

ENVIRONMENTAL WASTE INTERNATIONAL INC.

**MANAGEMENT INFORMATION CIRCULAR**

**SOLICITATION OF PROXIES**

THIS INFORMATION CIRCULAR (THE "CIRCULAR") IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF ENVIRONMENTAL WASTE INTERNATIONAL INC. (THE "CORPORATION") OF PROXIES TO BE USED AT THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF THE CORPORATION TO BE HELD ON THURSDAY, SEPTEMBER 20TH, 2001, AT THE HOUR OF 10:00 O'CLOCK IN THE FORENOON, LOCAL TIME, AT THE KNIGHTSBRIDGE ROOM, LE ROYAL MERIDIEN KING EDWARD HOTEL, 37 KING STREET EAST, TORONTO, ONTARIO, M5C 1E9, FOR THE PURPOSES SET FORTH IN THE ACCOMPANYING NOTICE OF MEETING. It is expected that the solicitation will be primarily by mail but proxies may also be solicited personally by regular employees and Directors of the Corporation at a nominal cost. The cost of any such solicitation by management will be borne by the Corporation.

**APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the enclosed form of proxy are Directors and Senior officers of the Corporation. A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT HIM AT THE MEETING MAY DO SO BY INSERTING SUCH PERSON'S NAME, WHO NEED NOT BE A SHAREHOLDER OF THE CORPORATION, IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND, IN EITHER CASE, DELIVERING THE COMPLETED PROXY TO THE SECRETARY OF THE CORPORATION AT SUITE 950, 20 TORONTO STREET, TORONTO, ONTARIO M5C 2B8, OR TO CIBC MELLON TRUST COMPANY, 320 BAY STREET, TORONTO, ONTARIO, M5H 4A6, AT LEAST 48 HOURS PRIOR TO THE MEETING IN ORDER FOR THE PROXY TO BE VOTED. A Proxy must be executed by a shareholder or his attorney authorized in writing or, if executed by a body corporate, by an Officer or Attorney thereof, duly authorized in writing.

Any Shareholder giving a Proxy may, in addition to any other manner permitted by law, revoke the Proxy by depositing an instrument in writing executed by the Shareholder or by his Attorney authorized in writing, or if the Shareholder is a body corporate, by an Officer or Attorney thereof duly authorized, at the head office of the Corporation or at the CIBC Mellon Trust Company, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the Proxy is to be used or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof.

## **EXERCISE OF DISCRETION BY PROXIES**

Shares represented by properly executed Proxies will be voted or withheld from voting in accordance with the instructions of the Shareholder giving the Proxy on any ballot that may be called for, and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. IF NO CHOICE IS SPECIFIED, THE SHARES REPRESENTED BY SUCH PROXIES WILL BE VOTED IN FAVOUR OF THE MATTER IDENTIFIED IN THE NOTICE OF MEETING.

THE ENCLOSED FORM OF PROXY CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN WITH RESPECT TO AMENDMENTS OR VARIATIONS TO MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING. At the time of printing this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting. HOWEVER, IF OTHER MATTERS WHICH ARE NOT KNOWN TO THE MANAGEMENT OF THE CORPORATION SHOULD COME BEFORE THE MEETING, THE SHARES REPRESENTED BY ANY PROXY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGEMENT OF THE PERSONS NAMED THEREIN.

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

The authorized capital of the Corporation consists of unlimited common shares without nominal or par value of which the Corporation has outstanding 51,074,210 common shares as of the date hereof, each carrying the right to one vote per share.

The Board of Directors of the Corporation has fixed August 14, 2001 (the "Record Date") as the Record Date for the purpose of determining the shareholders entitled to receive notice of the Meeting. The Corporation will prepare a list of shareholders as at the Record Date. In accordance with the voting rights attaching to the common shares, each shareholder named in the list will be entitled to vote, on all resolutions put forth at the Meeting for which such shareholder is entitled to vote, the shares shown opposite his or her name on the said list, except to the extent that (i) the shareholder has transferred his or her shares after the Record Date; and (ii) the transferee of those shares produces properly endorsed share certificates or otherwise establishes that he or she owns the shares and demands, not later than 10 days before the Meeting, that his or her name be included in the list of shareholder before the meeting, in which case the transferee will be entitled to vote his or her shares at the Meeting. The failure of a shareholder to receive the Notice of Meeting does not deprive him or her of the right to vote at the Meeting.

To the knowledge of the Directors and Senior Officers of the Corporation, no person or company beneficially owns, directly or indirectly, or has control or direction over, directly or indirectly, greater than 10% of the outstanding voting shares of the Corporation as of the date hereof.

## ELECTION OF DIRECTORS

Management has nominated six persons as directors for the forthcoming year. **The persons named in the enclosed form of Proxy intend to vote for the election of the nominees whose names are set forth below, all of whom are now members of the Board of Directors and have been since the dates indicated. Management does not contemplate that any of the nominees will be unable to serve as a Director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of Proxy reserve the right to vote for another nominee in their discretion.** Each Director elected will hold office until the next Annual Meeting or until his successor is duly elected, unless his office is earlier vacated in accordance with the By-laws of the Corporation.

The following table and note thereto state the names of all the persons proposed to be nominated for election as Directors, their principal occupation or employment for the past five years, the year in which they became Directors of the Corporation, and the approximate number of shares of the Corporation beneficially owned, directly or indirectly, by each of them as of August 16, 2001. The Corporation does not have an executive committee of the board of directors and members of the audit committee are indicated by an asterisk.

NAME	NUMBER OF SHARES	CHIEF OCCUPATION
Robert Bryniak Toronto, Ontario President and Director since October 2000	357,200	President of the Corporation
Emanuel Gerard* New York, New York Director since February 1, 1999	3,332,698	Business Executive Chairman Gerard Klauer Mattison & Co., Inc. New York, Investment Bankers

Stephen Simms* Thornhill, Ontario Director since September, 1993	698,900	Vice-President of the Corporation, Self- Employed Business Consultant
William E. Bateman* Toronto, Ontario Director since August 1996	225,000	Barrister and Solicitor in Private Practice in Toronto, Ontario
Hans-Joerg Hungerland Wolfsburg, Germany Director since August, 1996	451,000	Self-Employed Business Consultant
John C. Fox Toronto, Ontario Director since March 2000	10,000	Managing Director, Perseus Fund, a private merchant bank and venture capital fund since 1999, previously Chief Operating Officer of Ontario Power Generation Inc.

Note: The information as to shares beneficially owned not being within the knowledge of the Corporation, has been furnished by the respective nominees individually.

## **STATEMENT OF EXECUTIVE COMPENSATION**

The information contained is provided as required under Form 40 contained in the Regulations under the Ontario Securities Act (the "Policy") for Small Business Issuers, as such term is defined in the Policy.

### **Summary Compensation Table**

The following information is provided for the Corporation's Chief Executive Officers for the fiscal periods ended December 31, 1998, 1999 and 2000;

Name and Principal Position	Annual Compensation				Long-Term Compensation
	Year	Salary	Bonus	Compensation	Shares Under Option
Robert Bryniak	2000	144,000	Nil	Nil	1,100,000
Robert Bryniak	1999	144,000	Nil	Nil	500,000
Thomas Fairfull President and Chief Executive Officer	1998	160,000	Nil	Nil	Nil

(1) Robert Bryniak is the only "Named Executive Officer" (as such term is defined in the Policy). As of September 25, 1999, Mr. Thomas Fairfull was no longer an officer or director.

### **Stock Option Plan**

The Corporation has a stock option plan (the "Plan") relating to the common shares of the Corporation. Eligibility for participation in the Plan is restricted to directors, officers and other key employees of the Corporation and its subsidiaries, and consultants.

### **Stock Options Granted During The Year Ended December 31, 2000**

The table set out below provides information regarding stock options granted to the Chief Executive Officer during the year ended December 31, 2000.

Name	Number of Common Shares Under Options Granted	Percentage of Total Options Granted to Employees	Option Exercise Price Per Share	Market Price Per Share When Granted	Option Expiration Dates
Robert Bryniak	250,000	5.5%	\$0.50	\$0.10	Dec. 5,2001
Robert Bryniak	250,000	5.5%	\$0.57	\$0.57	Feb. 14,2002
Robert Bryniak	300,000	6.6%	\$0.80	\$0.80	Mar. 30,2002
Robert Bryniak	300,000	6.6%	\$0.44	\$0.44	Oct. 12,2005

### Stock Options Exercised as at December 31, 2000

The table set out below provides information regarding outstanding stock options for the Chief Executive Officer, as at December 31, 2000:

Name	Acquired on Exercise	Value Realized (1)	Common Shares Under Unexercised Options		Value of Unexercised "In-the-Money Options"	
			Exercisable	Unexercisable	Exercisable	Unexercisable
<b>Robert Bryniak</b>	<b>250,000</b>	<b>55,000</b>	<b>1,100,000</b>	<b>Nil</b>	<b>\$123,500.00</b>	<b>Nil</b>

(1) Represents the difference between the closing price of the Corporation's shares on the date of the exercise of the option and the exercise price.

The total number of common shares subject to options as of August 16, 2001 was 5,049,571. A summary of options to purchase common shares as of August 16, 2001 is set forth below.

Optionees	No. of Common Shares	Exercise Price	Expiry Date
Directors and Officers (6 in total)	300,000,	\$0.44	October 12, 2005
	748,571	\$0.50	December 5, 2001
	800,000	\$0.57	February 14, 2002
	50,000	\$0.75	March 24, 2002
	250,000	\$0.80	March 30, 2002
Employees (15 in total)	125,000	\$0.34	December 31, 2001
	222,000	\$0.34	April 15, 2003
	150,000	\$0.38	December 31, 2001
	100,000	\$0.38	July 9, 2003
	26,000	\$0.39	November 21, 2002

	2,000	\$0.40	March 30, 2003
	25,000	\$0.42	December 31, 2001
	550,000	\$0.44	October 12, 2005
	100,000	\$0.50	December 2, 2001
	50,000	\$0.50	August 23, 2002
	30,000	\$0.55	December 7, 2002
	1,000	\$0.65	May 25, 2002
	25,000	\$0.66	March 30, 2002
	50,000	\$0.75	April 17, 2002
	475,000	\$0.80	March 30, 2002
	50,000	\$0.90	April 1, 2002
Consultants	20,000	\$0.34	December 31, 2001
(11 in total)	120,000	\$0.40	December 31, 2001
	150,000	\$0.50	December 31, 2001
	250,000	\$0.55	September 21, 2002
	100,000	\$0.60	March 18, 2002
	200,000	\$0.65	July 24, 2002
	150,000	\$0.75	September 18,2001

### **COMPOSITION OF THE COMPENSATION COMMITTEE**

Three directors, Messrs. Emanuel Gerard, John Fox and William Bateman acted as the Corporation's Compensation Committee during the fiscal year ended December 31, 2000.

## **COMPENSATION OF DIRECTORS**

No compensation is paid by the Corporation to directors of the Corporation or its subsidiaries for attending meeting of the board or a committee of the board.

## **REPORT ON EXECUTIVE COMPENSATION**

It is the responsibility of the Compensation Committee to determine the level of compensation in respect of the Corporation's senior executives with a view to providing such executives with a competitive compensation package having regard to performance. Performance is defined to include achievement of the Corporation's strategic objective of growth and the enhancement of shareholder value through increases in the stock price resulting from a stronger balance sheet and increased earnings.

Compensation for executive officers is composed primarily of three components; namely, base salary, performance bonuses and the granting of stock options. Performance bonuses are considered from time to time having regard to the above referenced objectives.

In establishing the levels of base salary, the award of stock options and performance bonuses, the Compensation Committee takes into consideration individual performance, responsibilities, length of service and levels of compensation provided by industry competitors.

The Compensation Committee is also responsible for reviewing the Corporation's manpower and succession to ensure that adequate plans are in place.

### **Chief Executive Officer**

The Corporation has entered into an Employment Agreement dated September 25, 2000 with Mr. Robert Bryniak to act as President of the Corporation. That agreement provides that Mr. Bryniak will be remunerated at a rate of \$13,750 per month and extends until December 31, 2003. The agreement also provides that Mr. Bryniak is entitled to normal vacation, insurance and expense benefits commensurate with his position. The contract also contains provisions which would result in the payment of a performance bonus to Mr. Bryniak in the event that revenue and earning targets are met.

The Compensation Committee has determined that this employment agreement is consistent with the compensation paid to chief executive officers of comparable companies.



The foregoing report as of August 16, 2001, was submitted to the Corporation by the Compensation Committee:

Emanuel Gerard  
John Fox  
William Bateman

## **INTERESTS OF INSIDERS IN MATERIAL TRANSACTIONS**

No director, officer or other insider of the Corporation, or any associate or affiliate thereof, has or had any material interest in any transaction within the past three years or in any proposed transaction that has materially affected or will materially affect the Corporation.

## **INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS**

No director or senior officer of the Corporation was indebted to the Corporation at anytime during the fiscal year ended December 31, 2000.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

In accordance with the disclosure requirements of The Toronto Stock Exchange (the "TSE") and using the corporation governance guidelines set out in the TSE Company Manual as a reference, the Board of Directors of the Corporation has adopted the following statements of corporate governance practices:

The Board implicitly and explicitly acknowledges its responsibility for the stewardship of the Corporation as follows:

- (i) The Board participates in strategic planning as the acceptor and/or adopter of the strategic plans proposed and developed by management. The strategic planning process has been the responsibility of management. The Board will undertake periodic reviews of the strategic planning process.
- (ii) The Board has considered and does in its deliberations consider the principal risks of the Corporation's business and receives periodic reports from management of the Corporations' assessment and management of those risks.
- (iii) The Board has, from time to time, considered succession issues and takes responsibility for appointing and monitoring officers of the Corporation.

- (iv) The Board has discussed and considered how the Corporation communicates with its various shareholders and periodically reviews and approves the Corporation's communications with the public but has no formal communication policy.
- (v) The Board, directly or through its Audit Committee, assesses the integrity of the Corporation's internal control and management information systems.

## **COMPOSITION AND FUNCTION OF THE BOARD OF DIRECTORS**

The Board currently comprises six members of whom four, Messrs. Fox, Gerard, Hungerland and Bateman are unrelated directors.

The Board has considered the relationship of each current director.

The Board of Directors expressly assumes responsibility for developing the Corporation's approach to governance issues and is responsible for the responses to governance guidelines. The Corporation has not developed position descriptions for the Board and Chief Executive Officer. Any responsibility that is not delegated to management or a Board committee remains with the Board.

## **COMMITTEES OF THE BOARD**

The board has not considered a formal nominating committee. Nominations for the Board have been the result of recruitment efforts by several directors and have been discussed informally with several directors before being brought to the Board as a whole.

The Board has not constituted a committee comprised exclusively of outside directors, a majority of whom are unrelated directors, to assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors.

The Corporation does not have a formal process of orientation and education for new members of the Board. This process is handled informally by members of the Board.

The Board has not adopted a system that would enable an individual director to engage an outside advisor at the expense of the Corporation in appropriate circumstances. If such an engagement were appropriate, it would be subject to the approval of the unrelated directors of the Board in consultation with the Chairman and Chief Executive Officer.

The Audit Committee is currently composed of three directors, the majority of whom are unrelated. The Compensation Committee is currently composed of three directors, all of whom are unrelated.

The Audit Committee reviews the annual and quarterly financial statements, material investments and transactions that could materially affect the financial position of the Corporation. The Audit Committee also establishes and monitors procedures to resolve conflicts of interest and for reviewing audit and financial matters. Through meetings with external auditors and senior management, the Audit Committee discusses, among other things, the effectiveness of the internal control procedures established for the Corporation.

The mandate of the Compensation Committee is, in part, to make recommendations to the Board of Directors, with respect to the appointment and remuneration of executive officers of the Corporation. The Compensation Committee meets as required to implement its mandate. The Compensation Committee further reviews compensation paid to management of similarly sized companies to ensure that remuneration to management of the Corporation is consistent with industry standards. The Compensation Committee also considers and makes recommendations to the Board of Directors with respect to the granting of stock options.

#### **APPOINTMENT OF AUDITORS**

Mr. Wm. Andrew Campbell, Chartered Accountant has been nominated for appointment as auditor of the Corporation for the forthcoming year, at a remuneration to be fixed by the directors. Mr. Campbell was first appointed as auditor in December, 1999.

The persons named in the accompanying instrument of Proxy intend to vote for the appointment of Mr. Campbell as auditor for the forthcoming year, unless instructions to the contrary are given.

#### **AMENDMENT TO STOCK OPTION PLAN**

The Corporation currently has in place an incentive stock option plan, previously approved by the shareholders. Under that plan, a total of 7,000,000 common shares may be made available for options to eligible persons.

Management of the Corporation considers that it would be appropriate to reduce the number of shares which might be available for issue under the Stock Option Plan and therefore proposes that the terms of the Plan be amended to provide that a maximum of 5,150,000 common shares be available for issue thereunder.

The persons named in the accompanying form of Proxy intend to vote for passage of the resolution authorizing the reduction in the number of shares available

under the Plan unless instructions to the contrary are given. Those persons who are considered to be Insiders under the Plan will refrain from voting on the resolution.

### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED ON**

The directors proposed as nominees for election to the Board of Directors of the Corporation are the recipients of the options for services, as described above.

### **GENERAL**

Information contained herein is given as of August 16, 2001. Management knows of no matters to come before the Annual and Special Meeting of Shareholders other than the matters referred to in the Notice of Meeting. If any matters which are not now known should properly come before the Meeting, the accompanying Proxy Instrument will be voted on such matters in accordance with the best judgement of the person voting it.

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

"Robert Bryniak"  
President

Ajax, Ontario, Canada  
August 16, 2001