

LETTERHEAD OF ENVIRONMENTAL WASTE INTERNATIONAL INC.

Dear Shareholder:

As the new President of Environmental Waste International Inc., I am pleased to provide the attached information in connection with the Annual Meeting of Shareholders to be held at 10:00 a.m. on Wednesday, June 26, 2002 at the Carmichael/Jackson Room of the Hilton Hotel, 145 Richmond Street West, Toronto. The enclosed material outlines the business to be undertaken at the meeting.

The Company continues to experience many changes as it mature from a research and development based company into a true sales oriented company. Most recently, the Company has once again gone through a reorganization at the upper management level. On April 26, 2002 Mr. Robert Bryniak resigned his post as President and Chief Executive Officer and was replaced by myself Dr. Stephen Simms. Let me take this opportunity to thank Mr. Bryniak for all his hard work and effort over the past 2 ½ years.

My goal during this transition period is to make sure the Company stays focused on the job at hand. My approach to management is based on a "team-effort" with shared credit for any and all of the Company's achievements. Our most recent success has been from the initial results of our commercial installation of the Medical Waste Processor in Liverpool. The anti-microbial results have shown that our Processor is head and shoulders above any of the other technologies available today. We continue to wait for the results of our air and water emission testing and hope to have these results available prior to the Annual General Meeting.

Unfortunately, the delays experienced in bringing the Liverpool installation to full operation have had a negative impact upon the Company's ability to increase sales, to date. We are confident, however, that the very positive results now being achieved with the Liverpool installation will be translated into significant sales activity in 2002. Your Company is also actively seeking interest for the development and production of a tire reduction facility. Serious discussions continue with a number of potential purchasers and I hope that such interest will be translated into much more concrete terms during the forthcoming year.

The Company's Reverse Polymerization Technology is a leading solution for treating waste in an environmentally responsible manner and I have every confidence that the further commercialization of this technology will proceed successfully during the balance of the year. I trust that you will find the above and the enclosed material in order and encourage you to participate in the meeting, next month.

Yours very truly,

"Stephen Simms"

President

**ENVIRONMENTAL WASTE  
INTERNATIONAL INC.**

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS OF FINANCIAL  
CONDITIONS AND RESULTS OF  
OPERATIONS FOR THE YEAR  
ENDING DECEMBER 31, 2001**

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The following discussion and analysis of the operating results and financial position of the Company for the year ending December 31, 2001 should be read in conjunction with the financial statements enclosed herein for the year ending December 31, 2001.

**OVERVIEW**

The core business of Environmental Waste International Inc. is the continuing development, production and sale of devices utilizing the patented Emery Reverse Polymerization Reduction Process. EWII holds the rights to exploit that Process for a variety of applications, throughout the world. The Company has concentrated initially on the design, development and production of Units for the processing and reduction of medical waste and of rubber tires.

The Company has completed the installation of a medical waste processing treatment Unit for a customer in Liverpool, England. This Unit has completed its testing phase and, subject to receipt of final government permits, will commence commercial operation. Based upon the success of that Unit, a number of other potential sales are under negotiation.

The Company is actively marketing its medical waste processing Unit, and is also proceeding with the marketing of a tire treatment facility.

**SUMMARY OF CAPITAL AND  
FINANCINGS**

Mortgage Loan	\$ 845,157
Non-Interest	
Bearing Loan	\$ 59,000
Shareholders' Equity	\$ 4,903,470
Common Shares	
Outstanding	53,294,210

**RESULTS OF OPERATIONS**

The primary focus during 2001 was to complete the installation of the medical waste treatment Unit in Liverpool. Due to the delay in completing that installation, sales revenue decreased substantially from that reported in 2000. Operating expense increased very slightly by approximately \$30,000.

During 2001, the Company financed its operations primarily through the issuance of common shares, which produced total proceeds of \$1,472,734, which was considerably less than the \$2,308,479 generated by that method in 2000. Capital assets increased substantially to \$1,391,112 over the total for 2000 of \$224,741. That increase was primarily due to the purchase by the Company of the land and building from which it operates in Ajax, and is counter-balanced by the Company's mortgage obligation of \$845,157.

**On behalf of the Board of Directors**

**"Stephen Simms"**

**President**

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 MEETING OF SHAREHOLDERS OF THE CORPORATION TO BE HELD ON WEDNESDAY, JUNE 26, 2002, AT THE HOUR OF 10:00 O'CLOCK IN THE FORENOON, LOCAL TIME, AT THE CARMICHAEL/JACKSON ROOM, HILTON HOTEL, 145 RICHMOND STREET WEST, TORONTO, ONTARIO, 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 53,583,310 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 May 17, 2002 (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 five 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 May 16, 2002. 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
Stephen Simms Thornhill, Ontario Director since September, 1993	723,900	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

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 Executive Officers for the fiscal periods ended December 31, 1999, 2000 and 2001;

Name and Principal Position	Annual Compensation				Long-Term Compensation
	Year	Salary	Bonus	Compensation	Shares Under Option
Robert Bryniak	2001	165,000	Nil	Nil	1,150,000
Stephen Simms	2001	132,000	Nil	Nil	900,000
Robert Bryniak	2000	144,000	Nil	Nil	1,100,000
Robert Bryniak	1999	144,000	Nil	Nil	500,000

(1) Robert Bryniak and Stephen Simms are the only "Named Executive Officer" (as such term is defined in the Policy). As of April 26, 2002, Mr. Bryniak 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, 2001**

The table set out below provides information regarding stock options granted to the Executive Officers during the year ended December 31, 2001.

<b>Name</b>	<b>Number of Common Shares Under Options Granted</b>	<b>Percentage of Total Options Granted to Employees</b>	<b>Option Exercise Price Per Share</b>	<b>Market Price Per Share When Granted</b>	<b>Option Expiration Dates</b>
Robert Bryniak	50,000	0.1%	\$0.30	\$0.30	Oct. 2, 2006
Robert Bryniak	250,000	4.8%	\$0.39	\$0.39	Oct. 2, 2006
Stephen Simms	50,000	0.1%	\$0.30	\$0.30	Oct. 2, 2006
Stephen Simms	200,000	3.9%	\$0.39	\$0.39	Oct. 2, 2006

### Stock Options Exercised as at December 31, 2001

The table set out below provides information regarding outstanding stock options for the Executive Officer, as at December 31, 2001:

Name	Acquired on Exercise	Value Realized (1)	Common Shares Under Unexercised Options		Value of Unexercised "In-the-Money Options"	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Robert Bryniak	Nil	Nil	1,150,000	Nil	\$25,500	Nil
Stephen Simms	Nil	Nil	925,000	Nil	\$22,000	Nil

(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 May 16, 2002 was 4,900,000. A summary of options to purchase common shares as of May 16, 2002 is set forth below.

Optionees	No. of Common Shares	Exercise Price	Expiry Date
Directors and Officers (5 in total)	150,000	\$0.80	December 31, 2002
	50,000	\$0.75	December 31, 2002
	550,000	\$0.57	December 31, 2002
	300,000	\$0.44	October 12, 2005
	219,000	\$0.30	October 2, 2006
	100,000	\$0.39	October 2, 2006
Employees (12 in total)	1,000	\$0.65	May 25, 2002
	30,000	\$0.30	May 30, 2002
	50,000	\$0.38	July 9, 2002
	50,000	\$0.50	August 23, 2002

	25,000	\$0.55	September 1, 2002
	20,000	\$0.30	November 2, 2002
	6,000	\$0.39	November 21, 2002
	250,000	\$0.80	December 31, 2002
	2,000	\$0.40	March 30, 2003
	95,000	\$0.34	March 30, 2003
	27,000	\$0.34	April 16, 2003
	50,000	\$0.38	July 9, 2003
	75,000	\$0.39	September 23, 2003
	1,000	\$0.35	October 2, 2003
	25,000	\$0.39	November 17, 2003
	102,000	\$0.35	March 30, 2004
	27,000	\$0.32	April 22, 2004
	250,000	\$0.44	October 12, 2005
	25,000	\$0.30	October 2, 2006
	235,000	\$0.39	October 2, 2006
Consultants	200,000	\$0.65	July 24, 2002
(8 in total)	250,000	\$0.55	September 21, 2002
	200,000	\$0.30	December 31, 2002
	200,000	\$0.35	December 31, 2002
	250,000	\$0.57	December 31, 2002
	300,000	\$0.80	December 31, 2002
	50,000	\$0.32	April 15, 2003

	125,000	\$0.50	October 2, 2003
	300,000	\$0.44	March 30, 2004
	25,000	\$0.30	March 30, 2004
	285,000	\$0.39	March 30, 2004

### **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, 2001.

### **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 May 16, 2002, 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, 2001.

### **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 an 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 five 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 comprises 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.

## **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 May 16, 2002. 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.

"Stephen Simms"  
President

Ajax, Ontario, Canada  
May 16, 2002