the Executive Officer (otherwise than for cause, or in the event of the disability or death of the Executive Officer) or if the Executive Officer terminates his or her employment for “any reason” in the 6 months following change in control or if the Executive Officer terminates his or her employment for a “sufficient reason” having to do with the terms and conditions of his employment (such as (i) a meaningful change in the position or reporting relationship of the Executive Officer or (ii) another change described in the agreements) in the 24 months from the change in control, the Executive Officer will be entitled to the payment of a severance package following termination of his or her employment. The severance package is primarily composed of the following elements, depending on the position held by the Executive Officer:

- (i) a lump sum amount equal to the base salary of the Executive Officer at time of termination, for a period of 18 or 24 months, plus one or two months for each full year of service, up to maximum period of 24, 30 or 36 months; and
- (ii) a lump sum amount equal to the target bonus applicable to the position of the Executive Officer for the period set out in (i) above; and
- (iii) the continuation of employee benefits (ceasing upon re-employment) and the continuation of the accrual of pension benefits for the period set out in (i) above; perks are maintained for 90 days; and
- (iv) all stock options previously granted vest immediately and may be exercised up to 6 months following termination of employment.

Moreover, the Executive Officers undertake to not solicit the Company's customers or employees for a period equal to the maximum severance period (24, 30 or 36 months) and to not enter into competition with the Company for a period equal to the minimum severance period (18 or 24 months).

The agreements also determine, in exchange for undertakings on the part of the Executive Officers that they would not solicit the Company's customers or employees and that they would not compete with the Company, the terms and conditions of payment of a similar severance package in the context of cessation of employment in circumstances other than those provided for in the event of a change in control of the Company, stipulating that

- (i) the lump sum mentioned in (i) above is, for a period of 12 or 18 months, up to maximum period of 18, 24 or 30 months;
- (ii) the lump sum mentioned in (ii) above is limited to the bonus that otherwise would have been payable for the fiscal year in which cessation of employment occurs, but prorated, provided the Executive Officer has completed at least six months of employment in said year;
- (iii) the continuation of employee benefits as set forth in (iii) above, but without continuation of the accrual of pension benefits; and
- (iv) only the options already vested may be exercised in the 6 month period following cessation of employment.

Helmut Hofmann

Helmut Hofmann entered into a 10-year service agreement, negotiated entirely at arm's length, with Devtek inc. ("Devtek"). Pursuant to this agreement, Mr. Hofmann agreed to act as Chairman of the Board and Chief Executive Officer of Devtek until December 31, 2006. In the context of the combining of the operations of the Company with those of Devtek, in the year 2000, the Company agreed to honour this agreement. However, in order to align Mr. Hofmann's annual compensation at Devtek with the compensation policies in force at the Company, it has been agreed to adjust Mr. Hofmann's compensation, while ensuring that such adjustment would not result in a financial loss to Mr. Hofmann. As a result, Mr. Hofmann has received an amount equal to the value of the difference between the amount to which he was entitled under his agreement with Devtek and his new annual compensation set at \$75,000 per annum. If re-elected as a director, Mr. Hofmann will serve as non executive Chairman of the Company for the ensuing year: he will serve also as a director until 2006, subject to Mr. Hofmann holding at least 800,000 Common Shares of the Company.

Report of the Human Resources and Corporate Governance Committee

The Human Resources and Corporate Governance Committee (the "Compensation Committee") is composed of the following three Directors: Claude Boivin (Chair), Jean-Louis Fontaine and Helmut Hofmann. Gilles Labbé, as President and Chief Executive Officer, attended the Compensation Committee meetings. However, Mr. Labbé did not participate in the discussions pertaining to the determination of his own remuneration or in matters of corporate governance. Members of the Compensation Committee are not inter-related within the meaning of the Regulation under the *Ontario Securities Act*.

The Compensation Committee has the responsibility to establish a compensation policy for the executive officers which is consistent with the Company's business plan, strategies and objectives. This Committee has, namely, the responsibility to analyse for the Board of Directors all questions relating to human resources planning, compensation for executive officers and other employees, short and long-term incentive programmes, employee benefits programmes, and recommends the appointment of executive officers. In such context, the Compensation Committee relies on the following principles and criteria to determine the compensation paid to executive officers:

- offer total compensation capable of attracting and retaining top level executive officers required to ensure the Company's short and long term goals and success;
- motivate the executive officers in achieving and exceeding the goals of the Company and of its shareholders;
- provide executive officers with total compensation that stands at the first quartile of the market comparators when the Company achieves or exceeds its profitability and shareholder value creation goals.

Components of the Executive Total Compensation

The Executive Total Compensation Program consists of the sum of

- base salary;
- annual incentive (bonus) compensation;
- long term incentive compensation;
- benefits and pension; and
- perquisites.

Each of these elements, together with the Company philosophy with respect to same, is hereinafter detailed, except for benefits (which consist in a median value package of flexible life, medical, dental and disability insurance) and perks (which mainly consist of Company cars).

Base Salary

The Company's base salary policy is to pay base salaries for executive officers that are between the 50th percentile (median) and 55th percentile of the comparators' marketplace. All executive positions are evaluated and classified with a salary grade. For each salary grade, a salary scale set between a minimum of 80% and a maximum of 120% of the market's 50th to 55th percentile is developed. Salaries paid aim at the mid-point of this salary scale but reflect the individual's performance, tenure in the job, etc.

Annual Incentive Compensation

The Company offers executive officers and key employees of the Company and of its Divisions or business units the possibility to earn an annual bonus provided the Company achieves or exceeds its division/business unit financial objectives and provided the executive achieves specific personal objectives. The annual bonus for the divisional or business unit executives rests on two financial objectives set against the previous year results, namely RONA and growth in revenues; the annual bonus for corporate executives rests on budgeted earnings per share.

The target bonuses for executive officers vary between 35% and 60% of base salary depending on the position occupied, with maximum bonuses not to exceed 120% of base salary for a given fiscal year.

Long-term Incentive Compensation

The establishing of a balance between short and long-term compensation is essential for the Company's performance. For this reason, the Company has adopted the Plan in 1986 (amended in 1988, 1990, 1996, 1998, 1999, 2000, 2002 and 2003) allowing the grant of options to officers and certain key employees of the Company and its business units.

In general, the Board of Directors determines the number of options granted annually by multiplying the base salary of the employee by a multiple varying between 50% and 100%, established according to the level of responsibility and authority of such executive officer. The options are granted at market value at time of grant and may be exercised over seven years. Options granted vest upon each anniversary at a rate set forth in the stock option agreement provided that the average closing price of the Common Shares on the TSX, for 20 consecutive trading days, exceeds or equals the conditional share price set forth in the agreement at the time of the grant of the options. Rights are given to exercise the vested options within a 90 day or 180 day period following termination of employment, death or retirement.

President and CEO's compensation

The President and CEO's total compensation is established in accordance with the same principles and methodology described hereinabove for other executive officers; an annual review and evaluation of the President and CEO's performance is conducted as part of the setting of total compensation for a given fiscal year. For 2004-2005, the President and CEO's base salary was increased to \$350,000.

As regards annual incentive (bonus) compensation, the President and CEO's target bonus is set at 60% of base salary with a maximum bonus of 120% of base salary. During fiscal year 2004-2005, a special bonus in the amount of \$75,000 was paid to the President and CEO in connection with the acquisition of Progressive Incorporated.

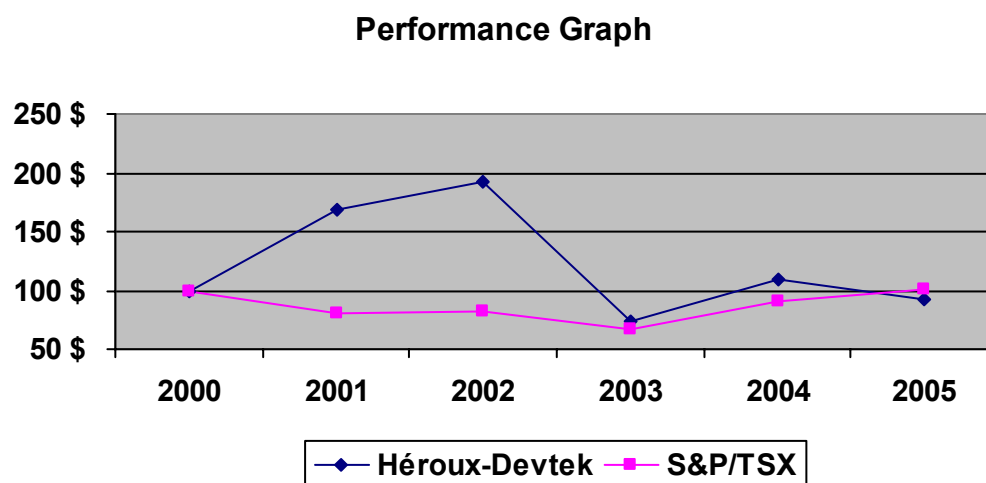
During fiscal year 2004-2005, a total of 67,000 options at an exercise price of \$5.00 were granted to the President and CEO by way of long term incentive compensation.

The Compensation Committee, whose members are listed below, has approved the publication of this report and its inclusion in this Circular:

Claude Boivin, President
Jean-Louis Fontaine
Helmut Hofmann

Performance Graph

The following graph compares the total cumulative shareholder return for \$100 invested in the Company's Common Shares on March 31, 2000 with the cumulative total return of the Toronto Stock Exchange's S&P/TSX Composite Index (formerly TSE-300 Index) for the five most recently completed fiscal years.



	2000	2001	2002	2003	2004	2005
Hérroux-Devtek	100	168.13	192.31	73.62	109.23	92.31
S&P/TSX	100	80.40	82.98	67.03	90.74	101.59

Transaction with interested parties

The Company is not aware that any of its directors, officers, nominees for election as directors, other insiders of the Company or any persons associated with or otherwise related to any of the foregoing has had an interest in any material transaction carried out since the beginning of the Company's most recently completed financial year or in any proposed transaction which has materially affected or is likely to materially affect the Company or any of its subsidiaries.

Indebtedness of Directors, Executive Officers and Senior Officers

None of the Company's directors, executive officers or senior officers or persons who held such position during the most recently completed financial year or any nominees proposed as a director nor any person associated with any of the foregoing is indebted to the Company.

Liability Insurance

The Company takes out liability insurance for the benefit of its directors and officers to cover them against certain liabilities contracted by them in such capacity. For the most recently completed financial year, this insurance provided for a coverage limit of \$20,000,000 per each loss and policy year. For the twelve-month period ended March 31, 2005, the premium paid by the Company amounted to \$136,750. When the Company is authorized or required to indemnify an insured, a deductible of \$100,000 applies.

Statement of Corporate Governance Practices

The rules of the Toronto Stock Exchange require that each listed company disclose on an annual basis its approach to corporate governance with reference to guidelines set out in the TSX Company Manual (the "Guidelines").

The Company's disclosure addressing each of the Guidelines is set out in Schedule "A" attached hereto. Reference is also made to Item 8 ("Corporate Governance Disclosure") of the Company's AIF that contains the information required by subsection 2.1(1) and Form 58-101F1 of the proposed Multilateral Instrument 58-101.

Appointment and remuneration of Auditors

At the Meeting, the shareholders will be called upon to appoint auditors to hold office until the next annual meeting of shareholders and to authorize the directors to establish the remuneration of the auditors appointed.

Unless instructions are given to abstain from voting with regard to the appointment of auditors, the persons named in the enclosed form of proxy intend to vote FOR the appointment of Ernst & Young LLP, Chartered Accountants, as Auditors of the Company, at a compensation for their services to be determined by the Board of Directors.

Additional Information

Additional information relating to the Company is on SEDAR at www.sedar.com. Securityholders may contact the Company at the following address to request copies of the Company's financial statements and MD&A: Corporate Secretary, Héroux-Devtek Inc., Suite 658, East Tower, Complexe Saint-Charles, 1111 Saint-Charles Street W., Longueuil, Québec, Canada, J4K 5G4. These documents are also available on the Company's Web site at www.herouxdevtek.com and on SEDAR at www.sedar.com. Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year.

Approval

The contents and the sending of this Circular have been approved by the Directors of the Company.



Longueuil, Québec
June 29, 2005

Jacques Paquin
Corporate Secretary

SCHEDULE "A"

HÉROUX-DEVTEK INC.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

CORPORATE GOVERNANCE GUIDELINE	COMMENTS
<p>1. The Board of Directors should explicitly assume responsibility for stewardship of the corporation, and specifically for:</p> <p>a. adoption of a strategic planning process;</p> <p>b. identification of principal risks, and implementing risk managing systems;</p> <p>c. succession planning and monitoring senior management;</p> <p>d. communications policy;</p>	<p>The Board of Directors operates according to a Board approved written mandate outlining its duties and responsibilities. The mandate of the Board is one of stewardship and oversight of the Company and its business. The Board relies on the Company's officers to manage the Company through a delegation of general management responsibilities to the Company's officers. The Board then monitors Management's achievement of the Company's goals and objectives as part of its responsibility to supervise the business and affairs of the Company.</p> <p>The Board is actively involved in the Company's strategic planning process. The duties of the Board of Directors include the review on an annual basis of the business plan for each operating unit of the Company presented to the Board by Management, a discussion of such plans with the President and Chief Executive Officer and with the President or General Manager of each operating unit and an assessment of the risks identified. Management must seek the Board's approval for any transaction that would have a significant impact on the strategic plan.</p> <p>The Board of Directors' duties include the review of overall business risks and of the Company's practices and policies for dealing with these risks. The Company's principal risks are those related to environment, the Company's industry and risks associated with foreign operations.</p> <p>The Board of Directors, through the Audit Committee, assesses principal risks which the Company faces and, where appropriate, proposes the implementation of risk management systems.</p> <p>The Human Resources and Corporate Governance Committee reviews, reports and, where appropriate, provides recommendations to the Board of Directors on succession planning matters and, with the Board of Directors, monitors the performance of senior management.</p> <p>The Board has adopted specific guidelines governing the disclosure of material information to ensure that the Company complies with the TSX timely disclosure policy and has generally delegated the Company's communications policy to senior management. Management's responsibilities therefore include speaking on behalf of the Company in communications with its shareholders and other stakeholders. These responsibilities are generally handled by the Chief Executive Officer and the Chief Financial Officer. The Board, directly or through its Committees, reviews and, where appropriate, approves public disclosure documents required to be filed with securities regulators and other similar bodies, including annual and quarterly reports to shareholders, financing documents and press releases.</p> <p>The Company receives and responds to Shareholder enquiries through Management. Important Management communications with Shareholders include a review of material matters in each quarterly financial report prepared by the Company and a report to Shareholders in each year's Annual Report. Generally, the Board is not directly involved in communications, but does oversee the Company's communications policy and program.</p>

CORPORATE GOVERNANCE GUIDELINE	COMMENTS																								
<p>e. integrity of internal control and management information systems.</p>	<p>The Board of Directors' duties include the assessment of the integrity of the Company's internal controls and information systems. In addition, the Audit Committee has oversight responsibility of internal controls and management information systems.</p>																								
<p>2. Majority of directors should be "unrelated" (independent of management and free from conflicting interest) to the Company and the Company's significant shareholder, if any.</p>	<p>The Company has no significant shareholder. Seven directors qualify as "unrelated directors" and one director, Mr. Gilles Labbé, is a related 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 interests of the Company, other than interests and relationships arising from shareholdings. On the basis of the facts known by the Board, the Board has determined that it fairly reflects the investment of minority shareholders in the Company.</p>																								
<p>3. Disclose for each director whether he is related, and how that conclusion was reached.</p>	<p>The Board of Directors, acting through the Human Resources and Corporate Governance Committee, is responsible for determining whether or not each director is an <i>unrelated director</i>. To do this, the Committee analyzes all the relationships of the directors with the Company and its subsidiaries. The Board has determined that seven directors qualify as "unrelated directors" and one director is a related director, as indicated hereunder:</p> <table data-bbox="662 877 1427 1171"> <tbody> <tr> <td data-bbox="662 877 917 909">Gilles Labbé</td> <td data-bbox="917 877 1079 909">related</td> <td data-bbox="1079 877 1427 961">he is President and Chief Executive Officer of the Company</td> </tr> <tr> <td data-bbox="662 976 917 1008">Claude Boivin</td> <td data-bbox="917 976 1079 1008">unrelated</td> <td></td> </tr> <tr> <td data-bbox="662 1008 917 1039">John M. Cybulski</td> <td data-bbox="917 1008 1079 1039">unrelated</td> <td></td> </tr> <tr> <td data-bbox="662 1039 917 1071">Christian Dubé</td> <td data-bbox="917 1039 1079 1071">unrelated</td> <td></td> </tr> <tr> <td data-bbox="662 1071 917 1102">Jean-Louis Fontaine</td> <td data-bbox="917 1071 1079 1102">unrelated</td> <td></td> </tr> <tr> <td data-bbox="662 1102 917 1134">Helmut Hofmann</td> <td data-bbox="917 1102 1079 1134">unrelated</td> <td></td> </tr> <tr> <td data-bbox="662 1134 917 1165">Pierre Marcouiller</td> <td data-bbox="917 1134 1079 1165">unrelated</td> <td></td> </tr> <tr> <td data-bbox="662 1165 917 1197">Brian A. Robbins</td> <td data-bbox="917 1165 1079 1197">unrelated</td> <td></td> </tr> </tbody> </table>	Gilles Labbé	related	he is President and Chief Executive Officer of the Company	Claude Boivin	unrelated		John M. Cybulski	unrelated		Christian Dubé	unrelated		Jean-Louis Fontaine	unrelated		Helmut Hofmann	unrelated		Pierre Marcouiller	unrelated		Brian A. Robbins	unrelated	
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<p>4. Appoint a Committee of directors:</p>	<p>a. responsible for proposing to the full Board of Directors new nominees to the Board and for assessing directors on an ongoing basis;</p> <p>The Human Resources and Corporate Governance Committee is responsible for monitoring the corporate governance systems of the Company, the effectiveness of the Board (including its size, composition, and its committees), and the performance of the Directors. The Committee is also responsible for identifying and recommending potential appointees to the Board. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.</p> <p>b. composed exclusively of outside (non-management) directors, the majority of whom are unrelated.</p> <p>The Human Resources and Corporate Governance Committee is composed of the Chairman of the Board of the Company and two outside Directors, all of whom are "unrelated".</p>																								

CORPORATE GOVERNANCE GUIDELINE	COMMENTS
<p>5. Implement a process for assessing the effectiveness of the Board of Directors, its Committees and individual directors.</p>	<p>The Human Resources and Corporate Governance Committee is responsible for monitoring the effectiveness of the Board and the performance of the Directors. The process is facilitated by questionnaires sent by the Chair of the Committee to enable individual Directors to provide feedback on the effectiveness of the Board and its Committees. The Committee assesses the operation of the Board and the committees, the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees. The Committee recommends changes to enhance the performance of the Board based on the survey feedback.</p>
<p>6. Provide orientation and education programs for new directors.</p>	<p>New directors participate in an initial information session on the Company in the presence of Management representatives. In addition, they are furnished with appropriate documentation relating to the commercial activities of the Company and the internal organization of the Company and with a copy of the Board of Directors' Manual. The meetings in which new directors participate (including annual strategic planning sessions) as well as discussions with other directors and with Management permit new directors to familiarize themselves rapidly with the operations of the Company.</p>
<p>7. Consider reducing the size of the Board of Directors, with a view to improving effectiveness.</p>	<p>The Board of Directors is of the view that a board of at least 7 directors and not more than 15 directors is appropriate for the Company in its current circumstances. The Board currently has 8 members and feels that this size is more appropriate for a company of our size and complexity. This number of directors permits the Board to operate in a prudent and efficient manner.</p>
<p>8. The Board of Directors should review compensation of directors in light of risks and responsibilities.</p>	<p>The Human Resources and Corporate Governance Committee is charged with reviewing on an annual basis the compensation and benefits paid to the Directors in light of market conditions and practice and in light of risks and responsibilities.</p>
<p>9. Committees of the Board of Directors should generally be composed of outside (non-management) directors, a majority of whom are unrelated directors.</p>	<p>The Board relies on its Committees to assist it in discharging its responsibilities. The Board has appointed a Human Resources and Corporate Governance Committee and an Audit Committee. Each Committee operates according to a Board approved written mandate outlining its duties and responsibilities and consists of a majority of unrelated Directors.</p>
	<p>The Human Resources and Corporate Governance Committee is responsible for reviewing the levels and form of total compensation paid to the Company's senior employees and for administering the Company's Stock Appreciation Rights Plan, Stock Option Plan and Stock Purchase and Ownership Incentive Plan. The Committee annually assesses the performance of the Chairman, the Chief Executive Officer and senior officers of the Company and determines each of such person's compensation and benefits. It reviews succession planning for the Company's senior management as part of its general mandate to review the Company's organizational structure to determine if such structure is appropriate to carry out the business of the Company. The Committee also reviews and monitors Management development programs. The Committee reports to the Board at each meeting of the Board following meetings of the Committee.</p> <p>With respect to the Audit Committee, see item 13.</p>

CORPORATE GOVERNANCE GUIDELINE	COMMENTS
<p>10. The Board of Directors should expressly assume responsibility for, or assign to a committee the general responsibility for, approach to corporate governance issues.</p>	<p>The Human Resources and Corporate Governance Committee is responsible for advising the Board on corporate governance matters and for monitoring the corporate governance systems of the Company and for the Company's response to the Guidelines.</p>
<p>11. a. Define limits to Management's responsibilities by developing mandates for:</p>	
<p>(i) the Board of Directors;</p>	<p>In addition to those matters which must, by law, be approved by the Board, the Board retains responsibility for significant changes in the Company's affairs. Management is therefore required to obtain the approval of the Board of Directors before entering into any venture which is outside the scope of the Company's existing business.</p> <p>The Board retains plenary power for functions not delegated to management. The Board has defined the limits of management's responsibilities by having a position description for the Chief Executive Officer and a written charter for the Board of Directors. The Board annually reviews those matters which are considered to require Board approval. In addition to exercising the powers which it must exercise as a matter of law, the Board specifically approves significant matters such as material acquisitions, divestitures, and capital expenditures as well as the Company's short-term and long-term business plan.</p> <p>The role and responsibilities of management include day-to-day operation of the Company's businesses as well as developing individual business unit and overall corporate strategies with the Board reviewing these strategies annually. Management also updates the Board on a regular basis at Board meetings on strategic issues, the progress of the Company and the problems and opportunities which the Company faces or could face. The Board and its Committees monitor risks and evaluate corporate control systems in key areas such as health, safety and the environment and accounting, finance and information systems, all of which are of significance to the business of the Company.</p> <p>The Board is involved in monitoring and assessing senior management both through its Human Resources and Corporate Governance Committee and direct regular contact as a result of senior management presentations to the Board on a variety of matters including strategic direction and the setting of corporate goals and objectives.</p>
<p>(ii) the CEO</p>	<p>The corporate objectives which the President and Chief Executive Officer is responsible for meeting, with the rest of Management placed under his supervision, are determined by the strategic plans and the budget as they are approved each year by the Board of Directors. Performance of the President and Chief Executive Officer and Management is assessed against the achievement of the strategic plans and the budget.</p>
<p>b. The Board of Directors should approve CEO's corporate objectives.</p>	<p>See item 11. a. (ii).</p>

12. Establish procedures to enable the Board of Directors to function independently of Management.

While there are no formal structures in place to ensure that the Board of Directors can function independently of Management, the Board of Directors of the Company is free to ask one or more members of Management to withdraw during certain discussions and the directors of the Company would not hesitate to meet without the presence of the members of Management who are also directors, including the President and Chief Executive Officer, if the circumstances were to so require.

13. a. Establish an Audit Committee with a specifically defined mandate;

The Board has appointed an Audit Committee which operates according to a Board approved written mandate outlining its duties and responsibilities.

The Audit Committee plays an important role in monitoring the control environment and the integrity of the management information systems, including management reporting on internal control, with the objective of ensuring that those systems are producing accurate information. The Committee reviews the quarterly and annual financial statements of the Company and certain other public disclosure documents required by regulatory authorities and makes recommendations to the Board with respect to such statements and documents. The Committee has direct communication channels with the auditors to discuss and review specific issues as appropriate. The Committee also makes recommendations to the Board regarding the appointment of independent auditors, reviews the nature and scope of the annual audit as proposed by the auditors and management, and reviews with management the risks inherent in the Company's business and risk management programs relating thereto.

b. all members should be non-management directors.

The Committee is composed entirely of outside Directors. Board policy is that all of such Committee's Directors be unrelated Directors.

14. Implement a system to enable individual directors to engage outside advisors, at the Company's expense.

In certain circumstances, Directors may hire outside advisors at the expense of the Company. The engagement of outside advisors is subject to the approval of the appropriate Committee.