

**ENVIRONMENTAL WASTE INTERNATIONAL INC.**

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**INFORMATION CIRCULAR**

(As at May 25, 2007, except as indicated)

**The Company is providing this information circular and a form of proxy in connection with management's solicitation of proxies for use at the Annual General Meeting (the "Meeting") of the Company to be held at 10:00 o'clock in the morning, Toronto time, on Wednesday, June 27, 2007, and at any adjournments.** The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation.

**APPOINTMENT OF PROXY HOLDER**

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder's behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or Directors of the Company (the "Management Proxyholders").

**A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.**

**VOTING BY PROXY**

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting.** Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder 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 a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.**

**The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters, which may properly come before the Meeting.** At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

**COMPLETION AND RETURN OF PROXY**

**Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, (not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays), prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.**

**NON-REGISTERED HOLDERS**

Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, common shares owned by a person (a "non-registered holder") are registered either (a) in the name of an intermediary (an "Intermediary") that the non-registered holder deals with in respect of the common shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-savings plans and similar

plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“CDS”)) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the Management Information Circular and the accompanying Notice of Meeting together with the form of proxy (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries for onward distribution to non-registered holders of common shares.

Intermediaries are required to forward the Meeting Materials to non-registered holders unless a non-registered holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to non-registered holders. Generally, non-registered holders who have not waived the right to receive Meeting Materials will either:

(a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as the number and class of securities beneficially owned by the non-registered holder by which is not otherwise completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the non-registered holder when submitting the proxy. In this case, the non-registered holder who wishes to vote by proxy should otherwise properly complete the form of proxy and deliver it as specified; or

(b) be given a form of proxy which is not signed by the Intermediary and which, when properly completed and signed by the non-registered holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “Voting Instruction Form”) which the Intermediary must follow. Typically the non-registered holder will also be given a page of instructions, which contains a removable label containing a bar code and other information. In order for the form of proxy to validly constitute a Voting Instruction Form, the non-registered holder must remove the label from the instructions and affix it to the Voting Instruction Form, properly complete and sign the Voting Instruction Form and submit it to the Intermediary or its services company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the common shares they beneficially own. Should a non-registered holder who received either form of proxy wish to vote at the Meeting in person, the non-registered holder’s name should be inserted in the blank space provided. **Non-registered holders should carefully follow the instructions of their Intermediary including those regarding when and where the form of proxy or Voting Instruction Form is to be delivered.**

#### **REVOCABILITY OF PROXY**

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered shareholder, his attorney authorized in writing or, if the registered shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. **Only registered shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must, at least 7 days before the Meeting, arrange for their respective Nominees to revoke the proxy on their behalf.**

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

The Company is authorized to issue unlimited common shares without par value (the “shares”), of which 71,808,324 shares are issued and outstanding as of the date hereof (May 25, 2007). Persons who are registered shareholders at the close of business on May 22, 2007 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held. The Company has only one class of shares.

To the knowledge of the Directors and executive officers of the Company, no person beneficially owns, directly or indirectly, or controls or directs shares carrying 10% or more of the voting rights attached to all shares of the Company.

**INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Other than as disclosed herein, management is not aware of any material interest in any matter to be acted upon, direct or indirect, of any directors, senior officer, principal holder of securities, proposed nominee for election as a director or any associated or affiliate thereof of the Company.

**ELECTION OF DIRECTORS**

The Directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

The Company is required to have an audit committee.

Management of the Company proposes to nominate each of the following persons for election as a Director. Information concerning such persons, as furnished by the individual nominees.

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years</i>	<i>Previous Service as a Director</i>	<i>Number of Common Shares beneficially owned, directly or indirectly, or Controlled or directed ②</i>
Stephen Simms Thornhill, ON Director, President / CEO	President /CEO of the Company since 2002	Director since 1993	1,875,400 ⑤
Sam Geist Toronto, ON Director	Business Consultant and owner	Director since 2005	1,837,480
William Bateman ① ④ Toronto, ON Director	Barrister and Solicitor in Private Practice in Toronto, Ontario	Director since 1996	994,560
Hans-Joerg Hungerland ④ Wolfsburg, Germany ① Director	Self-Employed Business Consultant	Director since 1996	726,000
Emanuel Gerard ①④⑦ New York, New York, USA Director	Former Vice Chairman, & Head, U.S. Equities – Harris Nesbitt Corp	Director since 1999	4,308,448

① Member of the audit committee (⑦chair).

② Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at May 24, 2007, based upon information furnished to the Company by individual Directors. Unless otherwise indicated, such shares are held directly.

③ No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the company acting solely in such capacity

④ Member of compensation committee.

- ⑤ Of these shares, 200,000 are held indirectly in the name of AKTS Investments, a private company controlled by Director.
- ⑥ Dr. Simms is currently a director of the following other reporting issuers: Canadian Golden Dragon Resources Ltd.; Mr. Bateman is currently a director of the following other reporting issuers: X-Cal Resources Ltd., IATRA Life Sciences Corporation.

*No proposed director:*

- (a) is, as at the date of the information circular, or has been, within 10 years before the date of the information circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity,
- (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of the information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

**EXECUTIVE COMPENSATION**

The following table (presented in accordance with the rules (the "Rules") made under the Securities Act (Ontario) sets forth all annual and long term compensation for services in all capacities to the Company and its subsidiaries for the three most recently completed financial years (to the extent required by the Rules) in respect of each of the individuals comprised of the Chief Executive Officer and the Chief Financial Officer as at (year end) and the other three most highly compensated executive officers of the Company as at (year end) whose individual total compensation for the most recently completed financial year exceeded \$150,000 and any individual who would have satisfied these criteria but for the fact that individual was not serving as such an officer at the end of the most recently completed financial year (collectively the "Named Executive Officers" or "NEOs").

**Summary Compensation Table**

Name and Principal Position	Year	Annual Compensation			Long Term Compensation			All Other Compensation (\$) <sup>(1)</sup>
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Option/SAR's Granted #	Shares/Units Subject to Resale Restrictions	LTIP Payouts (\$)	
Stephen Simms, CEO and President	2006	183,462	Nil	Nil	1,700,000	Nil	Nil	Nil
	2005	182,036	Nil	Nil	1,500,000	Nil	Nil	Nil
	2004	155,000	Nil	Nil	1,875,000	Nil	Nil	Nil
Michael Abrams CFO (Nov/05-)	2006	26,539	Nil	Nil	475,000	Nil	Nil	Nil
	2005	4,038	Nil	Nil	175,000	Nil	Nil	Nil

(1) This sum includes the aggregate value realized on the exercise of stock options which represents the difference between the exercise price of the options acquired and the closing price of the Company's shares on the date of exercise and does not reflect the actual profit realized or loss incurred on the exercise of stock options.

**Long Term Incentive Plan (LTIP) Awards**

The Company does not have a LTIP, pursuant to which cash or non-cash compensation intended to serve as an incentive for performance over a period greater than one financial year (whereby performance is measured by reference to financial performance or the price of the Company's securities) was paid to the Named Executive Officer(s) during the most recently completed financial year.

**Option/Stock Appreciation Rights ("SAR") Grants  
During the Most Recently Completed Financial Year**

The following table sets forth stock options granted under the Company's Stock Option Plan or otherwise during the most recently completed financial year to each of the Named Executive Officers.

<i>Name</i>	<i>Securities Under Option/SARs Granted <sup>①</sup> <sup>③</sup> (#)</i>	<i>% of Total Options/SARs Granted in Financial Year</i>	<i>Exercise or Base Price <sup>②</sup> (\$/Security)</i>	<i>Market Value of Securities Underlying Options/SARs on Date of Grant (\$/Security)</i>	<i>Expiration Date</i>
Stephen Simms	500,000	26.0%	0.10	0.09	Jun 20/11
Michael Abrams	300,000	16.0%	0.10	0.09	Jun 20/11

- (1) The options for common shares become exercisable on the date of grant.
- (2) The exercise price of stock options is determined by the Board of Directors but shall in no event be less than the trading price of the common shares of the Company on each stock exchange on which the shares of the Company are listed at the time of the grant of the option, less the maximum discount permitted under the regulations of such stock exchange(s) or such other price as may be agreed to by the Company and approved by such stock exchange(s).
- (3) These options vest as to 100% on the date of grant.

**Aggregated Option/SAR Exercises During The Most Recently Completed Financial Year and Financial Year-End Option/SAR Values**

The Named Executive Officers did not exercise any options in respect of the Company's shares during the most recently completed financial year.

**Termination of Employment, Changes in Responsibility and Employment Contracts:**

The Company has negotiated employment agreements with Dr. Stephen Simms and Mr. Michael Abrams. These agreements give a guaranteed minimum annual remuneration (for 2007) of \$200,000 and \$32,000 respectively and include a minimum annual stock option allocation of 225,000 and 175,000 respectively. The Company also has a compensatory arrangement whereby the Officer is entitled to receive certain salary benefits if terminated (without cause). The employment agreements entitle the officers to certain benefits and to reimbursement of certain expenses incurred as part of their employment duties.

**Compensation of Directors**

The Company has no arrangements, standard or otherwise, pursuant to which Directors are compensated by the Company or its subsidiaries for their services in their capacity as Directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most

recently completed financial year or subsequently, up to and including the date of this information circular.

The Company has a stock option plan for the granting of incentive stock options to the officers, employees and Directors. The Company did grant an aggregate of 1,100,000 stock options to the Directors (including the Named Executive Officers) during the most recently completed financial year of which 1,100,000 remain outstanding. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the Directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

#### **Securities Authorized for Issuance Under Equity Compensation Plans**

The Company does not have any equity compensation plans specifically for its executives.

#### **INDEBTEDNESS TO COMPANY OF DIRECTORS, EXECUTIVE OFFICERS AND EXECUTIVE OFFICERS**

There is no indebtedness of any Director, executive officer, proposed nominee for election as a Director or associate of them, to or guaranteed or supported by the Company or any of its subsidiaries either pursuant to an employee stock purchase program of the Company or otherwise, during the most recently completed financial year.

#### **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision-making. The Board is of the view that the Company's general approach to corporate governance, summarized below, is appropriate and substantially consistent with objectives reflected in the guidelines for improved corporate governance in Canada adopted by The Toronto Stock Exchange (the "Exchange Guidelines").

#### **Board of Directors**

##### *Structure and Compensation*

The Board is currently composed of five (5) directors. All the proposed nominees are current directors of the Company.

The Exchange Guidelines suggest that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "unrelated" directors. An "unrelated" director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, the Exchange Guidelines suggest that the board of directors should include a number of directors who do not have interests in either the Company or the significant shareholder. Of the proposed nominees, Messrs Bateman, Gerard, Geist and Hungerland are considered by the Board to be "unrelated" within the meaning of the Exchange Guidelines and Dr. Simms is the only "inside" or management director and accordingly is considered to be "related". In assessing the Exchange Guidelines and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors.

##### *Mandate of the Board*

The mandate of the Board, as prescribed by the Business Corporations Act (Ontario), is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the board oversees the management of the Company's affairs

directly and through its committees. In fulfilling its mandate, the Board, among other matters, is responsible for reviewing and approving the Company's overall business strategies and its annual business plan, reviewing and approving the annual corporate budget and forecast, reviewing and approving significant capital investments outside the approved budget; reviewing major strategic initiatives to ensure that the Company's proposed actions accord with shareholder objectives; reviewing succession planning; assessing management's performance against approved business plans and industry standards; reviewing and approving the reports and other disclosure issued to shareholders; ensuring the effective operation of the Board; and safeguarding shareholders' equity interests through the optimum utilization of the Company's capital resources.

#### *Meetings of the Board*

The Board meets at least quarterly to review, among other things, the performance of the Company. Results are compared and measured against a previously established plan and performance in prior years. The Board also holds a meeting each year to review and assess the Company's financial budget and business plan for the ensuing year and its overall strategic objectives. This process establishes, among other things, benchmarks against which the Board may measure the performance of management. Other meetings of the Board are called to deal with special matters, as circumstances require. The Board met 5 times during the year ended December 31, 2006.

#### **Committee Responsibilities and Activities**

Committees of the Board are an integral part of the Company's governance structure. There are two standing committees (the "Committees"), established to devote the necessary expertise and resources to particular areas, and to enhance the quality of discussion at Board meetings. The Committees facilitate effective Board decision-making by providing recommendations to the Board on matters within their respective responsibilities. The Board believes that the Committees assist in the effective functioning of the Board and that the composition of the Committees should ensure that the views of unrelated and independent directors are effectively represented. A summary of the responsibilities and activities and the membership of each of the Committees is set out below.

#### **Code of Business Conduct and Ethics**

The Company has adopted a Code of Business Conduct and Ethics that applies to all directors, officers and employees.

#### **Audit Committee and Relationship with Auditor**

Multilateral Instrument 52-110 of the Canadian Securities Administrators ("MI 52-110") requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor.

#### **The Audit Committee's Charter**

##### *Mandate*

The primary function of the audit committee (the "Committee") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements.
- Review and appraise the performance of the Company's external auditors.

- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

#### *Composition*

The Committee shall be comprised of three directors as determined by the Board of Directors, all of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee are financially literate will work towards becoming financially literate. For the purposes of the Company's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

#### *Meetings*

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

#### *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Committee shall:

##### **Documents/Reports Review**

- (a) Review and update this Charter annually.
- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

##### **External Auditors**

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.



- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
  - ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

#### *Financial Reporting Processes*

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

#### *Other*

Review any related-party transactions.

**Composition of the Audit Committee**

The following are the members of the Committee:

William Bateman	Independent ①	Financially literate ①
Emanuel Gerard	Independent ①	Financially literate ①
Hans Hungerland	Independent ①	Financially literate ①

① As defined by Multilateral Instrument 52-110 ("MI 52-110").

**Audit Committee Oversight**

The Board of Directors have accepted all recommendations since the commencement of the Company's most recently completed financial year made by the Committee to nominate or compensate an external auditor.

**Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of MI 52-110 (*De Minimis Non-audit Services*), or an exemption from MI 52-110, in whole or in part, granted under Part 8 of Multilateral Instrument 52-110.

**Pre-Approval Policies and Procedures**

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

**External Auditor Service Fees (By Category)**

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

<i>Financial Year Ending</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
12/31/2006	\$16,050	\$0.00	\$3,210	\$0.00
12/31/2005	\$29,091	\$0.00	\$3,975	\$0.00

**Compensation Committee**

The Compensation Committee is responsible for reviewing all overall compensation strategy, objectives and policies; annually reviewing and assessing the performance of the executive officers; recommending to the Board the compensation of the executive officers; reviewing executive appointments; and recommending the adequacy and form of directors' compensation.

For information relating to the Compensation Committee's report on executive compensation, see "Report on Executive Compensation" above. This Committee meets at least once annually. Currently, the members are Messrs. Bateman, Gerard and Hungerland of whom all three are unrelated directors.

**Nomination and Assessment**

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the President and Chief Executive Officer. The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions.

**Expectations of Management**

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity.

The Guidelines include a recommendation that boards review the adequacy and for of compensation of directors and ensure that the compensation realistically reflects the responsibilities and risks of being an effective director. The Board is satisfied that the current director's compensation is appropriate (see also "Compensation of Directors").

The Guidelines also recommend that a board, together with the CEO, develop position descriptions for the board and for the CEO involving the definition of the limits of management's responsibilities. The Board believes that formulating position descriptions for board members is generally more appropriate for corporations of significantly larger size and complexity than the Company and which may have significantly larger board of directors. With respect to management's responsibilities, generally, any matters of material substance to the Company are submitted of the Board for, and are subject to, its approval. Such matters include those matters which must by law be approved by the Board (such as share issuances) and other matters of material significance to the Company, including any debt or equity financings, investments, acquisitions and divestitures, and the incurring material expenditures or legal commitments. The Board and/or its audit committee also reviews and approves the Company's major communications with shareholders and the public including the annual report (and financial statements contained therein), quarterly reports to shareholders, the annual management information circular and Annual Information Form.

In addition, the Guidelines state that a board of directors should approve or develop the corporate objectives, which the CEO is responsible for meeting. The specific corporate objectives, which the CEO is responsible for meeting (aside from the overall objective of enhancing shareholder value), are, in the Company's case, typically related to the advancement, growth, management and financing of the Company and its projects and matters ancillary thereto.

The Board believes that management should speak for the Company in its communications with shareholders and others in the investment community and that the Board should ensure that appropriate investor relations programs and procedures are in place.

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No informed person or proposed director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company.

#### **APPOINTMENT OF AUDITOR**

During the first year ended December 31, 2006, the Company received the resignation of Harvey Cantor Professional Corporation, Chartered Accountants as auditors of the Company, who were replaced by Rich Rotstein LLP, Chartered Accountants. The Board of Directors has resolved to propose to shareholders that Rich Rotstein LLP, Chartered Accountants be appointed as auditors of the Company at the Meeting. The decision to recommend the appointment of Rich Rotstein LLP, Chartered Accountants as auditors was approved by the Audit Committee to the Company and the Board of Directors. A reporting package consisting of the letter from the Company to Harvey Cantor Professional Corporation, and Rich Rotstein LLP, the response letters of the auditors and the notice of the Company with respect to the change of auditors (the "Reporting Package") was filed with the appropriate securities commissions in Canada and sent to Harvey Cantor Professional Corporation, and Rich Rotstein LLP. Pursuant to the requirements of National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators, attached to this Information Circular as Schedule "A" is the Reporting Package.

Unless otherwise instructed, the persons named in the enclosed proxy intend to vote for the appointment of Rich Rotstein LLP, Chartered Accountants, of Toronto, Ontario as the auditors of the company to hold office for the ensuing year at a remuneration to be fixed by the directors.

### **SALE OF ASSETS**

Pursuant to an agreement with an arms' length party, Environmental Waste International Limited Partnership (the "Partnership"), the Company has agreed to enter into a transaction (subject to the approval of shareholders and TSX Venture Exchange), whereunder the Company will sell certain of its assets to the Partnership. The assets to be sold will be all of the Company's rights to exploit its patent portfolio, proprietary software and system designs relating to all applications of its proprietary reverse polymerization technology. The Partnership will license back to the Company, for no cost, the rights to exploit that technology in its tire and wastewater applications (see below for further details).

The value of the transaction will be up to \$18,750,000 (consisting of up to \$3,000,000 in cash and the balance in a loan payable by the Partnership to the Company; and applied as approximately \$9,000,000 to the asset sale and \$9,750,000 to the provision of management services and interest payments as detailed below, allocation may vary based on valuation report and timing). The consideration for the sale of the assets will be up to \$9,000,000 consisting of a debt instrument issued by the Partnership in the amount of \$8,000,000, carrying interest at 5% per annum and due on December 31, 2014 and a payment of \$1,000,000 in cash. In the event that the Partnership is not successful in raising the maximum amount of capital through the sale of its units ("Units"), the total amount to be received by the Company will be reduced and the Company will receive a license back from the Partnership at no cost to exploit other applications of its technology, in addition to the tire and wastewater applications. The amounts stated above are the maximum receivable by the Company. The Partnership must be capitalized sufficiently to allow for payment to the Company of a minimum of \$1,070,000 in cash and \$5,625,000 by way of debt instrument, no later than December 28, 2007, or the transaction will not be completed.

It is the intention of the Partnership to engage in the business of exploiting the rights acquired. In order to assist the Partnership in its business the Company will enter into an agreement with the Partnership (the "Management Agreement") whereunder it will manage the Partnership's ongoing business. The Company will charge up to \$8,750,000 in management fees during 2007 and 2008 under this agreement. Those fees will be payable as to \$1,000,000 in cash and \$7,750,000 by way of the issue of an additional debt instrument by the Partnership upon the same terms as the debt instrument described above. The Company will also receive prepaid interest of up to \$1,000,000 for a total cash receipt of \$3,000,000. In the event that the Company receives the maximum amount of consideration, it will have reported revenue totaling approximately \$18,750,000 in 2007 and 2008 with few offsetting expenses relating to the transactions. The Company is in a position that its operating expenses, tax losses and loss carry forwards are expected to eliminate all taxes payable on this imputed profit from the sale of rights, management fees and associated interest income on the debt instrument. The management fees charged by the Company will be offset against amounts due under the debt instruments. The closing date for the transaction will be no later than December 28, 2007, at which time the Company will receive full payment. The Company will provide further disclosure at or prior to closing, detailing the exact amount of payment to be received and the specific assets to be sold.

The Company will have a contractual right whereunder it may purchase all, but not less than all, of the outstanding Units from the holders at their fair market value, subject to a minimum price. The minimum price will be an amount equal to an offset of all existing debt of the Partnership to the Company together with the issue of common shares from the Company treasury having a value of at least \$9,900,000 based on the 10 day average trading price prior to the date of exercise. The effect of the acquisition of all Units by the Company would be the reacquisition of all assets previously transferred to the Partnership. That option will be exercisable from January 10, 2009 through December 1, 2014 and will have as a precondition that the common shares of the Company have maintained an average trading price of at least \$0.50 over a 10 day period. In addition, the Company will enter into a liquidity agreement with the Partnership. That agreement will provide that, in the event that the Company does not exercise its option to acquire all of the Units, the holders of Units will have the option to require the Company to acquire all outstanding Units at the then fair market value of the Partnership. The consideration to the holders of

Units would be first an offset against existing debt instruments and secondly common shares from the treasury of the Company, valued at a price based upon the 10 day average trading price prior to the exercise of the option. The option under the liquidity agreement may only be exercised after December 1, 2014.

The result of the transaction will be that the Partnership will hold all right, title and interest in and to the Company's rights to exploit its proprietary reverse polymerization technology in all areas with the exception of tire and wastewater applications. The Company will, in turn, be engaged to manage the operations of the Partnership. Under the terms of its Management Agreement with the Partnership, the Company will also be entitled to receive 100% of all profit until all interest obligations have been paid and thereafter 55% of all profit for application against outstanding principal of the debt instruments. Once the debt instruments have been retired, the Company will be entitled to receive 75% of all profits generated through the operations of the Partnership. As the Company will be managing the business of the Partnership it will be in its best interest to maximize Partnership profits.

Management of the Company considers that the proposed transaction will have the effect of generating up to \$3,000,000 in cash which may be utilized to further its marketing and distribution efforts related to the tire and wastewater applications of its technology.

Management of the Company is seeking the approval of shareholders to the proposed transaction. Unless otherwise directed the persons named in the accompanying form of proxy intend to vote FOR approval of the proposed transaction.

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

The Company's Stock Option Plan currently allows for the issue of options to purchase up to 6,300,000 common shares to eligible participants. The Stock Option Plan is designed to motivate and retain directors, officers and key employees and other service providers, and to align their interests with those of the Company's shareholders. Management seeks the approval of shareholders to increase the number of common shares available for issue under the Plan to 7,100,000 common shares, representing less than 10% of the total number of shares in issue. Options are non-transferable, are outstanding for a maximum period of 5 years, subject to earlier termination if an optionee ceases to be an eligible participant and are granted at an exercise price no lower than the closing market price on the day prior to the grant. The board recently voted to amend the stock option plan by adding a 6-month vesting period to all new options issued from the AGM onward.

Approval of the increase in the number of common shares available for grant and the vesting period amendment requires the affirmative vote of a majority of the votes cast at the meeting other than votes attaching to common shares beneficially owned by insiders of the Company or their associates. To the best of the Company's knowledge, as at the date hereof, insiders and their associates own 9,841,888 common shares representing 13.7% of the issued and outstanding common shares. Insiders and their associates will refrain from voting on the resolution to increase the number of common shares available under the Stock Option Plan. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the approval of the resolution.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at 283 Station St, Ajax ON, L1S 1S3 to request copies of the Company's financial statements and MD&A.

Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year, which are filed on SEDAR.

**OTHER MATTERS**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
ENVIRONMENTAL WASTE INTERNATIONAL INC.**

**“Stephen Simms” President**

## SCHEDULE "A"

Environmental Waste International Inc.  
283 Station Street  
Ajax, Ontario  
L1S 1S3

### NOTICE OF CHANGE OF AUDITOR

To: Harvey Cantor Professional Corporation  
Suite 405  
1210 Sheppard Avenue East  
Toronto, Ontario M2K 1E3

(the "Former Auditor")

Rich Rotstein, Chartered Accountant  
175 Bloor Street East  
South Tower, Suite 303  
Toronto, Ontario M4W 3R8


(the "Successor Auditor")

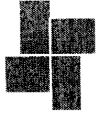
Pursuant to National Instrument 51-102, Environmental Waste International Inc. hereby gives notice of its change of auditors from Harvey Cantor Professional Corporation (the "Former Auditor") to Rich Rotstein, Chartered Accountants (the "Successor Auditor"). In accordance with National Instrument 51-102, the Issuer hereby states that:

1. the Former Auditor has resigned at the request of the Issuer;
2. there were no reservations in the auditor's report for the Issuer's financial years ending December 31, 2004 and December 31, 2005;
3. the resignation of Former Auditor and the appointment of the Successor Auditor has been considered and approved by the Issuer's Auditor Committee and board of directors;
4. in the opinion of the Issuer there have been no "reportable events" as defined in National Instrument 51-102.

Dated at Ajax, Ontario this 15 th day of January, 2007.

Environmental Waste International Inc.

Per:   
Michael Abrams, Chief Financial Officer



**HARVEY CANTOR PROFESSIONAL CORPORATION**

Chartered Accountant

(Authorized to practise public accounting by The Institute of Chartered Accountants of Ontario. Also Licenced as a C.P.A. in Oregon)

405-1210 Sheppard Ave. East  
Toronto, Ontario, M2K 1E3  
Telephone: (416) 644-2000  
E-Mail: cacpa@harcn.com  
Fax: (416) 502-0540

January 17, 2007

**British Columbia Securities Commission**  
701 West Georgia Street 4<sup>th</sup> Floor,  
P.O. Box 10142, Pacific Centre  
Vancouver, BC V7Y 1L2

**Ontario Securities Commission**  
20 Queen Street West, Suite 1903  
Toronto, Ontario M5H 3S8

**Alberta Securities Commission**  
200-5<sup>th</sup> Avenue SW  
Calgary, AB T2P 3C4

**TSX Venture Exchange**  
2700 - 650 West Georgia Street  
P.O. Box 11633  
Vancouver, BC V6B 4N9

**Re: Change of Auditor - Environmental Waste International Inc**

Dear Sirs:

We acknowledge receipt of the notice of change of auditors (the "Notice") dated January 15, 2007 delivered to us by fax by the above named company in respect of the replacement of Harvey Cantor Professional Corporation from the office of auditor of Environmental Waste International Inc. and the subsequent appointment of Rich Rotstein, Chartered Accountants.

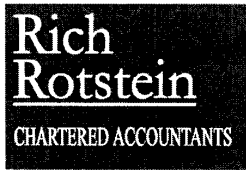
Please accept this letter as confirmation by that we have read the Notice and, based on our knowledge as at the time of receipt of the Notice, we agree with each of the statements contained therein that pertains to this firm.

We trust the foregoing is satisfactory.

Yours very truly,  
**Harvey Cantor Professional Corporation**

Per  
Harvey Cantor





175 Bloor St. East  
South Tower, Suite 303  
Toronto, Ontario M4W 3R8  
Telephone: 416-863-1400  
Facsimile: 416-863-4881  
email: [lsr@richrotstein.com](mailto:lsr@richrotstein.com)

January 15, 2007

To: Alberta Securities Commission  
4th Floor, 300 Fifth Avenue SW  
Calgary, AB T2P 3C4

British Columbia Securities Commission  
5th Floor, 701 West Georgia Street  
Vancouver, B.C. V7Y 1L2

Ontario Securities Commission  
1903 - 20 Queen Street West  
Toronto, Ontario M5H 3S8

Dear Sirs:

**Re: Environmental Waste International Inc. ("the Company")**

We are writing in accordance with Section 4.11(5)(a)(i) of National Instrument 51-102 Continuous Disclosure Obligations ("NI 51-102"). We wish to confirm that we have read the Notice of Change of Auditor of the Company dated January 15, 2007 and that based on our current knowledge we are in agreement with the information contained in such Notice.

Yours very truly

*Rich Rotstein*

Chartered Accountants



Member of T.I.A.G.



January 22, 2007

TSX Venture Exchange  
3rd Floor, 130 King Street West  
Toronto, Ontario  
M5X 1J2

**Re: Environmental Waste International Inc. (the "Company")  
Resignation and Appointment of Auditor**

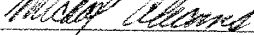
Dear Sirs:

The Company has received the resignation of its auditor, Harvey Cantor Professional Corporation and, pursuant to Section 149(3) of the Business Corporations Act whereunder the directors are entitled to fill any casual vacancy in the office of the auditor, the directors of the company have appointed Rich Rotstein, Chartered Accountants as the Company's auditor in the place of Harvey Cantor Professional Corporation.

As required by National Instrument 51-102, we enclose the Reporting Package, being the Notice of Change of Auditor and a letter from each of the former and successor auditors.

This material will be printed and mailed to the shareholders along with the meeting documents being sent out with respect to the company's next general meeting of shareholders.

Yours very truly,  
Environmental Waste International Inc.

Per:   
Michael Abrams, Chief Financial Officer

