

This Management Information Circular and the accompanying materials require your immediate attention. If you are in doubt as to how to deal with these documents or the matters to which they refer, please consult a professional advisor.



**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON AUGUST 9, 2011
AND
MANAGEMENT INFORMATION CIRCULAR**

July 2, 2011

RUGGEDCOM INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To the holders of Common Shares:

NOTICE IS HEREBY GIVEN that the annual meeting (the "**Meeting**") of shareholders of RuggedCom Inc. (the "**Company**") will be held at 300 Applewood Crescent, Concord, Ontario, Canada, on August 9, 2011, at 2 p.m., Toronto time, for the following purposes:

1. to elect directors;
2. to appoint auditors;
3. to receive the consolidated financial statements for the year ended March 31, 2011, and the auditors' report thereon; and
4. to transact such other business as may properly come before the Meeting.

The specific details of the foregoing matters to be put before the Meeting of shareholders are set forth in the Management Proxy Circular accompanying this Notice of Meeting.

In the case of *registered shareholders*, the completed, dated and signed form or proxy should be sent in the enclosed envelope or otherwise to the Secretary of the Company c/o [Computershare Investor Services Inc., Attention: Proxy Services Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, fax number 1-866-249-7775 or 416-263-9524. In the case of *non-registered shareholders* who receive these materials through their broker or other intermediary, the shareholder should complete and send the form of proxy in accordance with the instructions provided by their broker or other intermediary. To be effective, a proxy must be received by Computershare Investor Services Inc. or the Secretary of the Company not later than August 5, 2011 at 2 p.m. (Toronto time), or in the case of any adjournment of the Meeting, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the adjournment.

BY ORDER OF THE BOARD OF DIRECTORS

Concord, Ontario
July 2, 2011

Marzio Pozzuoli
President and Chief Executive Officer



MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular (the "Circular") is sent in connection with the solicitation by the management of RuggedCom Inc. (the "Company" or "RuggedCom") of proxies for use at the annual meeting of shareholders of the Company to be held on August 9, 2011, (the "Meeting"), or any adjournment thereof. The method of solicitation will be primarily by mail. However, proxies may also be solicited by regular employees of the Company by advertisement, in writing or by telephone at nominal cost. The Company may also engage a third party to provide proxy solicitation services on behalf of management in connection with solicitation of proxies for the Meeting. The cost of solicitation will be borne by the Company.

COMMON SHARES AND PRINCIPAL HOLDERS THEREOF

On July 2, 2011, 12,369,635 Common Shares of the Company were outstanding.

Each holder of Common Shares is entitled to one vote at the Meeting, or any adjournment thereof, for each share registered in the holder's name as at the close of business on July 5, 2011 ("**Record Date**").

To the knowledge of the directors and officers of the Company, as of July 2, 2011, no person or company directly or indirectly owned, beneficially or of record, or exercised control or direction over, more than 10 per cent of the shares of any class of the Company.

PROXIES

APPOINTMENT OF PROXYHOLDER

The person(s) designated by management of the Company in the enclosed form of proxy are directors or officers of the Company. **Each shareholder has the right to appoint as proxyholder a person or company (who need not be a shareholder of the Company) other than the person(s) or company(ies) designated by management of the Company in the enclosed form of proxy to attend and act on the shareholder's behalf at the Meeting or at any adjournment thereof.** Such right may be exercised by inserting the name of the person or company in the blank space provided in the enclosed form of proxy or by completing another form or proxy.

In the case of *registered shareholders*, the completed, dated and signed form or proxy should be sent in the enclosed envelope or otherwise to the Secretary of the Company c/o Computershare Investors Services Inc., Attention: Proxy Services Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, fax number 1-866-249-7775 or 416-263-9524. In the case of *non-registered shareholders* who receive these materials through their broker or other intermediary, the shareholder should complete and send the form of proxy in accordance with the instructions provided by their broker or other intermediary. To be effective, a proxy must be received by Computershare Investors Services Inc. not later than August 5, 2011 at 2 p.m. (Toronto time), or in the case of any adjournment of the Meeting, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the adjournment.

REVOCAION OF PROXY

A shareholder who has given a proxy may revoke it by depositing an instrument in writing signed by the shareholder or by the shareholder's attorney, who is authorized in writing, at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or in the case of any adjournment of the Meeting, the last business day preceding the day of the adjournment, or with the Chair of the Meeting on the day of, and prior to the start of, the Meeting or any adjournment thereof. A shareholder may also revoke a proxy in any other manner permitted by law.

VOTING OF PROXIES

On any ballot that may be called for, the Common Shares represented by a properly executed proxy given in favour of the person(s) designated by management of the Company in the enclosed form of proxy will be voted or withheld from voting in accordance with the instructions given on the ballot, and if the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to matters identified in the accompanying Notice of Meeting and with respect to other matters which may properly come before the Meeting or any adjournment thereof. As of the date of this Circular, management of the Company is not aware of any such amendment or other matter to come before the Meeting. However, if any amendments to matters identified in the accompanying Notice of Meeting or any other matters which are not now known to management should properly come before the Meeting or any adjournment thereof, the Common Shares represented by properly executed proxies given in favour of the person(s) designated by management of the Company in the enclosed form of proxy will be voted on such matters pursuant to such discretionary authority.

ELECTION OF DIRECTORS

The Board of Directors of the Company (the "**Board**") consists of not less than 3 and not more than 10 members as determined from time to time by the Board, such number presently being fixed at 7. The 7 persons named hereunder will be proposed for election as directors of the Company. Shareholders have the ability to vote for or withhold from voting for each individual director proposed for election to the Board. **Except where authority to vote in respect of the election of directors is withheld, the nominees named in the accompanying form of proxy will vote the shares represented thereby for the election of the persons named hereunder.** Management of the Company does not contemplate that any of the persons named hereunder will be unable or unwilling to serve as a director. However, if such event should occur prior to the election, the nominees named in the accompanying form of proxy reserve the right to vote for the election, in his or her stead, of such other person as they, in their discretion, may determine.

The Board appoints an Audit Committee and a Compensation, Governance and Nominating Committee as more fully described in the section entitled "Statement of Corporate Governance Practices" of this Management Proxy Circular.

The term of office of each director currently in office expires at the close of the Meeting. Each director elected at the Meeting shall hold office until the close of the next annual meeting of shareholders, unless he or she resigns or his or her office becomes vacant for any reason.

Name and Province and Country of Residence	Principal Occupation during the last 5 years	Served As Director From	Number of Each Class of Voting Securities of the Company and its Subsidiaries Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised, and Number of Deferred Share Units Held, as of July 2, 2011 ⁽³⁾
Allan Brett ⁽¹⁾ Ontario, Canada	Chief Financial Officer, Aastra Technologies Limited	June 21, 2007	2,700 Common Shares
Guy Bridgeman ⁽²⁾ Alberta, Canada	Senior Vice-President, Strategic Planning & Development, EPCOR Utilities Inc.	July 25, 2003	4,000 Common Shares
Peter Crombie ⁽¹⁾ Ontario, Canada	Corporate Director (January 2010 to present); Emerald Technology Ventures AG (Senior Advisor, April 2009 – December 2009; Partner, April 2005 to March 2009)	March 22, 2006	15,000 Common Shares
J. Ian Giffen ⁽¹⁾ Ontario, Canada	Corporate Director	June 21, 2007	15,700 Common Shares
Marzio Pozzuoli Ontario Canada	President & CEO, RuggedCom Inc.	February 22, 2001	1,086,896 Common Shares
C. Ian Ross ⁽²⁾ Ontario, Canada	Corporate Director	June 21, 2007	2,500 Common Shares
Harry Zarek ⁽²⁾ Ontario Canada	President & Chief Executive Officer, Compugen Systems Ltd.	July 25, 2003	525,021 Common Shares

(1) Member of the Audit Committee.

(2) Member of the Compensation, Governance and Nominating Committee

(3) The information as to Common Shares beneficially owned or over which the Nominees exercise control or direction not being within the knowledge of the Company, has been furnished by the respective directors individually.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Composition of the Compensation, Governance and Nominating Committee

The Compensation, Governance and Nominating Committee (the "**CG&N Committee**") of the Board is responsible for, among other things, assisting the Board with respect to the compensation of RuggedCom's executive officers. The members of the CG&N Committee are Guy Bridgeman, C. Ian Ross and Harry Zarek, none of whom: is or has been an officer or employee of the Company or any subsidiary of the Company; is or was since the beginning of the Company's most recently completed fiscal year indebted to the Company or any subsidiary of the Company; or since the beginning of the Company's most recently completed fiscal year had any material interest, directly or indirectly in any transaction or in any proposed transaction which has materially affected or would materially affect the Company or any subsidiary of the Company.

Compensation Policies

In accordance with its charter, the CG&N Committee is responsible for: establishing and reviewing the overall compensation philosophy of the Company; establishing and reviewing the Company's general compensation policies applicable to the chief executive officer and other executive officers; evaluating the performance of the chief executive officer and other executive officers and approving their annual compensation; reviewing and recommending employment, consulting, retirement and severance

arrangements involving officers, directors and key employees of the Company; and reviewing and recommending proposed and existing incentive-compensation plans and equity-based compensation plans for the Company's directors, officers, employees and consultants.

RuggedCom's executive compensation structure is designed to encourage and motivate executives to achieve high levels of performance, both individually and for the Company, particularly over the medium-to-long term. An executive's overall compensation package in any given year will reflect the functions being performed, and his or her overall contribution to the organization, capacity to improve RuggedCom's financial performance, enthusiasm and loyalty, and ability to create (or help to create) value for the benefit of the Company's shareholders.

An executive's compensation may be comprised of the following principal components: base salary, annual or periodic cash bonuses, stock options and restricted share units. The CG&N Committee believes that the base salary and cash bonus components motivate executives in the short-to-medium term, while stock option grants and other incentive plan grants align their interests with those of RuggedCom's shareholders over the longer term and assist in keeping the Company competitive in attracting and retaining high quality executives.

The CG&N Committee established performance objectives for the Chief Executive Officer for fiscal 2011 and other executives' performance goals were linked to those of the Chief Executive Officer. Overall financial performance of the Company was established as a performance goal. Overall financial performance is sometimes, but not always, measured against revenue, gross margin and net income as specified in the Company's annual budget. A non-financial performance goal of pursuing strategic partnerships/actions was also established for the Chief Executive Officer and other executives. The CG&N Committee is also made aware of the individual performance of each executive, including that individual's success at achieving fixed, personal objectives or standards of performance, after discussion and communication with the Chief Executive Officer. By balancing personal and corporate performance, the compensation policies seek to reward both individual achievements as well as corporate success and to achieve alignment with shareholder interests. Although no formal predetermined weighting of these factors was established and any weighting ultimately given was subjective, attainment of corporate-level performance goals is generally given more weighting relative to individual performance of the executive or other non-financial performance goals.

Overall compensation of the Chief Executive Officer and other executives is linked to the financial performance of the Company and ultimately shareholder return. This can be seen in the Performance Graph set out below.

To assist in establishing executive salary compensation for fiscal 2011, the Company utilized the results of two salary surveys obtained prior to fiscal 2011 from Watson Wyatt and Economic Research Institute. No new salary surveys were obtained in fiscal 2011. The salary market data used was from IT companies located in the Greater Toronto Area with annual revenue between \$25 million and \$50 million. Data was obtained for predetermined 50th and 75th percentile targets and these lower and upper parameters were considered by the CG&N Committee along with other factors in establishing base salaries for the executive group. The surveys did not list specific company names of the participants. No other salary surveys were obtained and no other benchmarking was utilized in establishing executive base salaries for fiscal 2011.]

Salary

Amounts paid to an executive officer as base salary, including merit salary increases, are determined by reference to the individual's performance and salaries prevailing in the marketplace for comparable positions. The base salary of each executive officer is reviewed as required. Salary adjustments take into

consideration the general level of salaries in the marketplace for comparable positions, the performance of the executive and RuggedCom's performance.

Bonus

RuggedCom's cash bonus awards are designed to reward an executive for the direct contribution which he or she can make to the Company and, at the most senior level, are directly tied to RuggedCom's financial performance. Bonuses earned in fiscal 2011 were higher than those earned in fiscal 2010, commensurate with increased cumulative total shareholder return as indicated in the Performance Graph set out below and in accordance with the achievement of the financial performance goals described earlier, namely significant growth in revenues and net income, combined with the attainment of strong gross margins. Bonuses were also linked to the performance of individual executives, all of whom achieved very high personal performance evaluation scores.

Stock Options

Stock option grants are an important component of the Company's executive compensation structure. Grants are intended to incentivize management to achieve superior long-term performance. The CG&N Committee believes that options align the interests of management with those of RuggedCom's shareholders and assist in keeping the Company competitive in attracting and retaining high quality executives.

Options are granted pursuant to the Company's Amended and Restated 2004 Stock Option Plan (the "SOP") which permits the Board to determine the vesting requirements and other key terms (other than exercise price) that will attach to the options. In accordance with their design as a long-term component of compensation, options granted to executives are generally subject to various vesting periods. When considering an award of options to an executive officer, consideration of the number of options previously granted to the executive may be taken into account. However, the extent to which such prior grants remain subject to resale restrictions is generally not a factor.

Restricted Share Units

The Board adopted the Restricted Share Unit Plan for Eligible Employees (the "**RSU Plan**") with effect from May 20, 2009. The RSU Plan was adopted to promote a further alignment of interests between employees and the shareholders of the Company, to associate a portion of employees' compensation with the returns achieved by shareholders of the Company over the medium term, and to attract and retain employees with the knowledge, experience and expertise required by the Company. As of July 2, 2011, the Company had made one grant of 2,500 restricted share units under the RSU Plan. The sole employee to whom the restricted share units were granted resigned from the Company in fiscal 2010 before any units had vested. Consequently, there are no RSUs outstanding.

The CG&N Committee has the sole and complete authority to administer the RSU Plan, including granting restricted share units to eligible employees. The CG&N Committee determines the terms and conditions of the grants, including vesting conditions, which can be based on meeting certain performance criteria.

Chief Executive Officer

The CG&N Committee determines the salary of Marzio Pozzuoli, RuggedCom's President and Chief Executive Officer. In addition to the performance goals discussed above, the overall compensation for the Chief Executive Officer is determined on the basis of a market comparison of peer group companies, taking into consideration the size and the business of the Company. The CG&N Committee believes this variable compensation is an effective means of encouraging high levels of performance by linking

achievement with incentive compensation. Mr. Pozzuoli is also eligible to receive certain annual cash bonuses, stock options and RSU grants. Mr. Pozzuoli has waived all option grants since the 2005 fiscal year. In some years these option grants were distributed to other executives.

The CG&N Committee will review all aspects of executive compensation in order to ensure that the compensation levels remain competitive and that the total compensation packages reflect the objectives and best interests of RuggedCom and its shareholders.

The foregoing Report on Executive Compensation is submitted by the CG&N Committee:

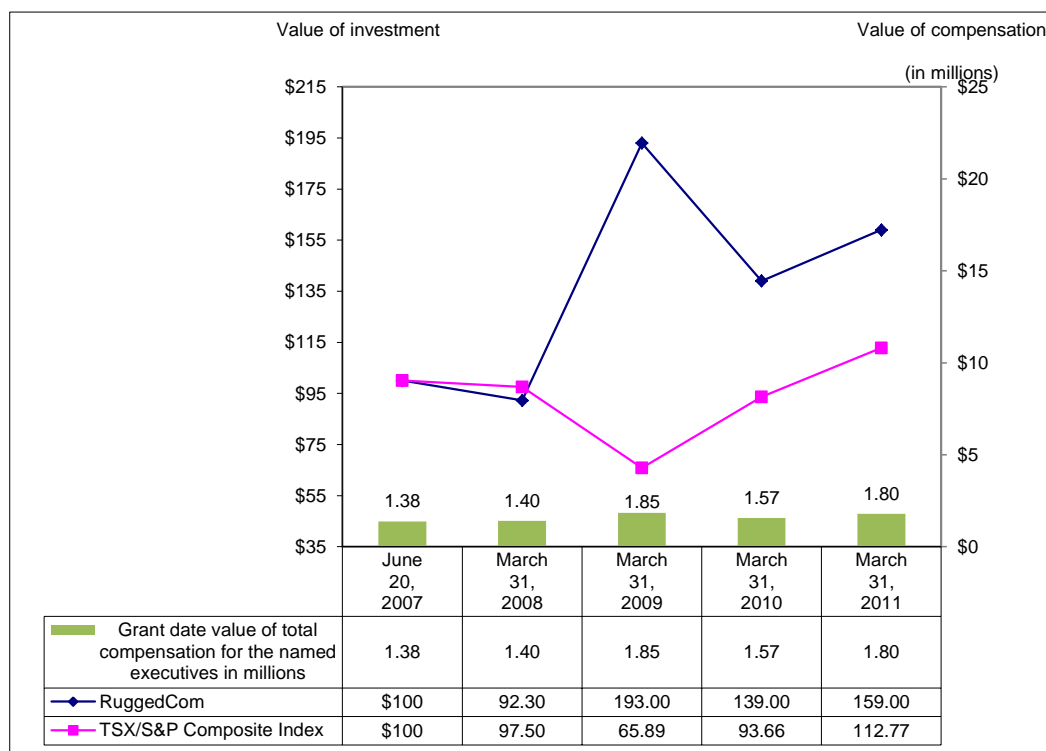
Guy Bridgeman
C. Ian Ross
Harry Zarek

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PERFORMANCE GRAPH

The Common Shares are listing on the Toronto Stock Exchange (the "TSX"). The following Performance Graph shows the yearly change in the cumulative total shareholder return on the Company's Common Shares compared with the S&P/TSX Composite Index, from the date of the Company's initial public offering on June 20, 2007 until March 31, 2011. The performance of the Common Shares as set out in the graph below is based on historical data and is not indicative of, nor is it intended to forecast, the future performance of the Common Shares.

Comparison of Cumulative Total Return between RuggedCom Inc. and the S&P/TSX Composite Index



As indicated by the Performance Graph above, the cumulative total shareholder return for the Company was 59% from the initial public offering date of June 20, 2007 to March 31, 2011. This compares to an increase in total executive compensation over the same period of approximately 30%. Total executive compensation includes base salaries, bonuses and stock option grants. As noted above, the CG&N Committee considers a number of factors and performance elements when determining compensation for its executives, including total shareholder return. Increases in cumulative total shareholder return for the Company clearly outpaced those of total executive compensation. As the Performance Graph illustrates, during the comparable period the S&P/TSX Composite index recorded a modest gain of approximately 13%.

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation paid or awarded to the following officers of the Company: (i) the President and Chief Executive Officer; (ii) the Chief Financial Officer; (iii) the Vice-President Sales - Americas (iv) the Vice-President, Sales - EMEA; and (v) the Vice-President, Sales – Asia-Pacific (collectively, the "**Named Executive Officers**") for the Company's financial year ended March 31, 2011. The Company has five "executive officers" as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*, whose compensation must be disclosed for the financial year ended March 31, 2011.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽¹⁾⁽²⁾	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans ⁽³⁾	Long-term incentive plans			
Marzio Pozzuoli, President and Chief Executive Officer	2009	\$255,929	-	-	\$89,438	-	-	-	\$345,367
	2010	\$317,976	-	-	-	-	-	-	\$317,976
	2011	\$314,569	-	-	\$66,500	-	-	-	\$381,069
Roy Dalton, Chief Financial Officer	2009	\$177,428	-	\$94,265	\$63,600	-	-	-	\$335,293
	2010	\$224,942	-	\$31,380	\$18,250	-	-	-	\$274,573
	2011	\$214,846	-	\$25,725	\$47,250	-	-	-	\$287,821
Joseph Gould, Vice-President Sales, Americas	2009	\$151,822	-	\$94,265	\$208,692	-	-	-	\$454,779
	2010	\$145,995	-	\$31,380	\$205,909	-	-	-	\$383,284
	2011	\$137,234	-	\$25,725	\$233,803	-	-	-	\$458,226
Emiliano Marquesini, Vice-President, EMEA	2009	\$132,535	-	\$94,625	\$162,729	-	-	-	\$389,529
	2010	\$113,499	-	\$31,380	\$178,497	-	-	-	\$323,376
	2011	\$209,556	-	\$25,725	\$124,889	-	-	-	\$360,170
Rudi Carolsfeld, Vice-President, Asia-Pacific	2009	\$83,181	-	\$33,270	\$133,433	-	-	-	\$249,884
	2010	\$81,000	-	\$131,850	\$143,726	-	-	-	\$356,576
	2011	\$161,180	-	\$25,725	\$121,400	-	-	-	\$308,305

(1) Performance based option awards related to fiscal 2011 performance but granted subsequent to March 31, 2011.

(2) The grant date fair value was calculated utilizing the Black-Scholes model, with the following underlying assumptions: a) stock price on grant date of \$22.00 per share; 53% volatility; 4.8 year estimated life; risk-free interest rate of 2.32%; expected dividend yield of nil.

(3) The annual incentive plan amounts earned by Marzio Pozzuoli and Roy Dalton during fiscal 2011 represent performance-based bonuses which were paid May 31, 2011. The bonuses were approved by the Board for payment only after receipt of the auditor's final audit report for the year ended March 31, 2011. The annual incentive amounts earned by Joe Gould, Emiliano Marquesini and Rudi Carolsfeld were commissions directly related to the Company's fiscal 2011 revenue. Commissions are earned monthly and paid in the month subsequent to the month they are earned. For fiscal 2011, Joe Gould earned \$233,803 in commissions, of which \$204,211 was paid during fiscal 2011 and \$29,592 was unpaid as at March 31, 2011. For fiscal 2011, Emiliano Marquesini earned \$124,889 in commissions, of which \$109,098 was paid during fiscal 2011 and \$15,791 was unpaid as at March 31, 2011. For fiscal 2011, Rudi Carolsfeld earned \$121,400 in commissions, of which \$103,547 was paid during fiscal 2011 and \$17,853 was unpaid as at March 31, 2011.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all awards outstanding for each of the Named Executive Officers as of March 31, 2011:

Name	Option-Based Awards				Share-Based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share based awards that have not vested (\$)
Roy Dalton	37,875	\$1.48	August 18, 2011	\$729,851	-	-
	18,750	\$1.48	March 30, 2012	\$361,313	-	-
	12,500	\$1.48 ⁽¹⁾	March 22, 2013	\$240,875	-	-
	6,250	\$12.00	March 21, 2014	\$54,688	-	-
	12,750	\$11.50	March 25, 2015	\$117,938	-	-
	8,500	\$25.22	April 3, 2016	-	-	-
	3,570	\$21.20	April 12, 2017	-	-	-
	2,500 ⁽²⁾	\$22.00	May 27, 2018	-	-	-
Joseph Gould	1,250	\$1.48	August 18, 2011	\$24,088	-	-
	24,250	\$1.48	March 30, 2012	\$467,298	-	-
	12,500	\$1.48 ⁽¹⁾	March 22, 2013	\$240,875	-	-
	6,250	\$12.00	March 21, 2014	\$54,688	-	-
	12,750	\$11.50	March 25, 2015	\$117,938	-	-
	8,500	\$25.22	April 3, 2016	-	-	-
	3,570	\$21.20	April 12, 2017	-	-	-
	2,500 ⁽²⁾	\$22.00	May 27, 2018	-	-	-
Emiliano Marquesini	325	\$1.48 ⁽¹⁾	March 22, 2013	\$6,263	-	-
	1,300	\$12.00	March 21, 2014	\$11,375	-	-
	21,000	\$11.50	March 25, 2015	\$194,250	-	-
	8,500	\$25.22	April 3, 2016	-	-	-
	3,570	\$21.20	April 12, 2017	-	-	-
	2,500 ⁽²⁾	\$22.00	May 27, 2018	-	-	-
Rudi Carolsfeld	2,500	\$11.75	February 6, 2015	\$22,500	-	-
	3,000	\$25.22	April 3, 2016	-	-	-
	15,000	\$21.20	April 12, 2017	-	-	-
	2,500 ⁽²⁾	\$22.00	May 27, 2018	-	-	-

⁽¹⁾ Fair market value of share price at time of option grant estimated to be \$4.40.

⁽²⁾ Grant date was May 27, 2011 but relates to fiscal 2011 performance.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of all incentive plan awards vested or earned for each Named Executive Officer during the year ended March 31, 2011:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Marzio Pozzuoli	-	-	\$66,500
Roy Dalton	\$25,962	-	\$47,250
Joseph Gould	\$25,962	-	\$233,803
Emiliano Marquesini	\$53,097	-	\$124,889
Rudi Carolsfeld	\$3,772	-	\$121,400

TERMINATION AND CHANGE OF CONTROL BENEFITS

Mr. Marzio Pozzuoli, the President and Chief Executive Officer, and Mr. Roy Dalton, the Chief Financial Officer, each entered into employment agreements with RuggedCom. Each executive is entitled to an annual salary, to be reviewed annually, together with a performance bonus calculated and paid in accordance with our bonus plan and to participate in the SOP and RSU Plan, as determined by the CG&N Committee and the Board. RuggedCom is entitled to terminate the executives' employment at any time without cause by providing him twenty-four months' compensation at his then current salary. Upon termination without cause, the executives are entitled to continuation of group benefits (subject to the terms of the applicable benefits plans) for a period of twenty-four months or until alternative employment is commenced, whichever is the lesser period. RuggedCom is entitled to terminate these executives' employment for cause without notice or compensation in lieu thereof. Each of these executives is entitled to terminate his employment with us upon two weeks' written notice. Each executive's employment agreement contains a confidentially covenant which is not time limited, a non-competition covenant which survives for a period of two years following termination of his employment, and a non-solicitation covenant which survives for a period of two years following termination of his employment. Each of the executives has waived all defences to the strict enforcement of the confidentiality, non-competition and non-solicitation provisions.

Mr. Emiliano Marquesini, Vice-President, Sales – EMEA, Mr. Joseph Gould, Vice-President, Sales – Americas and Mr. Rudi Carolsfeld, Vice-President – Asia-Pacific, each entered into employment agreements with RuggedCom. Each executive is entitled to an annual salary, to be reviewed annually, together with a performance bonus calculated and paid in accordance with our bonus plan and to participate in the SOP and the RSU Plan, as determined by the CG&N Committee and the Board. RuggedCom is entitled to terminate Mr. Marquesini's, Mr. Gould's and Mr. Carolsfeld's employment at any time without cause by providing twelve months' compensation at their then current salary. Upon termination without cause the executives are entitled to continuation of group benefits (subject to the terms of the applicable benefits plans) for a period of twelve months or until alternative employment is commenced, whichever is the lesser period. We are entitled to terminate these executives' employment for cause without notice or compensation in lieu thereof. Each of these executives is entitled to terminate his employment with us upon two weeks' written notice. Each executive's employment agreement contains a confidentially covenant which is not time limited, a non-competition covenant which survives for a period of one year following termination of his employment, and a non-solicitation covenant which survives for a period of one year following termination of his employment. Each of the executives has

waived all defences to the strict enforcement of the confidentiality, non-competition and non-solicitation provisions.

With the exception of Mr. Pozzuoli, we have not entered into any service or employment agreement with any director.

The following chart provides details of the estimated incremental amounts payable to each of the Named Executive Officers in the event of termination of employment as of March 31, 2011:

Name	Resignation, Retirement, Termination With Cause, or Change of Control ^{(3) (4)}	Termination Without Cause ⁽⁴⁾
		(\$) Salary / Benefits / Total
Marzio Pozzuoli	Nil	\$590,526 / \$14,046 / \$604,572 ⁽¹⁾
Roy Dalton	Nil	\$420,000 / \$14,046 / \$434,046 ⁽¹⁾
Joseph Gould	Nil	\$145,631 / \$25,548 / \$171,179 ⁽²⁾
Emiliano Marquesini	Nil	\$205,602 / \$10,428 / \$216,030 ⁽²⁾
Rudi Carolsfeld	Nil	\$150,000 / \$6,816 / \$156,816 ⁽²⁾

- (1) The amount specified represents salary and benefits for 24 months. Salary is payable in a lump sum upon termination. Benefits are paid monthly over the 24-month period, or until alternative employment is obtained, whichever is the lesser period.
- (2) The amount specified represents salary and benefits for 12 months. Salary is payable in a lump sum upon termination. Benefits are paid monthly over the 12-month period, or until alternative employment is obtained, whichever is the lesser period.
- (3) If there is an Acquisition (as defined below), up to 50% of the options held by a participant under the SOP (vested and unvested) could be accelerated at the discretion of the Board. No amount has been included in the above calculations as the acceleration is discretionary. See "Stock Option Plan" for a description of the SOP.
- (4) Under the SOP, a participant will have a specified period of time to exercise options vested prior to termination, unless terminated for cause. See "Stock Option Plan."

DIRECTOR COMPENSATION

The CG&N Committee monitors developments in director compensation practices. On the advice of the CG&N Committee, the compensation for our non-management directors is \$12,000 per year. For each Board of Director meeting and committee meeting each non-management director also receives either \$500 or \$1,000 depending on the amount of preparation work required for the meeting. As of February 10, 2009, for each quarterly Audit Committee meeting, members receive \$1,500. In addition, the Chairman of the Board receives \$25,000 annually, the Chairman of the Audit Committee receives \$12,500 annually and the Chairman of any other committee receives \$5,000 annually. Directors are also reimbursed for out-of-pocket expenses for attending meetings. Directors are and will continue to be eligible to participate in the SOP and, beginning on May 20, 2009, are eligible to participate in the RSU Plan.

The following table sets forth all amounts of compensation provided to the directors of the Company (other than Marzio Pozzuoli who does not receive any compensation for acting as a director) for the year ending March 31, 2011:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Allan Brett	\$27,500	-	-	-	-	-	\$27,500
Guy Bridgeman	\$24,000	-	-	-	-	-	\$24,000
Peter Crombie	\$52,500	-	-	-	-	-	\$52,500
J. Ian Giffen	\$39,500	-	-	-	-	-	\$39,500
C. Ian Ross	\$29,000	-	-	-	-	-	\$29,000
Harry Zarek	\$22,000	-	-	-	-	-	\$22,000

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all awards outstanding for director of the Company (other than directors who are also Named Executive Officers) as of March 31, 2011:

Name	Option-Based Awards ⁽¹⁾				Share-Based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share based awards that have not vested (\$)
Allan Brett	10,000	\$20.88	February 13, 2016	-	-	-
Guy Bridgeman	10,000	\$20.88	February 13, 2016	-	-	-
Peter Crombie	10,000	\$20.88	February 13, 2016	-	-	-
J. Ian Giffen	10,000	\$20.88	February 13, 2016	-	-	-
C. Ian Ross	10,000	\$20.88	February 13, 2016	-	-	-
Harry Zarek	6,250	\$1.48	August 18, 2011	\$120,438	-	-
	6,250	\$1.48	August 17, 2012	\$120,438	-	-
	10,000	\$20.88	February 13, 2016	-	-	-

⁽¹⁾ All options granted to the directors of the Company (other than directors who are also Named Executive Officers) vested immediately.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as of March 31, 2011 regarding the number of Common Shares to be issued upon the exercise of outstanding options and the weighted-average exercise price of the outstanding options in connection with the SOP. The Company does not have any equity compensation plans that have not been approved by shareholders.

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of Common Shares remaining available for future issuance under equity compensation plans
Stock Option Plan	1,003,085	\$14.54	316,204
Equity compensation plans not approved by security holders	-	-	-
Total	1,003,085	\$14.54	316,204

STOCK OPTION PLAN

The Board established a stock option plan in August 2004 to attract, retain and motivate our employees, consultants, directors and officers and to advance the interests of the Company by providing these persons with the opportunity, through stock options, to acquire an ownership interest in the Company. The Board adopted the SOP in connection with our 2007 initial public offering.

Under the SOP, the Board (or any committee of the Board appointed for such purpose) has the authority to administer the SOP. The Board has appointed the CG&N Committee to administer the SOP.

Options granted pursuant to the SOP will be priced at the closing market price of the common shares on the TSX on the date of the grant. The maximum period during which options may be exercised is seven years from the date on which they are granted. Options vest in accordance with a schedule determined by the CG&N Committee. The expiry or termination date of options is as determined by the CG&N Committee. Options are not transferable or assignable except by the law of descent or by will and options are only exercisable by an optionee during his lifetime. Under the SOP, if an optionee's employment, appointment or engagement with us is terminated for cause, options not then exercised terminate immediately. If an optionee dies or ceases to become an eligible person under the SOP due to disability, vested options may be exercised for that number of common shares which the optionee was entitled to acquire at the time of death or permanent disability, as the case may be, within 180 days of such date. Upon an optionee's employment, appointment or engagement with us terminating or ending other than by reason of death, disability or termination for cause, options may be exercised for that number of common shares which the optionee was entitled to acquire at the time of such termination for a period of 90 days after such date. Options intended to qualify as incentive stock options granted to United States participants will comply with applicable laws of the United States.

Common Shares (i) issued to insiders within any one year period, and (ii) issuable to insiders, at any time, under the SOP, or when combined with all of the Company's other security based-compensation arrangements, may not exceed 10% of the Company's issued and outstanding Common Shares.

In order to permit certain optionees to receive cash or Common Shares representing all or a portion of the value represented by vested options, an optionee who is designated by the Board in his or her option agreement or by subsequent written notice from the Company as being entitled to use the share appreciation right procedure set out in the SOP, may elect to surrender to the Company some or all of the vested portion of an option (a "**SAR Option**") in exchange for an amount (the "**SAR Option Amount**") equal to the remainder when (1) the total exercise price of the SAR Option is subtracted from (2) the fair value, as of the date the SAR Option is surrendered, of the Common Shares subject to the SAR Option.

If there is a change of control, sale of substantially all the assets, or a reorganization or liquidation of the Company (an "**Acquisition**"), the Board, or the Board of any entity assuming the obligations of the Company, having regard to its fiduciary duties and the best interests of the Company, will address the economic value of the rights that optionees, as a group, have in outstanding options in whatever manner the Board deems to be reasonable in the circumstances, including any of the following: provide that the options are assumed, or rights equivalent to the options are substituted, by the acquiring or succeeding corporation (or an affiliate); upon written notice to optionees, provide that up to 50% of an optionee's then unexercised options (both vested and unvested) become immediately eligible to be exercised up to the time immediately prior to the consummation of the transaction in question; upon written notice to optionees, provide that all unexercised options (both vested and unvested) will terminate immediately prior to the consummation of transaction unless those options which have vested are exercised by respective optionees within a specified number of days following the date of the notice; in case of a transaction under the terms of which holders of Common Shares will receive cash and/or other consideration for each Common Share surrendered in the combination, provide for the delivery to each optionee of the cash and/or other consideration that the optionee would have received had the optionee exercised all of the optionee's outstanding vested options immediately prior to the combination less the amount the optionee would have been required to pay to the Company on that exercise, in cash and/or in a portion of any other consideration having a fair value equal to the amount, in exchange for the termination of all of the optionee's vested and unvested options; require optionees to surrender their outstanding options in exchange for a payment, in cash, Common Shares or other appropriate consideration as determined by the Board, in an amount equal to the amount by which the then fair value of the shares subject to each optionee's unexercised options exceeds the exercise price of those options (treating all unexercised options as being fully exercisable for purposes of this calculation); or complete a transaction or series of transactions to give effect to any of the foregoing. In any case, subject to the foregoing, the Board may, in its discretion, advance any waiting, vesting or installment period and exercise date.

The Company may also grant options under the SOP in substitution for options held by directors, officers or employees of or consultants to another entity who becomes eligible to participate in the SOP as a result of a merger or consolidation with the Company, or as a result of the acquisition by the Company of property or securities of the other entity. The Company may direct that substitute options be granted on any terms and conditions that the Board considers appropriate in the circumstances, subject to law.

Amendments to the SOP generally require the consent of the TSX and the shareholders of the Company given at a duly constituted meeting. However, the following amendments to the SOP may be made by the Board without TSX or other stock exchange approval and without shareholder approval: (i) amendments of a "housekeeping" or ministerial nature including, without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error or omission in the SOP or to correct or supplement any provision of the SOP that is inconsistent with any other provision of the SOP; (ii) amendments necessary to comply with the provisions of applicable law (including, without limitation, the rules, regulations and policies of the TSX); (iii) amendments necessary in order for awards to qualify for favorable treatment under applicable United States laws; (iv) amendments respecting administration of the SOP; (v) any amendment to the vesting provisions of the SOP or any option under the SOP; (vi) any amendment to the early termination provisions of the SOP or of any option under the SOP, whether or not such option is held by an insider, provided such amendment does not entail an extension beyond the

original expiry date; (vii) any amendment to the termination provisions of the SOP or of any option under the SOP, other than an option held by an insider in the case of an amendment extending the term of an option, provided any such amendment does not entail an extension of the expiry date of such option beyond its original expiry date; (viii) the addition or modification of a cashless exercise feature, payable in cash or common shares, which provides for a full deduction of the number of underlying common shares from the SOP reserve; (ix) amendments necessary to suspend or terminate the SOP; and (x) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

Shareholder approval will be required for the following types of amendments to the SOP: (i) any amendment to permit non-employee directors of the Company to be eligible to receive options pursuant to the SOP; (ii) any amendment to permit the assignment or transfer of options other than as permitted by the SOP; (iii) the addition or modification of a cashless exercise feature, payable in cash or common shares, which does not provide for a full deduction of the number of underlying common shares from the SOP reserve; (iv) amendments to the number of common shares issuable under the SOP, including an increase to a fixed maximum number of common shares or a change from a fixed maximum number of common shares to a fixed maximum percentage; (v) any amendment to the SOP that increases the length of the blackout extension period; (vi) any amendment which would result in the exercise price for any option granted under the SOP being lower than the fair market value of the common shares at the time the option is granted; (vii) any amendment which reduces the exercise price or purchase price of an option, including through the cancellation and reissue of options; (viii) any amendment extending the term of an option beyond its original expiry date except as otherwise permitted by the SOP; (ix) the adoption of any option exchange scheme involving options; and (x) amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

On April 8, 2010, in connection with the Company's acquisition of WiNetworks Ltd., the Board approved certain technical amendments to the SOP to allow RuggedCom's employees resident in Israel to participate in the SOP (the "**Israeli Amendments**"). The Israeli Amendments apply only to those employees resident in Israel and amend the terms of the SOP only to the extent required to comply with Israeli law.

As of July 2, 2011 we have granted 1,601,465 options under the SOP of which 458,851 have been exercised, 169,791 have expired, 972,823 remain outstanding and 218,326 are reserved for issuance. Upon payment of the exercise price, each vested option is exercisable for one Common Share of the Company in accordance with the SOP and/or the terms of the grant. On August 5, 2009, RuggedCom shareholders approved an increase in the maximum number of Common Shares that can be issued upon the exercise of options granted under the SOP from 1.2 million to 1.65 million.

RESTRICTED SHARE UNIT PLAN

The Board adopted the RSU Plan with effect from May 20, 2009. The RSU Plan was adopted to promote a further alignment of interests between employees and the shareholders of the Company; to associate a portion of employees' compensation with the returns achieved by shareholders of the Company over the medium term; and to attract and retain employees with the knowledge, experience and expertise required by the Company.

Except for matters that are under the jurisdiction of the Board as specified under the RSU Plan or as required by law, the CG&N Committee has the sole and complete authority to administer the RSU Plan.

The Company may grant restricted share units ("**RSUs**") to employees, officers or directors of the Company or an affiliate (an "**Eligible Employee**") in such numbers, at such times and on such terms and conditions (including vesting) as the CG&N Committee may determine.

Vesting conditions may be based on either or both of: (i) the Eligible Employee's continued employment; or (ii) such other terms and as the CG&N Committee may determine, including performance criteria. The vesting conditions may relate to all or a portion of the RSUs in a grant and may be graduated such that different percentages of the RSUs in a grant will become vested depending on the extent of satisfaction of one or more such conditions. Unless otherwise specified in a grant agreement, all of the RSUs granted to an Eligible Employee shall vest and become available for a payout on the earlier of the third anniversary of the grant date and November 30 of the third calendar year following the service year in respect of which the RSUs were granted.

Each Restricted Share Unit will give the Eligible Employee the right to a lump-sum cash payment equal to the fair market value of such vested Restricted Share Unit on the vesting date.

The Company shall have the right, in its sole discretion, to require that the cash value of any payout in respect of each vested Restricted Share Unit be used to purchase, on behalf of such Eligible Employee, Common Shares on the open market. The Common Shares will be purchased by an independent broker designated by the Eligible Employee. The CG&N Committee may also appoint one or more trustees to make the purchase of Common Shares on the open market. No Common Shares will be issued from treasury to satisfy awards.

If there is an Acquisition, the Board or the Board of Directors of any entity assuming the obligations of the Company under the RSU Plan shall, as to outstanding grants, do one or more of the following: (i) make appropriate provision for the continuation of such grant by substituting on an equitable basis for the shares then subject to the grant the consideration payable with respect to the outstanding shares in connection with the Acquisition; (ii) provide that all Restricted Share Units must be settled by way of a payment, within a specified number of days of the date of such notice, at the end of which period all Restricted Share Units (whether or not then vested) and the underlying Restricted Share Units shall terminate; (iii) terminate all Restricted Share Units in exchange for a cash payment equal to the fair market value of a vested Restricted Share Unit; and (iv) choose to accelerate any vesting date or determine that some or all of performance criteria have been satisfied provided that no more than 50% of the Restricted Share Units held by an employee (both vested and unvested) become subject for payout by virtue of that acceleration and/or determination.

As of July 2, 2011, the Company had made one grant of 2,500 restricted share units under the RSU Plan. The employee to whom the restricted share units were granted resigned from the Company in fiscal 2010 before any units had vested. Consequently, there are no RSUs outstanding.

EMPLOYEE EQUITY UNIT PARTICIPATION PLAN

The Board adopted the Employee Equity Unit Participation Plan (the "**EEUPP**") with effect from February 10, 2010. The EEUPP was adopted to attract, retain and reward employees who contribute to increasing the value of the Company. The EEUPP is initially available only to employees of the RuggedWireless division of the Company.

Except for matters that are under the jurisdiction of the Board as specified under the EEUPP or as required by law, the CG&N Committee has the sole and complete authority to administer the EEUPP.

Employee Equity Units (the "**Units**") are granted by the Board up to a predetermined limit based on an employee's position within the Company. Units may be granted to employees upon joining the Company and additional Units will be granted periodically for meeting or exceeding individual and corporate performance milestones. Each time Units are granted to an employee, the employee receives a new grant agreement pertaining to the Units granted, which provides details on the grant, vesting and other terms.

Units entitle employees to participate in a profit sharing pool of the RuggedWireless division. The Units are not shares of the Company or the division. The profit sharing pool is created by allocating a predetermined percentage of the RuggedWireless division's quarterly operating profits to the pool. At this time, the percentage has been set by the CG&N Committee at 15% but it can be increased or decreased from time to time by the CG&N Committee. There is no upper limit to the dollar amount of operating profit which is to be allocated to the profit sharing pool. Losses are also allocated to the pool on the same basis. The value of the Units grows as the profit sharing pool grows and is reduced if losses occur.

Units will vest after the end of each quarter when that quarter's financial results are made available. Vested Units are eligible to be cashed in. The employee can choose to cash in all vested Units at any time, however for any given quarter, any Units vesting after that quarter-end can only be cashed in once the related operating profit for the quarter has been calculated and a new prevailing Unit value has been calculated. There is no expiry date for the Units. So long as an individual remains an employee, he or she can continue to hold vested Units regardless of the size of the profit sharing pool.

The EEUPP will initially have a capped number of Units that will be distributed based on the positions of the various eligible participating employees. In the future, Units could be issued to new employees or to existing EEUPP participants as part of their performance review or for a special project or contribution.

The first quarter that the EEUPP will begin to accrue shared profit will be that quarter in which the RuggedWireless division earns its first profit. This ensures that the EEUPP's share profit does not begin with a negative amount in the pool.

If there is an Acquisition, the Board or the Board of Directors of any entity assuming the obligations of the Company under the EEUPP shall, as to outstanding grants do one or more of the following: (i) make appropriate provision for the continuation of the grant by substituting on an equitable basis for the Units then subject to the grant with new Units of the successor; (ii) provide that all Units must be settled by way of a payout, within a specified number of days of the date of such notice, at the end of which period all Units (whether or not then vested) and the underlying Units shall terminate; (iii) terminate all Units in exchange for a cash payment equal to the payout for those vested Units; and (iv) choose to accelerate any vesting date or determine that some or all of performance criteria have been satisfied provided that no more than 50% of the Units held by an employee (both vested or unvested) become subject for a payout by virtue of that acceleration and/or determination.

The EEUPP can be terminated at any time by the Company provided that any Units granted prior to termination will remain outstanding.

As of July 2, 2011, the Company has not granted any Units under the EEUPP.

PENSION AND OTHER RETIREMENT BENEFITS

The Company does not provide pension and other retirement benefits to directors or to the Named Executive Officers.

AGGREGATE INDEBTEDNESS (INCLUDING FINANCIALLY ASSISTED INDEBTEDNESS) DISCLOSURE

There is no outstanding indebtedness of any current or former executive officer, director or employees of the Company or any of its subsidiaries to the Company or its subsidiaries, or to other entities if the indebtedness to such other entities is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

APPOINTMENT OF AUDITORS

It is proposed to re-appoint PricewaterhouseCoopers LLP as auditors of the Company at the Meeting, or any adjournment thereof, to hold office until the close of the next Annual Meeting of Shareholders. **Except where authority to vote in respect of the appointment of auditors is withheld, the nominees named in the accompanying form of proxy will vote the shares represented thereby for the appointment of PricewaterhouseCoopers LLP as auditors of the Company.** The resolution to re-appoint PricewaterhouseCoopers LLP will be passed, if approved, by a majority of the votes cast at the Meeting.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has purchased liability insurance for its directors and officers. The total amount of such insurance purchased and paid for by the Company is US\$10,000,000 subject to a deductible payable by the Company of between \$nil and US\$75,000 depending on the type of claim. The premium paid by the Company for this coverage was US\$48,300. The aggregate premium paid by individual directors and officers for this coverage was \$nil.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

CORPORATE GOVERNANCE

The Company and its Board are committed to attaining the highest standards of corporate governance. The Company continually assesses and updates its practices and believes it employs a leading system of corporate governance to ensure the interests of shareholders are well protected. The Company fully complies with all applicable regulatory requirements concerning corporate governance.

The Canadian securities regulatory authorities in all of the provinces and territories of Canada (collectively, the "CSA") adopted National Policy 58-201 *Corporate Governance Guidelines* ("NP 58-201") and National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") effective June 30, 2005.

The Board, the Audit Committee and the CG&N Committee (together with the Audit Committee, the "**Committees**") continually evaluate and enhance the Company's corporate governance practices by monitoring Canadian developments affecting corporate governance, accountability and transparency of public company disclosure.

The following statement of the Company's existing corporate governance practices is made in accordance with Form 58-101F1 of NI 58-101. The Company believes its approach to corporate governance meets or exceeds the best practices enunciated under NP 58-201.

A summary of certain aspects of the Company's approach to corporate governance is provided below.

Board

Independence

National Instrument 52-110 - *Audit Committees* of the Canadian securities regulatory authorities ("**NI 52-110**") sets out the standard for determining whether a director is "independent" for the purposes of the Corporate Governance Guidelines and disclosure requirements of the CSA. In accordance with NI 52-110, a director is "independent" if he or she has no direct or indirect material relationship with the

Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director's independent judgement. NI 52-110 also sets out certain circumstances where a director will automatically be considered to have a material relationship with the Company.

The Board is responsible for determining whether or not each director is independent within the meaning of such term set forth in NI 58-101. In applying this definition, the Board considers all relationships of the directors with the Company, including business, family and other relationships.

Based upon the standard articulated in NI 52-110, all but one of the Company's directors are independent. Allan Brett, Guy Bridgeman, Peter Crombie, J. Ian Giffen, C. Ian Ross and Harry Zarek are the independent members of the Board. Marzio Pozzuoli is not independent by virtue of the fact that he is the Company's President and Chief Executive Officer.

The Board exercises independent supervision over the Company's management through meetings of the Board, both with and without members of the Company's management (including members of management that are also directors) being in attendance. In accordance with the mandate of the Board, and in order to promote open discussion among the independent directors, those directors hold "in-camera" sessions at least quarterly at regularly scheduled Board meetings exclusive of non-independent directors and members of management. The independent directors have held four such "in-camera" meetings since the beginning of RuggedCom's most recently completed financial year.

Independence of the Chair of the Board

The Chair of the Board, Peter Crombie, is independent. The Chair of the Board is required to ensure that the Board is properly organized, functions effectively and meets its obligations and responsibilities including those relating to corporate governance matters.

Directorships

The Board has not adopted a formal policy limiting the number of outside directorships of the Company's directors. Certain of the Company's directors are presently also directors of one or more other reporting issuers, as set out below. The Board does not believe these interlocking board relationships impact on the ability of these directors to act in the best interests of the Company.

<u>Director</u>	<u>Reporting Issuers</u>
Peter Crombie	Growthworks Canadian Fund Ltd.
J. Ian Giffen	Absolute Software Inc. Mosaid Inc.
C. Ian Ross	Ontario Power Generation Inc. Clearford Industries Inc. Growthworks Canadian Fund Ltd.

Board Meeting Attendance

During the Company's financial year ended March 31, 2011, there were 9 meetings of the Board, 5 meetings of the Audit Committee and 4 meetings of the CG&N Committee. The attendance record of each of the Company's directors at these meetings (as applicable) is set out below:

Summary of Attendance of Directors			
Director	Board Meetings Attended	Committee	Committee Meetings Attended
Allan Brett	9 of 9	Audit	5 of 5
Guy Bridgeman	9 of 9	C,G &N Committee	4 of 4
Peter Crombie	9 of 9	Audit	5 of 5
J. Ian Giffen	8 of 9	Audit	5 of 5
Marzio Pozzuoli ⁽¹⁾	8 of 9	N/A	N/A
C. Ian Ross	9 of 9	C,G &N Committee	4 of 4
Harry Zarek	8 of 9	C,G &N Committee	3 of 4

⁽¹⁾ Marzio Pozzuoli is an *ex-officio* member of the CG&N Committee and attends all CG&N Committee meeting except portions thereof relating to his compensation.

Board Tenure

The Board has no mandatory retirement age requirement.

Board Mandate

The Board has adopted a written mandate which is attached as Appendix "A" to this Circular.

In accordance with the Board Mandate, the Board is responsible for the stewardship of the Company and for supervising the management of its business and affairs. The Board reviews, discusses and approves various matters relating to the Company's strategic direction, business and operations and its organizational structure, with a view to the Company's best interests.

While management is responsible for the day-to-day conduct of the Company's business, in carrying out its supervisory responsibilities, the Board (or the committees of the Board, as the case may be) has numerous responsibilities, including: (a) adopting a strategic planning process and approving a strategic plan; (b) identifying the Company's principal business risks and ensuring the implementation of appropriate systems to manage these risks; (c) ensuring appropriate succession planning in place, including appointing, training and monitoring senior management; (d) developing a communications policy for the Company; (e) developing policies and procedures to ensure the integrity of the Company's internal control and management information systems; (f) ensuring appropriate standards of corporate conduct, including adopting a code of business conduct and ethics, and monitoring compliance with and waivers from the code; (g) ensuring implementation of appropriate environmental stewardship and health and safety management systems; (h) reviewing and approving compensation of senior management; (i) adopting corporate governance guidelines or principles applicable to the Company; (j) reviewing annually the contribution of the Board as a whole, the committees of the Board and each of the directors; and (k) adopting a process for shareholders and other interested parties to communicate directly with the Board or its independent directors.

The Board has implemented and approved various processes and policies, including the adoption of a Cash Management and Investment Policy, Whistleblower Policy, Disclosure Policy, Confidentiality and Insider Trading Policy, Privacy Policy and a Code of Business Conduct and Ethics.

Position Descriptions

The Board Mandate sets out position descriptions for the Chairman of the Board and the Chairs of each Committee. Each Committee is aware of their roles and responsibilities of each such position and is aided with reference to the Charter of each Committee as applicable. These roles and responsibilities include chairing meetings; planning and organizing Board/Committee activities; providing leadership to enhance effectiveness; ensuring responsibilities are well understood by Board/Committee members and management, and that the boundaries between Board and management responsibilities are clearly understood and respected; ensuring that adequate resources are available, including timely and relevant information, to allow the Board/Committee to meet its responsibilities; and reporting to the full Board on decisions or recommendations made by a Committee.

A position description for the Chief Executive Officer has not been developed, however, the Chief Executive Officer is charged with spearheading those functions that have been delegated by the Board to management. The Board assists in the delineation of the roles and responsibilities of the Chief Executive Officer through its regular meetings. Through ongoing discussion, the Board and the Chief Executive Officer have a good understanding as what day to day responsibilities are delegated to management and which ones might require input or assistance from the Board or one of its Committees. Any issues regarding the roles and responsibilities of the Chief Executive Officer can also be discussed in the in-camera sessions without management present, which are held at least quarterly.

Orientation and Continuing Education

Each new director brings a different skill set and professional background, and with this information, the Board is able to determine what orientation to the nature and operations of the Company's business will be necessary and relevant to each new director. The Company provides continuing education for its directors as such need arises and encourages open discussion at all meetings, the format of which encourages learning by the directors.

Management provides ongoing updates about the Company's business activities and key investments to directors on a routine basis that is sufficient to ensure that the directors' knowledge about the Company's business meets their obligations as directors.

Ethical Business Conduct

We have implemented a Code of Business Conduct and Ethics (the "**Code**") to be followed by our employees, officers and directors and those of our subsidiaries. The purpose of the Code is to, among other things, promote honest and ethical conduct, avoidance of conflicts of interest and compliance with applicable governmental laws, rules and regulations. A copy of the Code is available at www.sedar.com and a summary of certain of its provisions is provided below.

The Code provides that the Company's employees, officers and directors are required to act with honesty and integrity and to avoid any relationship or activity that might create, or appear to create, a conflict between their personal interests and the interests of the Company.

The Company is committed to providing a healthy and safe workplace in compliance with applicable laws, rules and regulations. The Code affirms the Company's commitment to foster a work environment in which all individuals are treated with respect and dignity. The Company is an equal opportunity employer and does not discriminate against employees, officers, directors or potential employees, on the basis of race, color, religion, sex, national origin, age or disability or any other category protected by applicable law.

The Company advocates a high standard of integrity for all of its employees, officers and directors and to this end, each employee, officer and director is expected to read, understand, and comply with the Code and any waiver from any part of the Code requires the approval of the Company's Chief Executive Officer or the CG&N Committee. If required under applicable securities legislation, public disclosure of the waiver will be made in the case of an officer or director. No material change report has been filed since the beginning of fiscal 2011, or ever, that pertains to any conduct of a director or executive officer that constitutes a departure from the Code.

The Code also provides that actual or potential violations of its provisions are to be reported to the Company's Chief Financial Officer. Additionally, in order to facilitate the reporting of complaints, the Company's Audit Committee has established a Whistleblower Policy with procedures for the receipt, retention and treatment of complaints regarding actual or apparent violations of this Code and/or the Company's Disclosure Policy and regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. The Code also confirms that there will not be any reprisals against an individual who reports a violation of the Code in good faith. The Board monitors compliance with the Code through periodic inquiries of the Chief Financial Officer who, in conjunction with the Company's HR Manager, satisfy themselves that the Code is complied with and that any infractions or violations of the Code are dealt with in an appropriate manner. In addition, compliance with the Code is monitored through quarterly reports by the Audit Committee to the Board regarding the Company's Whistleblower Policy.

Each employee, officer and director is advised that the Code is an obligation and is provided with a copy of the Code. He or she is also advised of and given copies of the Company's Whistleblower Policy.

If a director or officer has an interest in any transaction or agreement before the Board, the interested director or officer must abstain from voting on such issues or topics.

Audit Committee

The Audit Committee is comprised of three directors of the Company, Allan Brett, Peter Crombie and J. Ian Giffen, all of whom are independent and financially literate for purposes of NI 52-110.

The Audit Committee has adopted a written Charter which sets out the Audit Committee's duties and responsibilities including the following: the engagement, evaluation, remuneration and retention of the external auditors; reviewing and discussing the Company's annual audited and quarterly unaudited financial statements with management and the external auditors; providing an avenue of communication among the external auditors, management and the Board; establishing and reviewing procedures to receive and address complaints received by the Company regarding accounting, internal accounting controls or audit matters and to receive and address anonymous and confidential submissions by employees of the Company regarding accounting or auditing matters; discussing guidelines and policies to govern the process by which financial risk assessment and financial risk management is undertaken; regularly reporting to the Board on issues that arise with respect to the quality and integrity of the Company's financial statements; and the determination of which non-audit services the external auditors are prohibited from providing. The Audit Committee Charter specifies that the external auditors shall report directly to the Audit Committee in its capacity as a Committee of the Board. The Board reviews and re-assesses the Audit Committee Charter on an annual basis.

The Audit Committee reviews and provides recommendations to the Board on the adequacy of the Company's internal controls over financial reporting and ensures that management, the external auditors and the internal auditors provide to the Audit Committee an annual report on the Company's control environment as it pertains to the Company's financial reporting process and controls.

The Audit Committee meets regularly *in-camera* with the external auditors. The Audit Committee Charter requires that the Audit Committee meet regularly with the external auditors without management present.

The Audit Committee may retain, obtain advice or otherwise receive assistance from independent counsel, accountants or others to assist it in carrying out any of its duties.

For further information about the Company's Audit Committee and a copy of the Audit Committee Charter, please see page 25 and Appendix "A" of the Company's Annual Information Form dated June 15, 2011, which is available on the Company's website at www.RuggedCom.com and on SEDAR at www.sedar.com.

Nomination of Directors

The CG&N Committee of the Board is responsible for assisting the Board in respect of the nomination of directors and is required to identify new candidates for appointment to the board.

The Committee has not yet had an opportunity to recommend nominees to fill any vacancies on the board. As part of its mandate going forward, however, the CG&N Committee is required to analyze the Company's needs when a vacancy does arise and identify individuals who can meet such needs and who, by virtue of their skills, areas of expertise, industry knowledge, geographic location and geographic and industry contacts, are best able to contribute to the direction of the Company's business and affairs. The identification of candidates will also be made in the context of the existing competencies and skills which the Board, as a whole, does possess and, to the extent different, should possess. If desirable, the Committee may also retain search firms to assist it in identifying candidates. Once suitable candidates are identified, they are presented for consideration to the Board.

Compensation

The CG&N Committee is responsible for assisting the Board in respect of executive compensation matters. In accordance with its Charter, the Committee establishes and reviews the Company's overall compensation philosophy and, at least annually, its general compensation policies with respect to the Chief Executive Officer (and other officers), including the corporate goals and objectives and the annual performance objectives relevant to him. The Committee evaluates the Chief Executive Officer's performance in light of these goals and objectives and, based on its evaluation, determines and approves the annual salary, bonus, options and other benefits of the Chief Executive Officer. In determining his compensation, the Committee may consider a number of factors, including the Company's performance, the value of similar incentive awards to chief executive officers at comparable companies, the awards given to the Chief Executive Officer in past years and other factors it considers relevant.

The CG&N Committee is responsible for, among other things, reviewing the adequacy and form of compensation of the Company's directors, with a view to ensuring it realistically reflects the responsibilities and risks involved in being a director of the Company. The Committee recommends to the Board for approval the form of remuneration of directors and the amount to which each director will be entitled.

The Company has felt no need to retain any compensation consultants or advisors at any time since the beginning of the Company's most recently completed financial year.

Other Board Committees

The Company does not have any board committees other than the Audit Committee and the CG&N Committee. As part of its mandate, however, the CG&N Committee is responsible for assisting the Board

in the enhancement of governance. The governance responsibilities of the committee include: (i) facilitating the independent functioning of the Board and maintaining an effective relationship between the Board and management; (ii) developing corporate governance guidelines for the Company; (iii) reviewing the performance and qualifications of the directors in connection with their re-election; (iv) monitoring compliance with the Code and the Company's Insider Trading Policy; (v) annually reviewing the Board and its committees; and (vi) considering and making available continuing education opportunities for directors.

In carrying out its duties, the CG&N Committee has the discretion to engage and compensate outside advisors which it determines are necessary.

Assessments

The Board annually reviews its own performance and effectiveness as well as reviews annually the Board Mandate and makes any revisions as considered necessary. In accordance with its Charter, the Audit Committee reviews the Audit Committee Charter annually to assess whether any changes to it should be recommended to the Board. Similarly, the CG&N Committee reviews the CG&N Committee Charter and recommends possible changes to the Board. The CG&N Committee also reviews the Audit Committee Charter and the Board Mandate for possible revisions. In accordance with their respective Charters, each of the Audit Committee and the CG&N Committee reviews and evaluates, at least annually, its performance and the performance of its members.

During fiscal 2011 each member of the Board completed a self-assessment questionnaire which was designed to evaluate the performance of the Board as a whole, in addition to the Audit Committee and the CG&N Committee. The results were compiled and reviewed by the CG&N Committee, which concluded that the Board and its Committees had carried out their respective mandates very effectively. These results were reported by the CG&N Committee to the Board. Near the end of fiscal 2011 the CG&N Committee reported to the Board that it had determined that a formal written evaluation should be done annually. Up to this point, a formal written evaluation had only been required every two years with an informal, non-written assessment performed every other year.

The Company believes its corporate governance practices are appropriate and effective for the Company, given its size and operations. The Company's method of corporate governance allows for the Company to operate efficiently, with simple checks and balances that control and monitor management and corporate functions without excessive administrative burden.

ADDITIONAL INFORMATION

Upon request to the Secretary of the Company at 300 Applewood Crescent, Concord, Ontario, Canada, L4K 5C7, the Company shall provide to any person or company, one copy of: (i) the Company's latest annual information form ("**AIF**"), together with any document, or the pertinent pages of any document, incorporated therein by reference, (ii) the financial statements of the Company for its most recently completed financial year in respect of which such financial statements have been issued, together with the report of the auditors thereon, management's discussion and analysis of operating results ("**MD&A**") and any interim financial statements of the Company issued subsequent to the annual financial statements together with related MD&A; and (iii) the information circular of the Company in respect of the most recent annual meeting of its shareholders. The Company may require the payment of a reasonable charge when the request is made by someone who is not a security holder thereof, unless securities of the Company are in the course of a distribution pursuant to a short form prospectus, in which case such documents will be provided free of charge.

Financial information is provided in the Company's financial statements and MD&A for its most recently completed financial year.

Information relating to the Audit Committee can be found in the section of the AIF entitled "Audit Committee". Additional information relating to the Company is available on SEDAR at www.sedar.com.

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APPROVAL BY DIRECTORS

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

Signed

Concord, Ontario
July 2, 2011

Marzio Pozzuoli,
President and Chief Executive Officer

APPENDIX A

RUGGEDCOM INC. (the "Company")

BOARD MANDATE

To the directors of RuggedCom Inc. (the "Company")

1. GENERAL

The fundamental responsibility of the Board of Directors (the "**Board**") is to supervise the management of the business and affairs of the Company.

The Board has adopted this Mandate, which reflects the Company's commitment to high standards of corporate governance, to assist the Board of the Company in supervising the management of the business and affairs of the Company.

The Board believes that sound corporate governance practices are essential to the well-being of the Company and the promotion and protection of its shareholders' interests. The Board oversees the functioning of the Company's governance system, in part through the work of the Compensation, Governance and Nominating Committee.

The Board promotes fair reporting, including financial reporting, to shareholders of the Company and other interested persons as well as ethical and legal corporate conduct through an appropriate system of corporate governance, internal controls and disclosure controls. The Board believes that the Company is best served by a Board that functions independently of management and is informed and engaged.

The Compensation, Governance and Nominating Committee will review this Mandate annually, or more often if warranted, and recommend to the Board such changes as it deems necessary and appropriate in light of the Company's needs and legal and regulatory developments.

2. BOARD COMPOSITION

(a) Board Membership Criteria

The Compensation, Governance and Nominating Committee is responsible for establishing the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess; the competencies and skills that the Board considers each existing director to possess; and the competencies and skills each new candidate to be elected or appointed by shareholders will bring to the Board.

The Compensation, Governance and Nominating Committee recommends Board members for nomination. In making its recommendations, the Compensation, Governance and Nominating Committee focuses on the competencies, skills, and personal qualities of the candidates as well as the business experience that the candidates possess to enhance the Board's decision-making process and overall management of the business and affairs of the Company.

Directors must have sufficient time to carry out their duties and not assume responsibilities which would materially interfere with or be incompatible with Board membership. Directors who change their principal occupation are expected to advise the

Compensation, Governance and Nominating Committee and, if determined appropriate by the Compensation, Governance and Nominating Committee, resign from the Board.

(b) Director Independence

The Board's composition and procedures are designed to permit it to function independently from management and to promote and protect the interests of all shareholders. A majority of directors holding office at any time shall not be non-residents.

The Board will determine whether a director is an "**Independent Director**", within the meaning of Part I of Multilateral Instrument 52-110.

The Board will review the independence of all directors on an annual basis. To facilitate this review, directors will be asked to provide the Board with full information regarding their business and other relationships with the Company and its affiliates, with senior management and their affiliates. Directors have an ongoing obligation to inform the Board of any material changes in their circumstances or relationships which may affect the Board's determination as to their independence.

(c) Board Size

The current Board is comprised of seven (7) directors and the Board considers this to be an appropriate size for effective decision-making and Committee work given the nature of the operations of the Company and its subsidiaries and its current ownership. The Board has been given the authority by shareholders to increase the Board size to ten (10) directors.

(d) Quorum

Subject to the *Business Corporations Act* (Ontario) and the Company's by-laws, the quorum for the transaction of business at any meeting of the board shall be a majority of the number of directors then in office or such greater number of directors as the board may from time to time determine by resolution.

(e) Term

Directors are generally elected at the annual meeting of shareholders of the Company for a term expiring at the close of the next annual meeting of shareholders. The Board does not believe it should establish term limits or mandatory retirement ages for its members as such limits may deprive the Company and its shareholders of the contributions of members who have been able to develop, over time, valuable insights into the Company, its strategy and business operations.

(f) Board Succession

The Compensation, Governance and Nominating Committee is responsible for maintaining a Board succession plan that is responsive to the Company's needs and the interests of its shareholders.

(g) Service on Other Boards and Committees

The Board does not believe that its members should be prohibited from serving as a director or in a similar position for a government agency or an outside entity, so long as these commitments do not create a conflict of interest or interfere with their ability to fulfill their duties as a member of the Board. Directors must be mindful of the number of other public company boards and committees of those boards on which they serve, taking into account potential board and committee attendance, participation and effectiveness on those boards and committees.

On or before accepting an appointment to the board or a committee of any entity, a director should advise the Chairman of the Board.

3. DIRECTORS' RESPONSIBILITIES

Directors must act honestly and in good faith with a view to the best interests of the Company and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In order to fulfill their responsibilities, each director is expected to:

- (i) participate, with management, in developing a multi-year strategic plan and annual business plans and approve such plans;
- (ii) develop and maintain a thorough understanding of the Company's operational and financial objectives, financial position and performance and the performance of the Company relative to its principal competitors;
- (iii) ensure that the Company's activities are at all times conducted in accordance with the purpose of the Company, its strategic plan and operating policies;
- (iv) diligently prepare for each meeting, including reviewing all meeting materials distributed in advance;
- (v) actively and constructively participate in each meeting, including seeking clarification from management and outside advisors where necessary to fully understand the issues under consideration;
- (vi) engage in continuing education programs for directors, as appropriate; and
- (vii) diligently attend meetings of the Board and any Committee of which he or she is a member.

4. BOARD DUTIES AND RESPONSIBILITIES

In fulfilling its responsibilities, the Board is, among other matters, responsible for the following matters.

(a) Shareholder and Governance Matters

The Board will be responsible for dealing with the following matters:

- (i) the approval of submission of matters or questions requiring the approval of shareholders;

- (ii) the approval of the submission to the shareholders of any amendment to the articles of the Company or the approval of any adoption, amendment or repeal of any by-laws of the Company;
- (iii) the recommendation of candidates for election or appointment to the Board, including the review of nominations recommended by shareholders;
- (iv) the adoption of corporate governance guidelines or principles applicable to the Company, including with respect to the size and composition of the Board, the criteria to be utilized for the identification of individuals qualified to be selected as directors, the responsibilities, compensation and tenure of directors, and the assessment of the performance of the Board, its committees and directors;
- (v) the determination of the "independence" of directors and Audit Committee members and the determination of the "financial literacy" of Audit Committee members;
- (vi) the adoption of a process for shareholders and other interested parties to communicate directly with the Board and with individual directors, as appropriate; and
- (vii) the establishment of the Compensation, Governance and Nominating Committee, whose role will be to develop and implement an appropriate system of corporate governance, including practices to facilitate the Board's independence.

(b) Appointment and Supervision of Chief Executive Officer and Senior Management

- (i) The Board appoints and supervises the CEO and other members of senior management of the Company, approves their compensation and, as permitted by applicable law, delegates to senior management responsibility for the day-to-day operations of the Company.
- (ii) The Board will, to the extent feasible, satisfy itself as to the integrity of the CEO and the CFO and that the CEO and the CFO create a culture of integrity throughout the Company.
- (iii) The Board will be responsible for the adoption of processes for succession planning, the periodic review of succession plans for key members of senior management (including the CEO), and the appointment and monitoring the performance and compensation of senior management, including officers, of the Company.
- (iv) The Board will approve the annual or semi-annual goals and objectives of the Company and the CEO, and the assessment of the performance of the Company and the CEO against the approved objectives.

(c) Strategic Planning and Risk Management

The Board will develop with management business plans with measurable performance indicators and will approve such plans. In this regard, the Board will:

- (i) review and approve on an annual basis a business and strategic plan developed with management that includes rigorous but realistic goals;

- (ii) approve business and operational policies within which management will operate in relation to capital expenditures, acquisitions and dispositions, disclosure and communications, finance and investment, risk management, human resources, internal controls over financial reporting, disclosure controls and management information systems;
 - (iii) set annual corporate and management performance targets consistent with the Company's strategic plan;
 - (iv) confirm that a system is in place intended to identify the principal risks facing the Company and its subsidiaries and their businesses and that appropriate procedures are in place to monitor and mitigate such risks, including the oversight of the management of environmental risks and practices; and
 - (v) confirm that processes are in place intended to address and comply with applicable legal, regulatory, corporate, securities and other compliance matters.
- (d) Financial Reporting and Management

The Board will:

- (i) oversee the reliability and integrity of accounting principles and practices followed by management, financial statements and other financial reporting, and disclosure principles and practices followed by management;
 - (ii) review the qualifications and independence of the independent auditors of the Company and approve the terms of their audit and non-audit service engagements as required in accordance with applicable laws and the requirements of any stock exchanges on which the Company lists its securities and of securities regulatory authorities, as adopted or amended and in force from time to time, and the assessment of the performance of the independent auditors, the filling of a vacancy in the office of the independent auditor between shareholders' meetings, and recommend the annual appointment or, if appropriate, the removal, of the independent auditors of the Company to the shareholders of the Company for their approval in accordance with applicable laws;
 - (iii) approve the Company's annual and interim consolidated financial statements and related management's discussion and analysis;
 - (iv) approve annual operating and capital budgets;
 - (v) review the integrity of the Company's internal controls over financial reporting and management information systems; and
 - (vi) review operating and financial performance results relative to established strategies, plans, budgets and objectives.
- (e) Disclosure

The Board will:

- (i) cause appropriate policies and procedures to be established regarding public disclosure, communications and restricted trading by insiders. In this regard, the Board will cause a designated committee of the Board to develop, adopt and periodically review a written disclosure and insider trading policy;
- (ii) adopt and monitor compliance with the Code of Business Conduct and Ethics adopted by the Company from time to time and the granting of any waivers in respect of compliance with the Code of Business Conduct and Ethics in accordance with the applicable requirements, if any, of the stock exchanges on which the Company lists its securities and securities regulatory authorities, as adopted or amended and in force from time to time.

(f) Approval of Certain Other Matters

Notwithstanding the delegation to management of the authority to manage the business of the Company, Board approval must be obtained for the following:

- (i) any material departure from an established strategy, operating or capital budget or policy approved by the Board;
- (ii) material financings, customer financings, acquisitions, dispositions, investments and other material transactions not in the ordinary course of business and/or in excess of the limits prescribed from time to time by the Board;
- (iii) the authorization of the issuance of securities of the Company as required in accordance with applicable laws;
- (iv) the declaration of dividends on shares of the Company or the approval of the purchase, redemption or other acquisition of shares issued by the Company as required in accordance with applicable laws;
- (v) the entering into of any agreement or transaction the performance of which could result in an actual or contingent liability that would be material to the Company; and
- (vi) such other matters as the Board may, from time to time, determine require its approval.

5. CHAIR

(a) Appointment

The Board will each year elect one Independent Director to be Chair of the Board.

(b) General

The Chair of the Board is responsible for the management, development and effective performance of the directors, and for providing leadership to the directors in carrying out their collective responsibility for supervising the management of the business and affairs of the Company.

(c) Specific Role and Responsibilities.

The Chair will use his or her best efforts to:

- (i) ensure that appropriate procedures are in place to allow the Board to work effectively and efficiently and to function independently of management;
- (ii) ensure that the responsibilities of the Board are understood by both the directors and management and that the boundaries between the Board's and management's responsibilities are understood and respected;
- (iii) ensure the responsibilities of the directors are effectively carried out in compliance with this Mandate and that the functions of the Board delegated to Committees are carried out by the Committees and reported to the Board;
- (iv) maintain an effective relationship between the Board and management of the Company;
- (v) provide direction and advice to management, including defining major issues, maintaining accountability to stakeholders and building relationships;
- (vi) ensure that the Board and the Committees have the necessary resources to support their work (in particular, timely and relevant information);
- (vii) ensure compliance with the Company's governance policies, including those regarding regularity and conduct of Board meetings, managing and reporting information and other policies relating to the Board's business;
- (viii) provide leadership to ensure that the Board works as a cohesive team;
- (ix) require the Board to meet as many times as necessary for the directors to carry out their duties and responsibilities effectively;
- (x) on an ongoing basis, work with the CEO to develop schedules of meetings of the Board and Committees and, in consultation with other directors and senior management, establish the agenda of the Board;
- (xi) chair meetings of the Board, including requiring appropriate briefing materials to be delivered in a timely fashion, stimulating debate, providing adequate time for discussion of issues, facilitating consensus, encouraging full participation and discussion by individual directors and ensuring that clarity regarding decisions is reached and duly recorded;
- (xii) chair meetings of the shareholders of the Company;
- (xiii) work closely with the CEO to ensure that the Company is building a healthy corporate governance culture;
- (xiv) work closely with the Compensation, Governance and Nominating Committee to develop strategic criteria for recruitment of directors and succession planning;

- (xv) work closely with the CEO to ensure effective relations with the Board and external stakeholders, such as shareholders, the investment community, the media, governments and the public generally;
- (xvi) ensure that functions are delegated to appropriate Committees and that the functions are carried out and the results reported to the Board;
- (xvii) actively participate in and oversee the administration of an annual evaluation of the performance and effectiveness of the CEO, Board, Committees, and all individual directors and Committee Chairs; and
- (xviii) carry out other duties as requested by the directors, as needs and circumstances arise.

6. BOARD COMMITTEES

(a) General

The Board carries out its responsibilities directly and through the Audit Committee and the Compensation, Governance and Nominating Committee and such other Committees as it may establish from time to time.

(b) Committee Chairs

Each Committee will appoint one member who is qualified for such purpose to be Chair of each Committee, to serve until the next annual election of directors or otherwise until his or her successor is duly appointed. If, following the election of directors in any year, the Board does not appoint a Chair of each Committee, the incumbent Chair will continue in office until a successor is appointed.

The Chair will use his or her best efforts to:

- (i) in consultation with the Chair of the Board, CEO, CFO and the Committee members, as appropriate, determine the time and location of meetings of the Committee;
- (ii) ensure the Committee's activities are consistent with, and fulfill, the Committee's Charter;
- (iii) take all reasonable steps to ensure that the responsibilities and duties of the Committee, as outlined in its Charter, are well understood by the Committee members and executed as effectively as possible;
- (iv) require the Committee to meet as many times as necessary to carry out its responsibilities effectively;
- (v) in consultation with the Chair of the Board, Committee members, CEO and CFO as appropriate, review the meeting agendas to ensure all required business is brought before the Committee to enable the Committee to carry out its responsibilities;
- (vi) with the assistance of the CEO and CFO, ensure that agenda items for all Committee meetings are ready for presentation and that adequate information is

distributed to Committee members in advance of such meetings in order that Committee members may properly inform themselves on matters to be acted upon;

- (vii) ensure that minutes are kept of all meetings and sign minutes approved by the Committee;
- (viii) report to the Board at its next meeting following any decision or recommendation arising from any meeting of the Committee or the signing of a written resolution evidencing a decision or recommendation of the Committee, including reporting on the considerations that led to such decision or recommendation;
- (ix) provide leadership to enable the Committee to act as an effective team in carrying out its responsibilities; and
- (x) act as liaison between the Board and the Committee and between management and the Committee and also act as liaison with outside advisors to the Committee.

(c) Charters

Each Committee is empowered to adopt a Charter which sets out its responsibilities and duties, qualifications for membership procedures for Committee member appointment and removal and reporting to the Board. On an annual basis, each Committee's Charter will be reviewed by both the Committee itself and the Compensation, Governance and Nominating Committee and is also reviewed and approved by the Board.

7. BOARD AND COMMITTEE MEETINGS

(a) Scheduling

Board meetings are scheduled in advance at appropriate intervals throughout the year, which will be not less than quarterly. In addition to regularly scheduled Board meetings, additional Board meetings may be called upon proper notice at any time to address specific needs of the Company.

Each Committee shall meet as often as it determines is necessary to fulfill its responsibilities, which will be not less than quarterly.

(b) Agenda

The Chair establishes the agenda for each Board meeting in consultation with the other directors and the CEO. Any director may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

Committee Chairs establish the agenda for each Committee meeting. Any Committee member may propose the inclusion of items on the agenda, request the presence of or a report by any member of management, or at any Committee meeting raise subjects that are not on the agenda for the meeting.

An officer of the Company will distribute an agenda and meeting materials in advance of each Board or Committee meeting to allow Board or Committee members, as the case may be, sufficient time to review and consider the matters to be discussed.

(c) Meetings of Independent Directors

To promote open discussion among the Independent Directors, those directors meet separately at least quarterly, at regularly scheduled Board meetings without non-independent directors and management present and will meet at such other time as any Independent Director may request. These meetings are chaired by the Chair of the Board, who informs senior management of the substance of these meetings to the extent that action is required by them.

(d) Distribution of Information

Information that is important to the Board's understanding of the business and its agenda is distributed to directors sufficiently in advance of Board meetings to permit the directors adequate time to consider the material and ask questions of management as appropriate. Sensitive subject matters may be discussed at a meeting without written materials being distributed in advance or at the meeting.

(e) Preparation, Attendance and Participation

Each director is expected to be diligent in attending meetings of the Board and any Committee of which he or she is a member. In addition, each director is expected to attend each annual meeting of shareholders. A director who is unable to attend a Board or Committee meeting in person may participate by telephone or teleconference.

(f) Attendance of Non-Directors at Board Meetings

The CFO and the Secretary of the Company are expected to attend Board meetings. The CEO, at his or her discretion, may invite other employees, advisors or consultants to attend the Board meetings for the purpose of making presentations or otherwise providing advice to the Board. The Chair, at his or her discretion, will also invite employees of the Company, consultants, advisors or others, as appropriate to attend Board meetings.

(g) Procedures

Procedures for Board meetings are determined by the Chair unless otherwise determined by a resolution of the Board.

Procedures for Committee meetings are determined by the Chair of the Committee unless otherwise determined a resolution of the Committee or the Board.

8. COMPENSATION OF DIRECTORS

The initial compensation of the directors is described in the Prospectus. The Compensation, Governance and Nominating Committee has the responsibility for recommending to the Board compensation and benefits for service on the Board and on Board Committees by directors. In discharging this duty, the Compensation, Governance and Nominating Committee will be guided by three goals: compensation should fairly pay directors for work required in an issuer of the Company's size and scope; it should not exceed what is customary given the size and scope of the Company's business and operations; compensation should align directors' interests with the long-term interests of shareholders, and the

structure of the compensation should be simple, transparent and easy for shareholders to understand. Not less often than annually, the Compensation, Governance and Nominating Committee shall review director compensation and benefits and recommend any changes to the Board.

9. BOARD ACCESS TO MANAGEMENT, OUTSIDE COUNSEL AND ADVISORS

The Board has complete access to members of management and the Company's outside counsel and auditors. It is the obligation of each director to use judgment to ensure that such contact is not distracting to the business operations of the Company and that, except as may be inappropriate, the CEO is advised of all such retainers. The Board and its Committees may invite any member of management, employee, outside advisor or other person to attend any of their meetings.

The Board and any of its Committees may retain an outside advisor at the expense of the Company at any time and have the authority to determine the advisor's fees and other retention terms. Individual directors may retain an outside advisor at the expense of the Company with the approval of the Compensation, Governance and Nominating Committee.

10. PERFORMANCE ASSESSMENT OF THE BOARD AND ITS COMMITTEES

The Compensation, Governance and Nominating Committee annually reviews the effectiveness of the Board and its Committees in fulfilling their responsibilities and duties.

In addition, the Compensation, Governance and Nominating Committee evaluates individual directors to assess their suitability for nomination for re-election or re-appointment.

11. CODE OF BUSINESS CONDUCT AND ETHICS

The Company is bound by and operates pursuant to a Code of Business Conduct and Ethics. The purpose of this document is to ensure that the Company maintains a high level of trust and integrity in accordance with the highest ethical standards.

12. MANAGEMENT

Management is responsible, on a shared basis with the Board, for developing strategy, and directly responsible for implementing strategy. Management is also responsible for safeguarding the Company's assets and for creating wealth for shareholders. When management performance is inadequate, the Board has the responsibility to bring about appropriate change, and when management performance is effective, the Board will reward management accordingly.

The Company's governance guidelines are designed to create autonomy and effective decision-making of management, and to ensure appropriate oversight by the Board and the Board's Committees. Senior management, through the CEO, reports to and is accountable to the Board.

The Board, in consultation with the Compensation, Governance and Nominating Committee, maintains a succession plan for the CEO and establishes objectives against which performance is bench-marked. Compensation is assessed against objectives which are established. Similar reviews and assessments are undertaken for other members of senior management in consultation with the CEO.