

BENNETT ENVIRONMENTAL INC

Form 6-K

April 30, 2004

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the
Securities Exchange Act of 1934

For the month of April, 2004

Bennett Environmental Inc.

(Translation of registrant's name into English)

Suite 208, 1540 Cornwall Road, Oalville ON L6J 7W5

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Please note that pursuant to Rule 12g3-2(d)(1), this registrant, being registered under Section 12, is not eligible for redemption under Rule 12g3-2(b). Accordingly, the following two questions are not relevant to this registrant and are therefore left blank.

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):82-_____.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Bennett Environmental Inc.
(Registrant)

Date: April 29, 2004

By /s/ John Bennett
:

[Print] Name : John Bennett
Title : Chief Executive
Officer

**BENNETT
ENVIRONMENTAL INC.
NOTICE OF MEETING
and
MANAGEMENT
INFORMATION AND PROXY
CIRCULAR
for the
Annual and Special General Meeting
to be held on
Tuesday, May 25, 2004**

BENNETT ENVIRONMENTAL INC.

April 23, 2004

Dear shareholder:

It is my pleasure to invite you to attend the Corporation's 2004 Annual and Special General Meeting of shareholders. The meeting will be held on Tuesday, May 25, 2004 at 4:30 p.m. (Toronto time) at the TSX Conference Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario.

I enclose the formal Notice of Meeting, Management Information and Proxy Circular, and form of proxy. If you are unable to attend the meeting in person, please complete, date, sign and return the enclosed form of proxy in the envelope provided to ensure that your vote is counted.

Yours Sincerely,

(signed) John Bennett
Chairman

BENNETT ENVIRONMENTAL INC.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the annual and special general meeting (the **Meeting**) of the shareholders of Bennett Environmental Inc. (the **Corporation**) will be held at the TSX Conference Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario on Tuesday, May 25, 2004 at 4:30 p.m. (Toronto time), for the following purposes:

- (a) to receive the annual report of the directors to the shareholders of the Corporation;
- (b) to receive the financial statements of the Corporation for the fiscal year ended December 31, 2003, together with the report of the auditors thereon;
- (c) to elect directors to hold office until the next annual general meeting;
- (d) to appoint KPMG LLP, Chartered Accountants, as auditor to hold office until the next annual general meeting at a remuneration to be fixed by the directors of the Corporation;
- (e) to consider and, if thought appropriate, to pass an ordinary resolution renewing the Amended and Restated Shareholder Rights Plan Agreement dated May 24, 2001 (the Amended and Restated Rights Plan) between the Corporation and Computershare Trust Company of Canada, the complete text of which is set out under Particular Matters to be acted Upon Renewal of Shareholders Rights Plan in the attached Management Information and Proxy Circular for the Meeting and is incorporated herein by reference; and
- (f) to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Accompanying this Notice of Meeting are: (1) a Management Information and Proxy Circular; (2) a form of proxy and notes thereto; and (3) a reply card for use by shareholders who wish to receive the Corporation's interim and/or annual financial statements.

If you are a *registered shareholder* of the Corporation and are unable to attend the Meeting in person, please date and execute the accompanying form of proxy, and deposit it with Computershare Trust Company of Canada at 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department before 4:30 p.m. (Toronto time) on Friday, May 21, 2004, or not less than 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting, unless the Chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

If you are a *non-registered shareholder* of the Corporation and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or such other intermediary. **If you fail to follow these instructions, your shares may not be eligible to be voted at the Meeting.**

This Notice of Meeting, the Management Information and Proxy Circular, the form of proxy and notes thereto for the Meeting, and the reply card are first being sent to shareholders of the Corporation on or about May 4, 2004.

DATED at Vancouver, British Columbia, this 23 day of April, 2004.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) John Bennett
Chairman

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BENNETT ENVIRONMENTAL INC.

MANAGEMENT INFORMATION AND PROXY CIRCULAR

Solicitation of Proxies

This Management Information and Proxy Circular (Information Circular) is furnished in connection with the solicitation of proxies by the management of Bennett Environmental Inc. (BEI or the Corporation) to be voted at the annual and special general meeting of the shareholders of the Corporation to be held on Tuesday, May 25, 2004 (the Meeting) at the time and place and for the purposes set forth in the accompanying Notice of Meeting.

It is anticipated that this Information Circular and the accompanying Notice of Meeting and form of proxy will be first mailed to the shareholders of the Corporation on or about May 4, 2004. Unless otherwise stated, the information contained in this Information Circular is given as at April 7, 2004.

While it is expected that the solicitation for proxies will be conducted primarily by mail, the directors and employees of the Corporation may, without special compensation, solicit proxies personally or by telephone. The Corporation may retain other persons or companies to solicit proxies on behalf of management, in which event the customary fees for such services will be paid. All costs of solicitation will be borne by the Corporation.

Appointment and Revocation of Proxies

The individuals named in the accompanying form of proxy are directors or officers of the Corporation. A shareholder wishing to appoint some other person (who need not be a shareholder) to represent him or her at the Meeting has the right to do so, either by inserting such person's name in the blank space provided in the form of proxy and striking out the two printed names, or by completing another form of proxy. A proxy will not be valid unless the duly completed, signed and dated form of proxy is received at the office of Computershare Trust Company of Canada at 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department before 4:30 p.m. (Toronto time) on Friday, May 21, 2004, or not less than 48 hours (excluding Saturdays, Sundays and holidays) or any adjournment thereof, unless the Chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

A shareholder who has given a proxy may revoke it (a) by an instrument in writing executed by the shareholder or by his or her attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either (i) to the registered office of the Corporation at 900 Waterfront Centre, 200 Burrard Street, Vancouver, British Columbia, V7X 1T2 at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, or (ii) to the Chairman of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof, or (b) in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

Voting of Shares Represented by Proxy and Discretionary Powers

Common Shares represented by proxies may be voted by the proxyholder on a show of hands, except where the proxyholder has conflicting instructions from more than one shareholder, in which case such proxyholder will not be entitled to vote on a show of hands. In addition, Common Shares represented by proxies will be voted on any poll. In either case, where a choice with respect to any matter to be acted upon has been specified in the proxy, the Common Shares will be voted or withheld from

voting in accordance with the specification so made. **Where no choice is so specified with respect to any resolution or in the absence of certain instructions, the Common Shares represented by a proxy given to management will be voted in favour of the resolution. If more than one direction is made with respect to any resolution, such Common Shares will similarly be voted in favour of the resolution.**

The enclosed form of proxy when properly completed and delivered and not revoked confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgement on such matters or business. At the time of the printing of this Information Circular, the management of the Corporation knows of no such amendment, variation or other matter which may be presented to the Meeting.

Record Date and Right to Vote

The record date for the determination of shareholders entitled to receive notice of the Meeting has been fixed by the Board of Directors at the close of business on April 20, 2004.

Every shareholder of record at the close of business on April 20, 2004 who personally attends the Meeting will be entitled to vote at the Meeting or any adjournment thereof, except to the extent that:

- (a) such shareholder has transferred the ownership of any of his or her Common Shares after April 20, 2004; and
- (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares, and demands, not later than 10 days before the Meeting, that his or her name be included in the list of shareholders entitled to vote at the Meeting, in which case the transferee is entitled to vote those Common Shares at the Meeting.

A person duly appointed under an instrument of proxy will be entitled to vote the Common Shares represented thereby only if the proxy is properly completed and delivered in accordance with the requirements set out above under Appointment and Revocation of Proxies and has not been revoked.

Securities Entitled to Vote

As of April 19, 2004, 18,305,739 Common Shares were issued and outstanding. The Corporation has no other classes of voting securities.

Every shareholder who is present in person and entitled to vote at the Meeting shall have one vote on a show of hands and on a poll shall have one vote for each Common Share of which the shareholder is the registered holder and such shareholder may exercise such vote either in person or by proxyholder.

Principal Shareholders

To the knowledge of the directors and senior officers of the Corporation, no persons or companies beneficially own, directly or indirectly, or exercise control or direction over Common Shares

carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Corporation.

Quorum and Percentage of Votes Necessary to Pass Resolutions

Under By-Law No. 1 of the Corporation, the quorum for the transaction of business at the Meeting consists of two persons present in person, each being a shareholder entitled to vote at the Meeting or a duly appointed proxyholder for an absent shareholder so entitled, and holding or representing not less than 10% of the total number of issued Common Shares outstanding as of April 20, 2004 entitled to vote.

An ordinary resolution submitted for approval at the Meeting must be passed by a simple majority of the votes cast, in person or by proxies, at the Meeting. The ordinary resolution to approve an amendment to the Amended and Restated Shareholder Rights Plan Agreement dated made as of May 24, 2001, as described under Particulars of Matters to be Acted Upon Renewal of Shareholders Rights Plan , must be approved by a majority of more than 50% of the votes cast by the Independent Shareholders as defined in the Amended and Restated Shareholder Rights Plan. Independent Shareholders are defined in the Amended and Restated Shareholder Rights Plan as all holders of Common Shares, excluding any Acquiring Person (as defined in the Amended and Restated Shareholder Rights Plan), any person who announced an intention to make a take-over bid for the Common Shares, any affiliate, associate or person acting jointly or in concert with such excluded persons, and except in certain circumstances, any trustee of any employee benefit plan, share purchase plan, deferred profit sharing plan or other similar plan or trust for the benefit of employees of the Corporation. As of the date of this Information Circular, the Corporation is not aware of any votes that will not be counted for the purposes of determining whether this majority has been obtained.

Particulars of Matters to be Acted Upon

Election of Directors

The Board of Directors presently consists of six directors. The Articles of the Corporation stipulate that there shall be a minimum of two and a maximum of 15 directors.

The term of office of each of the present directors expires at the Meeting. The six persons named below will be presented for election at the Meeting as management s nominees and the persons named in the accompanying form of proxy intend to vote for the election of these nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of shareholders of the Corporation or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles or By-laws of the Corporation or with the provisions of the CBCA.

The following table sets out the names of nominees for election as directors, the country in which each is ordinarily resident, all offices of the Corporation now held by each of them, their principal occupations, the period of time for which each has been a director of the Corporation and the number of Common Shares of the Corporation or any of its subsidiaries beneficially owned by each, directly or indirectly, or over which control or direction is exercised, as at April 7, 2004:

Name, Position and Country of Residence ⁽¹⁾	Principal Occupation or Employment ⁽¹⁾	Director Since	Common Shares Held ⁽¹⁾
John Bennett Canada <i>Director and Chairman</i>	Chairman and former CEO of the Corporation	1992	1,552,619 ⁽²⁾
Adam Lapointe ^{(3) (4)} Canada <i>Director</i>	President Pluri-Capital Inc., a Quebec based venture capital company	2001	100
Pierre Meunier ⁽⁵⁾ Canada <i>Director</i>	Partner Fasken Martineau DuMoulin, a law firm	1997	33,500
George Ploder ^{(3) (6) (7)} Canada <i>Director</i>	Director of various companies ⁽⁷⁾	2002	10,000
David Williams ^{(3) (4)} Canada <i>Director</i>	President Roxborough Holdings Ltd., a private investment company	2002	300,000
James Blanchard ⁽⁴⁾ USA <i>Director</i>	Partner Piper Rudnick LLP	2003	Nil

(1) The information as to country of residence, principal occupation or employment, and Common Shares beneficially owned is not within the knowledge of management of the Corporation and has been furnished by the respective nominees. The principal occupation or employment of the directors are for the past five years. Information regarding Common Shares held does not include Common Shares issuable upon the exercise of options, stock appreciation rights or warrants.

(2) Includes 537,494 Common Shares held by Mr. Bennett's wife.

(3) Member of the Audit Committee.

(4) Member of the Corporate Governance Committee.

(5) Member of the Environmental Review and Safety Committee.

(6) Member of the Human Resources and Compensation Committee.

- (7) Mr. Ploder is currently a director of Vital Retirement Living Inc., a company that provides retirement services and facilities, Patheon Inc., a provider of pharmaceutical contract manufacturing and drug development services. Until March 1999, Mr. Ploder was the President and Chief Executive Officer of Bracknell Corporation, a Toronto Stock Exchange listed North American facilities service provider.

Appointment of Auditor

Unless otherwise instructed, the proxies given pursuant to this solicitation for the Meeting will be voted for the re-appointment of KPMG LLP, Chartered Accountants, of Vancouver, British Columbia, as the auditor of the Corporation to hold office until the close of the next annual general meeting of the Corporation at a remuneration to be fixed by the directors of the Corporation. KPMG LLP was first appointed auditor of the Corporation in 1992.

Renewal of Shareholders Rights Plan

Background of the Rights Plan

Effective April 29, 1998, the Corporation entered into a Shareholder Rights Plan Agreement (the **Original Shareholder Rights Plan**) with Computershare Trust Company of Canada (formerly Montreal Trust Company of Canada), as a rights agent. The Original Shareholder Rights Plan was approved by Board of Directors on April 29, 1998 and was subsequently confirmed by the shareholders of the Corporation at the Corporation's Annual General Meeting held on June 5, 1998.

The Original Shareholder Rights Plan had a term of three years, expiring at the close of the Corporation's Annual General Meeting held on May 24, 2001. On April 11, 2001 the Board of Directors approved two amendments to the Original Shareholder Rights Plan, subject to the approval of shareholders and applicable regulatory authorities: (i) an amendment to renew the term of the Original Shareholder Rights Plan for a further three years expiring at the close of the first annual meeting of shareholders after April 29, 2004, and (ii) to exclude from the definition of persons deemed to Beneficially Own securities of the Corporation, persons who have entered into lock-up agreements with existing shareholders provided such agreements meet certain conditions. At the Annual and Special General Meeting held on May 24, 2001 the shareholders approved the Amended and Restated Shareholder Rights Plan Agreement, which incorporated the Original Shareholder Rights Plan and the approved amendments.

On April 7, 2004, the Board of Directors approved, subject to the approval of shareholders and applicable regulatory authorities an amendment to the Amended and Restated Shareholder Rights Plan (the **Second Amended and Restated Shareholder Rights Plan**) to renew the term of the Amended and Restated Shareholder Rights Plan for a further three years expiring at the close of the first annual meeting of shareholders after April 29, 2007.

Implementation of the Second Amended and Restated Shareholder Rights Plan will be subject to, among other things, the approval of the Toronto Stock Exchange and approval at the Meeting by the requisite majority of the shareholders. The proposed amendment must be approved by a majority of more than 50% of the votes cast by Independent Shareholders (as defined in the Amended and Restated Shareholder Rights Plan). See Quorum and Percentage of Votes Necessary to Pass Resolutions.

A draft copy of the Second Amended and Restated Rights Plan is attached as **Schedule A** to this Information Circular. Unless otherwise defined, capitalized terms used in this Information Circular in relation to the Rights Plan have the same meaning given to them in the Second Amended and Restated Rights Plan. A brief description of the background and purpose of the Rights Plan and a summary of the terms of the Second Amended and Restated Rights Plan is set out below.

Renewal of Shareholders Rights Plan

The Rights Plan is designed to encourage the fair treatment of shareholders in connection with any take-over offer for the Corporation. The Rights Plan will provide the Board of Directors and the shareholders with more time to fully consider any unsolicited take-over bid for the Corporation without undue pressure, to allow the Board of Directors to pursue, if appropriate, other alternatives to maximize shareholder value and to allow additional time for competing bids to emerge. Currently, securities legislation in Canada requires a take-over offer to remain open for only 35 days. The Board of Directors does not believe that this period will always be sufficient to permit the Board of Directors to determine whether there may be alternatives available to maximize shareholder value or whether other bidders may be prepared to pay more for the Corporation's shares than the offeror.

Neither at the time of adoption of the Rights Plan nor at the date of this Information Circular was the Board of Directors aware of any pending or threatened take-over bid or offer for Common Shares.

Under the Rights Plan, a bidder making a Permitted Bid for Common Shares of the Corporation may not take up any shares before the close of business on the 60th day after the date of the bid and unless more than 50.1% of the Corporation's Common Shares not Beneficially Owned by the person making the bid and certain related parties are deposited, in which case the bid must be extended for 10 business days on the same terms. The Rights Plan will encourage an offeror to proceed by way of Permitted Bid or to approach the Board with a view to negotiation by creating the potential for substantial dilution of the Offeror's position. The Permitted Bid provisions of the Rights Plan are designed to ensure that, in any take-over bid, all shareholders are treated equally, receive the maximum available value for their investment and are given adequate time to properly assess the bid on a fully informed basis. The Rights Plan may preclude the consideration or acceptance of offers which are inadequate and do not meet the requirements of a Permitted Bid.

The Rights Plan is not being proposed in response to, or in anticipation of, any acquisition or take-over offer and is not intended to prevent a take-over of the Corporation, to secure continuance of current management or the directors in office or to deter fair offers for the Common Shares of the Corporation. The Rights Plan does not inhibit any shareholder from using the proxy mechanism set out in the *Canada Business Corporations Act* to promote a change in the management or direction of the Corporation, including the right of holders of not less than 5% of the issued noting shares to requisition the directors to call a meeting of shareholders to transact any proper business stated in the requisitions. The Rights Plan may, however, increase the price to be paid by a potential offeror to obtain control of the Corporation and may discourage certain transactions.

The Rights Plan does not affect in any way the financial condition of the Corporation. The initial issuance of the Rights was not dilutive and will not affect reported earnings or cash flow per share until the Rights separate from the underlying Common Shares and become exercisable. The Rights Plan will not lessen or affect the duty of the Board to act honestly and in good faith and in the best interest of the Corporation. The Rights Plan is designed to provide the board with the means to negotiate with an offeror and with sufficient time to seek out and identify alternative transactions on behalf of the Corporation's shareholders.

Summary of Terms

To implement the Rights Plan, one Right was issued by the Corporation in respect of each Common Share outstanding at 4:30 p.m. (Vancouver time) on April 29, 1998 (the **Record Time**). Also, one Right has and will be issued for each additional Common Share issued after the Record Time and prior to the earlier of the Separation Time and Expiration Time. Each Right will entitle the holder to purchase from the Corporation one Common Share at the price of \$100, subject to certain anti-dilution adjustments. The Rights, however, will not be exercisable until the Separation Time. Upon the occurrence of a Flip-in Event, each Right will entitle the holder to purchase for \$100 Common Shares having a market price of \$200.

This issuance of Rights will not change the manner in which shareholders currently trade their Common Shares. Shareholders do not have to return their certificates in order to have the benefit of the Rights.

Until the Separation Time, the Rights will trade together with the Common Shares, will be represented by the Common Share certificates and will not be exercisable. After the Separation Time, the

Rights will become exercisable, will be evidenced by Rights certificates and will be transferable separately from the Common Shares.

The **Separation Time** is defined in the Rights Plan as the close of business on the eighth Trading Day (or such earlier or later date as may be determined by the Board) after the earlier of:

- (a) the Stock Acquisition Date, which is the date of the first public announcement that a Person has become an Acquiring Person (defined in the Rights Plan as a person who has acquired, other than pursuant to an exemption available under the Rights Plan or pursuant to a Permitted Bid, Beneficial Ownership of 20% or more of the Voting Shares of the Corporation); and
- (b) the date of the commencement of, or first public announcement of an intention to commence, a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid) to acquire Beneficial Ownership of 20% or more of the Voting Shares of the Corporation.

A **Permitted Bid** is defined in the Rights Agreement as a Take-over Bid made by takeover bid circular and which also complies with the following requirements:

- (a) the bid is made by take-over bid circular to all holders of Common Shares wherever resident; and
- (b) the Take-over Bid must be open for at least 60 days and more than 50.1% of the outstanding Common Shares of the Corporation (other than shares Beneficially Owned by the Offeror on the date of the bid) must be deposited under the bid and not withdrawn before any shares may be take up and paid for and, if more than 50.1% of the Common Shares are so deposited and not withdrawn, an announcement of such fact must remain open for a further 10-day period.

If an Offeror successfully completes a Permitted Bid, the Rights Plan provides that the Rights will be redeemed at \$0.00001 per Right.

A Permitted Bid, even if not approved by the Board, may be taken directly to the shareholders of the Corporation. Shareholders' approval at a meeting will not be required for a Permitted Bid. Instead, shareholders of the Corporation will initially have 60 days to deposit their shares. If more than 50.1% of the outstanding Common Shares of the Corporation (other than Common Shares Beneficially Owned by the Offeror on the date of the Take-over Bid) have been deposited and not withdrawn by the end of such 60-day period, the Permitted Bid must be extended for a further period of 10 days to allow initially disapproving shareholders to deposit their shares if they so choose.

If a potential Offeror does not wish to make a Permitted Bid, it can negotiate with, and obtain the prior approval of, the Board to make a bid by Take-over Bid circular on terms which the Board considers fair to all shareholders. In such circumstances, the Board may waive the application of the Rights Plan to that transaction, thereby allowing such bid to proceed without dilution to the Offeror, and will be deemed to have waived the application of the Rights Plan to all other contemporaneous bids made to Take-over Bid circular. All other waivers require shareholder approval.

Under the Second Amended and Restated Rights Plan Agreement, a Flip-in Event is any transaction or event in which any Person becomes an Acquiring Person. Except as set out below, from and after the close of business on the eighth trading day following the Stock Acquisition Date:

- (a) any Rights Beneficially Owned by the Acquiring Person and affiliates, associates and transferees of the Acquiring Person or any person acting jointly or in concert with the Acquiring Person will become void; and

(b) each Right (other than Rights which are void) will entitle the holder thereof to purchase Common Shares having a market price of \$200 for \$100.

Accordingly, a Flip-in Event that is not approved by the Board will result in significant dilution to an Acquiring Person. The Board may, with shareholder approval, at any time prior to the occurrence of a Flip-in Event, elect to redeem all of the outstanding Rights at a redemption price of \$0.00001 per Right.

The Corporation may, from time to time supplement or amend the Second Amended and Restated Rights Plan Agreement to correct clerical or typographical errors or to maintain the enforceability of the Rights Plan as a result of a change in law. All other amendments require shareholder and regulatory approval.

Canadian Federal Income Tax Consequences

The Corporation will not include any amount in income for the purposes of the *Income Tax Act* (Canada) (the **Act**) as a result of the issue of the Rights. A right to acquire additional shares of the Corporation granted to a holder of Common Shares does not constitute a taxable benefit to the recipient that must be included in the income or that is subject to non-resident withholding tax if all holders of Common Shares are granted the right. A Right was issued in respect of each Common Share outstanding at the Record Time. Therefore, holders of Common Shares should not have an income inclusion or liability for non-resident withholding tax upon the issuance of the Rights. In any event, the Corporation considers that the Rights have a negligible monetary value because the Corporation is not aware of any acquisition or take-over offer which will give right to a Flip-in Event and there is only a remote possibility that the Rights will be exercised.

Shareholder Approval

At the Meeting, shareholders will be asked to consider and, if thought appropriate, to pass the following ordinary resolution:

IT IS HEREBY RESOLVED, as an ordinary resolution of the shareholders of the Corporation, that:

- (a) the amendments to the Amended and Restated Shareholder Rights Plan Agreement made as of May 24, 2001 between the Corporation and Computershare Trust Company of Canada as rights agent, substantially as described in the Management Information and Proxy Circular for the 2004 annual and special general meeting of shareholders of the Corporation, in such final form as may be approved by the Board of Directors of the Corporation and the Toronto Stock Exchange, are hereby approved; and
- (b) any one of a group comprised of the directors and officers of the Corporation be, and is hereby authorized and directed, for and on behalf of and in the name of the Corporation, to do all such acts and things to execute, whether under the corporate seal of the Corporation or otherwise, and to deliver the agreement evidencing such amendments and all such documents and instruments, as may be considered necessary or desirable to give effect to the foregoing.

Directors Recommendation

The Board of Directors has determined that it is in the best interests of the Corporation and its shareholders to have a Rights Plan and unanimously recommends that shareholders vote in favour of the amendments to the Amended and Restated Shareholder Rights Plan described above.

Executive Compensation*Summary Compensation Table*

The table below contains a summary of the compensation paid to, or earned by, the Corporation's Chief Executive Officer, and the Corporation's four most highly compensated executive officers (other than the Chief Executive Officer) who were serving as executive officers at the end of the Corporation's most recently completed financial year and during such year received, in their capacity as officers of the Corporation and any of its subsidiaries, in excess of \$100,000 (collectively, the **Named Executive Officers**), for each of the Corporation's three most recently completed financial years ended December 31, 2003, 2002 and 2001.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation	All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation ⁽¹⁾ (\$)	Number of Common Shares under Options/SARs Granted ⁽²⁾ (#) ⁽⁶⁾	
John Bennett ⁽³⁾ <i>Chairman and formerly, Chief Executive Officer</i> ⁽⁴⁾	2003	251,705	142,300	11,327	30,000	nil
	2002	241,328	258,250	11,983	95,000 ⁽⁶⁾	nil
	2001	235,463	nil	11,163	60,000	nil
Rick Stern ⁽⁵⁾ <i>Chief Financial Officer and Secretary</i>	2003	156,450	142,300	4,902	30,000	nil
	2002	150,000	258,250	7,648	70,000 ⁽⁶⁾	nil
	2001	125,000	nil	5,461	85,000	nil
Danny Ponn <i>Chief Operating Officer</i>	2003	153,321	142,300	11,847	30,000	nil
	2002	147,000	258,250	10,251	70,000 ⁽⁶⁾	nil
	2001	138,000	nil	9,438	50,000	nil
Zul Tejpar <i>Vice President Marketing</i>	2003	146,020	142,300	12,659	30,000	nil
	2002	140,000	258,250	12,217	70,000 ⁽⁶⁾	nil
	2001	125,400	nil	10,269	50,000	nil

- (1) Perquisites and other personal benefits for the most recently completed financial year do not exceed the lesser of \$50,000 or 10% of the total annual salary and bonus for any of the Named Executive Officers unless otherwise noted.
- (2) All securities under option and subject to stock appreciation rights are for Common Shares of the Corporation.
- (3) Mr. Bennett was the Chairman and Chief Executive Officer of the Corporation until February 18, 2004, at which time he ceased to act as Chief Executive Officer but continued as the Chairman of the Corporation. Mr. Bennett's compensation is paid to him both directly and through a company, all the shares of which are owned by Mr. Bennett and his wife, Anne Bennett.
- (4) Mr. Allan Bulckaert was appointed Chief Executive Officer effective February 18, 2004.
- (5) Mr. Stern was appointed as the Chief Financial Officer and Secretary of the Corporation effective April 1, 2001.

- (6) On July 16, 2002 John Bennett was granted 95,000 stock options and each of Rick Stern, Danny Ponn and Zul Tejpar were granted 70,000 options. The stock options granted to the Named Executive Officers on July 16, 2002 were cancelled by the Board of Directors on October 7, 2002.

Long-Term Incentive Plan

The Corporation does not presently have a long-term incentive plan for its Named Executive Officers.

Stock Options

The Corporation has established a Stock Option Plan for the granting of incentive stock options and stock appreciation rights (**SARs**) to directors, officers and employees of the Corporation or any of its subsidiaries, or to a consultant. The purpose of granting such options and SARs is to assist the Corporation in attracting, retaining and motivating directors, officers and employees of the Corporation or any of its subsidiaries, or a consultant, and to more closely align the personal interests of such directors, officers, employees and consultants to those of shareholders.

The Stock Option Plan permits the Board of Directors to grant options for the purchase of Common Shares of the Corporation for a term of up to 10 years. The number of Common Shares granted pursuant to each option is determined in the discretion of the Board of Directors, provided that (i) in the case of any one person, the aggregate number of Common Shares reserved for issuance may not exceed 5% of the Common Shares outstanding at the time of the grant less the aggregate number of Common Shares reserved for issuance to such person under any other option to purchase Common Shares from treasury granted as a compensation or incentive mechanism, and (ii) in the case of insiders, the aggregate number of Common Shares reserved for issuance may not exceed 10% of the Common Shares outstanding at the time of the issuance, less the aggregate number of Common Shares reserved for issuance to insiders under the Stock Option Plan or any other share compensation agreement.

In accordance with the provisions of the Stock Option Plan, the option price and the terms and conditions on which the options may be exercised are set out in written stock option agreements, in the form approved by the Board of Directors, entered into by the Corporation and each option holder. Under the Stock Option Plan, the option price is determined by the Board of Directors, provided that the price is not less than the closing price of the Common Shares on the stock exchanges where they are traded on the trading day immediately preceding the date of the grant, or in the event that there were no transactions during the 10 day trading period immediately preceding the date of the grant, such value as determined by resolution of the Board of Directors, subject to the necessary approvals of applicable regulatory authorities. The options are not transferable and terminate on the earlier of the expiry date and 30 days after the optionee ceases to be eligible for any reason whatsoever, other than death. In the event of death, the option is fully exercisable by the optionee's legal representative on the earlier of the expiry date and six months from the date of death. If within six months of a change in control of the Corporation an optionee ceases to be eligible to receive stock options for any reason other than death, the optionee will be permitted to exercise his or her options until the earlier of the expiry date for those options and the date that is 12 months from the date of such termination.

Stock Option and Stock Appreciation Right Grants

A summary of stock options and SARs granted to the Named Executive Officers under the Stock Option Plan during the financial year ended December 31, 2003 is set out in the table below. All stock options and SARs are for Common Shares of the Corporation.

**Option and Stock Appreciation Right Grants During the
Most Recently Completed Financial Year**

Name	Number of Securities Options/SARs Granted Under Option/SARs Granted (#)	% of Total Options/SARs Granted to Employees in Financial Year (%)	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options/SARs on the Date of Grant (\$/Security)⁽¹⁾	Expiry Date
John Bennett	30,000	11%	14.29	14.29	April 14, 2008
Rick Stern	30,000	11%	14.29	14.29	April 14, 2008
Danny Ponn	30,000	11%	14.29	14.29	April 14, 2008
Zul Tejpar	30,000	11%	14.29	14.29	April 14, 2008

⁽¹⁾ The market value of the Common Shares on the date of grant of the options or SARs is the closing price per share at which the Common Shares were traded on the Toronto Stock Exchange on the day preceding the date of grant. The reported high and low trading prices of the Corporation's Common Shares on the Toronto Stock Exchange for the 30 days prior to the date of the grants of the options referred to above are set out in the table below.

	Toronto Stock Exchange	
	High	Low
March 13, 2003 to April 13, 2003	\$14.47	\$10.49

Aggregated Stock Option and Stock Appreciation Right Exercises and Value of Unexercised Options

A summary of the exercise of options and SARs by the Named Executive Officers during the financial year ended December 31, 2003 and the value at December 31, 2003 of unexercised in-the-money options and SARs held by the Named Executive Officers is set out in the table below.

**Aggregated Option Exercises During the Most Recently Completed Financial Year
and Financial Year-End Option Values**

**Value of
Unexercised**

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options/SARs at Financial Year-End Exercisable/ Unexercisable (#)	in-the-Money Options/SARs at Financial Year-End Exercisable/ Unexercisable ⁽¹⁾ (\$)
John Bennett	Nil	Nil	240,000/0	1,080,112/0
Rick Stern	30,500	363,070	54,100/0	505,097/0

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options/SARs at Financial Year-End Exercisable/ Unexercisable	Value of Unexercised in-the-Money Options/SARs at Financial Year-End Exercisable/ Unexercisable ⁽¹⁾
			(#)	(\$)
Danny Ponn	145,000	3,207,888	80,000/0	686,600/0
Zul Tejpar	Nil	Nil	127,500/0	826,875/0

⁽¹⁾ Based on the closing trading price of the Common Shares on the Toronto Stock Exchange on the last trading day of the most recently completed financial year, being \$26.78.

Pension and Retirement Savings Plans

Except as described below, the Corporation and its subsidiaries do not have any pension arrangements.

Pursuant to a reward-for-tenure agreement between the Corporation and John Bennett, the Corporation is obligated, for a period of 10 years ending in 2003, to fund an insurance policy, the proceeds of which will be used as a pension for Mr. Bennett. If Mr. Bennett remains employed by the Corporation for the full 10-year term, the proceeds of this policy are expected to generate an annual pension of \$69,000.

Termination of Employment, Change in Responsibilities and Employment Contracts

During the financial year ended December 31, 2003, the Corporation had agreements with John Bennett, Rick Stern, Danny Ponn, Zul Tejpar whereby the Corporation agreed to pay these Named Executive Officers an annually adjusted salary and a bonus, other perquisites and personal benefits in consideration for services rendered to the Corporation. Under the terms of the agreements, if the employment of a Named Executive Officer is terminated for reasons including a change of control, the Corporation may be obligated to pay the Named Executive Officer for each full or partial year of service provided to the Corporation, an amount equal to 1/6th of the Named Executive Officer's current annual salary and the most recent bonus awarded to him (or the most recent bonus awarded prior to termination, whichever is higher), plus in the case of a change in control, 1/2 of the Named Executive Officer's annual salary.

In addition, the Corporation has entered into a consulting contract with Bennett Environmental Consultants Ltd., a company all of the shares of which are owned by John Bennett and his wife, Anne Bennett, for Mr. Bennett's services to the Corporation in consideration for annual compensation in the amount of \$201,888.68, plus consulting bonuses. Under the terms of this consulting contract, for reasons including a change of control, the Corporation will be obligated to pay Mr. Bennett the sum of \$201,888.68 to terminate the contract.

Compensation of Directors

In October, 2003, the Board of Directors approved an arrangement for the payment of directors fees. Each director that is not a member of management is to be paid an annual fee of \$20,000 plus a fee of \$1,000 for each meeting attended in person and \$500 for each meeting attended by conference call.

Any director who acts as chairman of any Board committee receives an additional annual fee of \$5,000. Directors are also reimbursed for reasonable expenses incurred in connection with their duties as directors, including travel expenses. In 2003, each member of the Board (other than John Bennett) received \$11,500 in directors' fees.

The Corporation has no formal arrangement for the payment of non-cash compensation to its directors in their capacity as directors. During the financial period ended December 31, 2003, the following directors of the Corporation were granted the stock options set out in the table below.

Name	Number of Securities Under Option granted (#)	Exercise or Base Price (\$/Security)	Market Value on Date of Grant (\$/Security)	Expiry Date
John Bennett	30,000	14.29	\$ 15.12	April 14, 2008
Adam LaPointe	Nil	N/A	N/A	N/A
Pierre Meunier	Nil	N/A	N/A	N/A
George Ploder	Nil	N/A	N/A	N/A
David Williams	Nil	N/A	N/A	N/A
James Blanchard	30,000	21.80	\$ 22.90	Nov 12, 2008

Director and Officer Liability Insurance

The Corporation has purchased and maintains insurance in the amount of US\$15 million for the benefit of the directors and officers of the Corporation against liabilities incurred by such persons as directors and officers of the Corporation and its subsidiaries, except where the liability relates to such persons failure to act honestly and in good faith with a view to the best interests of the Corporation. The annual premium paid by the Corporation for this insurance in respect of the directors and officers as a group is US\$291,303.07. No premium for this insurance is paid by the individual directors and officers. The insurance contract underlying this insurance does not expose the Corporation to any liability in addition to the payment of the required premiums.

Report on Executive Compensation

The Board of Directors formed a Human Resources and Compensation Committee on February 10, 2004. However, in 2003, it was the responsibility of the Board of Directors as a whole to review and recommend compensation policies and programs to the Corporation as well as salary and benefit levels for its executives. As this report on executive compensation relates to the fiscal year 2003, it has been prepared and approved by the entire Board of Directors of the Corporation. During the 2003 fiscal year, John Bennett was a member of the Board of Directors and an executive of the Corporation.

The Corporation's compensation policies and programs are designed to be competitive with the industry and to recognize and reward executive performance consistent with the success of the Corporation's business. These policies and programs are intended to attract and retain capable and experienced people.

In addition to industry comparables, the Board of Directors considers a variety of factors when determining both compensation policies and programs and individual compensation levels. These factors

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include the long range interests of the Corporation and its shareholders, overall financial and operating performance of the Corporation and the Board of Directors' assessment of each executive's individual performance and contribution towards meeting goals and objectives. In 2003, the Board of Directors considered the same factors in its determination of Mr. Bennett's compensation as Chief Executive Officer during 2003.

Mr. Bennett's compensation was comprised of three components, salary, cash bonuses and stock options/SAR's. On average, compensation is generally comprised of 40% salary, 30% cash bonus and 30% stock options/SAR's. The salary component was considered to be comprised of direct salary from the Corporation and payment as part of a management consulting fee agreement Mr. Bennett has with the Corporation. Mr. Bennett's salary was last revised in 2001 and the salary was set by the Board at a level subjectively determined to be commensurate with the role, responsibilities and objectives for the position. Mr. Bennett's salary for 2003 was \$251,705.

Mr. Allan Bulckaert was appointed Chief Executive Officer of the Corporation effective February 18, 2004. Mr. Bulckaert's salary was set by the Board using the general compensation guidelines of 40% salary, 30% cash bonus and 30% stock options. Mr. Bulckaert's annual salary for fiscal 2004 of \$300,000 was subjectively determined to be commensurate with the role, responsibilities and objectives for the position.

The total compensation plan for executive officers is comprised of three components: base salary, cash bonuses and stock options/SAR's. The relative emphasis placed on each of the various components is dependent on the individual circumstances of the executive officer. However, on average, compensation is generally comprised of one-third salary, one-third cash bonus and one-third stock options/SAR's. In establishing base salaries, the Board of Directors reviews competitive market data, salary surveys and consults with recruitment specialists for each of the executive positions and determines a placement at an appropriate level in a range. Compensation is typically negotiated with the candidate for the position prior to his or her final selection as an executive officer.

Cash bonuses are used to reward officers for meeting specific performance targets as mutually agreed upon on an annual basis. All officers are eligible for the same cash bonus structure based on a sliding scale percentage of EBITDA (earnings before interest, taxes, depreciation and amortization) to a maximum payout per officer. Based upon the Corporation's performance for 2003, cash bonus payments of \$142,300 were made in 2004 to each officer.

The third component of the compensation plan is the Stock Option Plan. As stated above, the purpose of granting stock options and SAR's is to assist the Corporation in attracting, retaining and motivating directors, officers and employees of the Corporation or any of its subsidiaries, or a consultant and to closely align the personal interests of such directors, officers, employees and consultants with those of shareholders. The amount and terms of outstanding options and SAR's are taken into account when determining whether and how many new option and SAR grants be made.

Submitted By: John Bennett
Adam Lapointe
George Ploder
David Williams
James Blanchard

Performance Graph

The following graph compares the yearly percentage change in the Corporation's cumulative total shareholder return on its Common Shares with the cumulative total return of the S&P/TSX Composite Index for the years ended December 31, 2003, 2002, 2001, 2000 and 1999:

Indebtedness of Directors, Executive Officers and Senior Officers

No director, executive officer, senior officer, proposed nominee for election as a director or associate or affiliate of any such director, senior officer or proposed nominee, is or at any time since the beginning of the most recently completed financial year, has been indebted to the Corporation or its subsidiaries.

Interest of Management and Others in Material Transactions

Other than as disclosed in this Information Circular, no insider, proposed nominee for election as a director, or any associate or affiliate of the foregoing, and the notes to the audited financial statements of the Corporation for the year ended December 31, 2003 had any material interest, direct or indirect, in any transaction or proposed transaction since the commencement of the Corporation's 2003 fiscal year which has materially affected or would materially affect the Corporation or any of its subsidiaries.

Management Contracts

There are no management functions of the Corporation which are to any substantial degree performed by persons other than the directors or senior officers of the Corporation.

Corporate Governance

The rules of the Toronto Stock Exchange require the Corporation to disclose its corporate governance practices to shareholders on an annual basis. A description of the Corporation's approach to corporate governance, with references to the guidelines set out in Part IV of the Toronto Stock Exchange Company Manual, is described below.

Mandate of the Board of Directors

The mandate of the Board of Directors is to supervise the management of the business and affairs of the Corporation, and to develop the Corporation's approach to corporate governance issues. In fulfilling its mandate, the Board, either directly or through the Corporate Governance Committee, is responsible for, among other things:

- (a) adopting a strategic planning process and ensuring that such a process is carried out on an annual basis;
- (b) identifying the principal risks of the Corporation's business and ensuring the implementation of the appropriate systems to manage these risks;
- (c) succession planning for the Corporation, including appointing, training and monitoring senior management;
- (d) establishing and monitoring a communications policy for the Corporation;
- (e) ensuring the integrity of the Corporation's internal control and management information systems;
- (f) monitoring and assessing the corporate governance system in place in the Corporation; and
- (g) developing and monitoring the Corporation's corporate disclosure policy and the business conduct policy for its directors and officers.

The frequency of meetings of the Board and the nature of the matters discussed, depend upon the state of the Corporation's affairs and the opportunities or risks which the Corporation faces.

Composition of the Board of Directors

The report of the Toronto Stock Exchange Committee on Corporate Governance issued in December 1995 (the **TSX Report**) recommends that a board of directors be constituted with a majority of individuals who qualify as unrelated directors. The TSX Report defines as an unrelated director 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 corporation, other than interests and relationships arising from shareholdings. The TSX Report also recommends that in circumstances where a corporation has a significant shareholder (i.e., a shareholder with the ability to exercise the majority of the votes for the election of the directors), in addition to a majority of unrelated directors, the board of directors should include a number of directors who do not have interests in, or relationships with, either the corporation or the significant shareholder, and which fairly reflects the investment in the corporation by shareholders other than the significant shareholder.

The Board of Directors of the Corporation has examined the relevant definitions in the TSX Report and have individually considered their respective interests in, and relationships with, the Corporation. The present Board consists of five directors, four of whom are unrelated directors. John Bennett, Chairman of the Board of Directors, is a related director because of his management position with the Corporation. The Corporation does not have a significant shareholder. The Board considers its size of five directors to be appropriate at the current time.

Committees of the Board of Directors

The Board of Directors has an Audit Committee, a Human Resources and Compensation Committee, a Corporate Governance Committee and an Environmental Review and Safety Committee. The details of Audit Committee, Corporate Governance Committee and Environmental Review and Safety Committee are summarized below. The details of the Human Resources and Compensation Committee are summarized under the heading Report on Executive Compensation

Audit Committee

In accordance with its charter, a copy of which is attached as **Schedule B** to this Information Circular, the Audit Committee reviews the annual and interim financial statements of the Corporation and certain other public disclosure documents required by regulatory authorities and makes recommendations to the Board of Directors with respect to such statements and documents. The Audit Committee also makes recommendations to the Board regarding the appointment of independent auditors, reviews the nature and scope of the annual audit as proposed by the auditor and management, reviews with management the risks inherent in the Corporation's business and risk management programs relating thereto, and assesses the auditor's performance. The Audit Committee also reviews with the auditor and management the adequacy of the internal accounting control procedures and systems within the Corporation.

The Audit Committee is currently comprised of three of the five directors of the Corporation. These three members of the Audit Committee are unrelated and independent within the meanings of the Toronto Stock Exchange guidelines and the American Stock Exchange listing standards, respectively. The Board believes that all members of the Audit Committee are required under the Corporation's Audit Committee charter to have a working familiarity with basic finance and accounting practices and to be able to read and understand financial statements. All the members of the Corporation's Audit Committee meet or exceed these qualifications as Mr. Ploder has a professional certification as a chartered accountant, Mr. Williams and Mr. Lapointe have past and current employment experience as senior officials with financial oversight responsibilities.

Corporate Governance Committee

The Corporate Governance Committee was established by the Board of Directors on September 16, 2002. The Corporate Governance Committee oversees the Corporation's governance and make recommendations to the Board of Directors regarding the composition and effectiveness of the Board of Directors and management. During 2003, the Corporate Governance Committee was comprised of David Williams, Adam LaPointe and Pierre Meunier. Pierre Meunier has tendered his resignation from the Board of Directors effective May 25, 2004.

Environmental Review and Safety Committee

The Environmental Review and Safety Committee was established by the Board of Directors on February 10, 2004. This committee's mandate is to oversee the Corporation's environmental compliance in order to safeguard the health and safety of the Corporation's employees and the communities in which the Corporation operates. The Chairman of the Environmental Review and Safety Committee is Pierre Meunier.

Independence of Board of Directors from Management

As stated above, the present Board consists of five directors, four of whom are unrelated directors. John Bennett, the Chairman of the Board of Directors and former Chief Executive Officer, is a related director because he is an executive of the Corporation. The TSX Report states that the independence of a board of directors is most simply assured by appointing a chair who is not a member of management. The Board has considered this issue and supports Mr. Bennett's continued participation in the management of the Corporation.

Decisions Requiring Prior Approval of the Board of Directors

The Board of Directors has delegated the day-to-day management of the business and affairs of the Corporation to the Chairman, the President and Chief Executive Officer, and the Chief Financial Officer. However, in addition to those matters which must by law or by the By-laws of the Corporation be approved by the Board of Directors, management is required to seek Board approval for major transactions, whether in the ordinary course of business or not.

Recruitment of New Directors and Assessment of the Board of Directors Performance

The Board of Directors is responsible for (i) monitoring the effectiveness, size and composition of the Board of Directors, the Audit Committee, the Compensation Committee and the Corporate Governance Committee, and the individual performance of its directors, (ii) identifying and recommending potential appointees to the Board of Directors, (iii) periodically reviewing the directors' and officers' third party liability insurance to ensure that the coverage of such insurance is adequate, and (iv) approving an appropriate orientation and education program for new members to the Board of Directors.

The Board of Directors considers its orientation and education program for new directors to be an important element in ensuring responsible corporate governance. In addition to extensive discussions with respect to the business and operations of the Corporation, a new director receives records of historical public information on the Corporation, together with the mandates and prior minutes of applicable committees of the Board. In addition, Board meetings are regularly held at the Corporation's offices in order to assist the directors in better understanding the Corporation's operations.

Receiving and Dealing with Shareholder Feedback and Concerns

Shareholder inquiries and concerns are dealt with promptly by senior management of the Corporation. To date, the Board of Directors has not been required to take an active role in responding to shareholder inquiries and concerns.

Engagement of Outside Advisors by Individual Directors

In certain circumstances, it may be appropriate for an individual director to engage an outside advisor at the expense of the Corporation. The engagement of an outside advisor is subject to the approval of the Board of Directors.

Expectations of Management

The Board of Directors expects management of the Corporation to conduct the business and affairs of the Corporation in accordance with the Corporation's ongoing strategic plan and to meet or surpass the annual and long-term goals of the Corporation. As a part of its annual strategic planning

process, the Board specifies its expectations of management both over the next financial year and in the context of the Corporation's long-term goals. The Board reviews management's progress in meeting these expectations at Board meetings held on a regular basis.

Compensation of the Board of Directors

The Board of Directors reviews on an annual basis the necessity for compensation for the directors of the Corporation.

Interest of Certain Persons in Matters to be Acted Upon

Other than as disclosed herein, no person who has been a director or officer of the Corporation at any time since the beginning of the last financial year or any proposed nominee for election as director, nor any associate or affiliate of such person, has an interest in the matters to be acted upon at the Meeting.

Other Matters to be Acted Upon

Management of the Corporation knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Information Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Information Circular to vote the same in accordance with their best judgement of such matters.

Availability of Documents

The Corporation will provide to any person or corporation, upon request, one copy of any of the following documents:

- (a) the Corporation's latest annual information form, together with any document, or the pertinent pages of any document, incorporated therein by reference;
- (b) the comparative financial statements of the Corporation for the Corporation's most recently completed financial year in respect of which such financial statements have been issued, together with the report of the auditors thereon, and any interim financial statements of the Corporation subsequent to the financial statements for the Corporation's most recently completed financial year; and
- (c) the information circular of the Corporation in respect of the most recent annual meeting of shareholders of the Corporation which involved the election of directors.

Copies of the above documents will be provided, upon request to the Chief Financial Officer of the Corporation at Suite 208, 1540 Cornwall Road, Oakville, Ontario, L6J 7W5 free of charge to shareholders of the Corporation. The Corporation may require the payment of a reasonable charge from any person or corporation who is not a shareholder of the Corporation and who requests a copy of any such document.

Receipt of Shareholder Proposals for Next Annual Meeting

A shareholder entitled to vote at the next annual meeting of shareholders who wishes to submit a proposal for inclusion in the Information Circular relating to the 2005 annual meeting of shareholders must ensure that the Corporation receives their proposal by no later than February 3, 2005.

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Board of Directors Approval

The Board of Directors of the Corporation has approved the contents and sending of this Information Circular.

DATED at Vancouver, British Columbia 23rd day of April, 2004

BY ORDER OF THE BOARD OF DIRECTORS

(signed) John Bennett
Chairman

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SCHEDULE A

SECOND AMENDED AND RESTATED

SHAREHOLDER RIGHTS PLAN AGREEMENT

(amending and restating the Amended and Restated Shareholder Rights Plan Agreement made as of May 24, 2001)

MADE AS OF MAY 25, 2004

between

BENNETT ENVIRONMENTAL INC.

and

COMPUTERSHARE TRUST COMPANY OF CANADA

(formerly Montreal Trust Company of Canada)

as Rights Agent

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THIS SECOND AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT made as of the 25th day of May, 2004 (amending and restating the Amended and Restated Shareholders Rights Plan Agreement made as of May 24, 2001)

B E T W E E N:

BENNETT ENVIRONMENTAL INC., a company existing under the laws of Canada

(the Company),

OF THE FIRST PART,

AND:

COMPUTERSHARE TRUST COMPANY OF CANADA (formerly Montreal Trust Company of Canada), a trust company existing under the laws of Canada, as rights agent

(the Rights Agent),

OF THE SECOND PART,

RECITALS:

- A. In 1998, the Board of Directors of the Company determined it advisable for the Company to adopt a shareholders rights plan (the Rights Plan) in order to maximize shareholder value;
- B. In order to implement the Rights Plan the Board of Directors of the Company:
 - (1) authorized the issuance, effective 4:30 p.m. (Vancouver time) on April 29, 1998 of one right (a Right) in respect of each Common Share (as hereinafter defined) of the Company outstanding at 4:30 p.m. (Vancouver time) on April 29, 1998 (the Record Time); and
 - (2) authorized the issuance of one Right in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time (as hereinafter defined) and the Expiration Time (as hereinafter defined);
- C. Each Right entitles the holder thereof, after the Separation Time, to purchase securities of the Company (or, in certain cases, of certain other entities) pursuant to the terms and subject to the conditions set forth herein;
- D. The Rights Agent has agreed to act on behalf of the Company and holders of Rights in connection with the issuance, transfer, exchange and replacement of Rights Certificates (as hereinafter defined), the exercise of Rights and other matters referred to herein;
- E. Under the terms of a shareholders rights plan agreement dated April 29, 1998 (the Original Agreement) between the Company and the Rights Agent, the Rights Plan of the Company was established with an initial term of three years;

- F. In 2001 the Board of Directors of the Company determined it advisable for the Company to amend and restate the Original Agreement to extend the term of the Original Agreement for a further three year term and to amend certain other provisions of the Rights Plan to conform to current corporate practices (the First Amendments);
- G. On May 24, 2001, the shareholders of the Company approved the First Amendments and, as a result, the amended and restated shareholder rights plan agreement (the Amended and Restated Agreement) was made between the Company and the Rights Agent;
- H. The Board of Directors of the Company has determined it advisable for the Company to amend and restate the Amended and Restated Agreement to extend the term of the Rights Plan for a further three-year term and the shareholders of the Corporation have approved such amendments to the Amended and Restated Agreement; NOW THEREFORE, in consideration of the premises and the respective covenants and agreements set forth herein, the parties hereby agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Certain Definitions

For the purposes of this Agreement, the following terms have the meanings indicated:

- (a) **Acquiring Person** shall mean any Person who is the Beneficial Owner of 20% or more of the outstanding Voting Shares of any class; provided, however, that the term Acquiring Person shall not include:
- (i) the Company or any Subsidiary of the Company;
 - (ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares of any class as a result of any one or any combination of:
 - (A) an acquisition or redemption by the Company or a Subsidiary of the Company of Voting Shares, by reducing the number of Voting Shares increases the percentage of outstanding Voting Shares Beneficially Owned by such Person to 20% or more of the Voting Shares then outstanding (a Voting Share Reduction);
 - (B) an acquisition of Voting Shares made pursuant to a Permitted Bid or a Competing Permitted Bid (a Permitted Bid Acquisition);
 - (C) an acquisition of Voting Shares in respect of which the Board of Directors has waived the application of section 4.1 pursuant to the provisions of subsections 6.1(b), (c) or (d) (an Exempt Acquisition); or
 - (D) a Pro Rata Acquisition;

provided, however, that if a Person shall become the Beneficial Owner of 20% or more of the Voting Shares then outstanding by reason of one or any combination

of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition and thereafter such Person, while such Person is the Beneficial Owner of 20% or more of the Voting Shares then outstanding, becomes the Beneficial Owner of any additional Voting Shares that increases its Beneficial Ownership of Voting Shares by more than 1% of the number of Voting Shares then outstanding (other than pursuant to one or any combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition) then, as of the date such Person becomes the Beneficial Owner of such additional outstanding Voting Shares, such Person shall be an Acquiring Person ;

- (iii) for the period of 10 days after the Disqualification Date (as hereinafter defined), any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of such Person becoming disqualified from relying on clause 1.1(d)(viii) hereof because such Person makes or announces an intention to make a Take-over Bid alone or by acting jointly or in concert with any other Person and, for this purpose, Disqualification Date means the first date of public announcement that such Person is making or intends to make a Take-over Bid;
 - (iv) an underwriter or member of a banking or selling group acting in such capacity that becomes the Beneficial Owner of 20% or more of the Voting Shares of the Company in connection with a distribution of securities of the Company; or
 - (v) a Person (a Grandfathered Person) who is the Beneficial Owner of more than 20% of the outstanding Voting Shares determined as of the Record Time; provided, however, that this exemption shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the Record Time, become the Beneficial Owner of additional Voting Shares that increases its Beneficial Ownership of Voting Shares by more than 1% of the number of Voting Shares then outstanding (other than through one or any combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition);
- (b) **Act** shall mean the *Canada Business Corporations Act*, as amended, and the regulations made thereunder, and any comparable or successor laws or regulations thereto;
- (c) **Affiliate**", when used to indicate a relationship with a specified Person, means a Person who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person;
- (d) **Associate** means, when used to indicate a relationship with a specified Person, a spouse of that Person, any Person of the same or opposite sex with whom that Person is living in a conjugal relationship outside marriage, a child of that Person or a relative of that Person if the relative has the same residence as that Person;
- (e) a Person shall be deemed the **Beneficial Owner** of, and to have **Beneficial Ownership** of, and to **Beneficially Own** :

- (i) any securities as to which such Person or any of such Person's Affiliates or Associates is the owner at law or in equity;
 - (ii) any securities as to which such Person or any of such Person's Affiliates or Associates has the right to acquire (whether such right is exercisable immediately or within a period of 60 days thereafter or upon the occurrence of a contingency) pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing, (other than customary agreements with and between underwriters or banking group or selling group members with respect to an offering of securities and other than pledges of securities) or upon the exercise of any conversion right, exchange right, share purchase right (other than a Right), warrant or option;
 - (iii) any securities which are Beneficially Owned within the meaning of the foregoing provisions of this subsection 1.1(d) by any other Person with whom such Person is acting jointly or in concert; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to have Beneficial Ownership of, or to Beneficially Own, any security where:
 - (iv) such security has been deposited or tendered pursuant to any Take-over Bid made by such Person, made by any of such Person's Affiliates or Associates or made by any Person acting jointly or in concert with such Person until such deposited security has been taken up or paid for, whichever shall occur first;
 - (v) such Person holds such security, provided that:
 - (A) the ordinary business of such Person (an Investment Manager) includes the management of investment funds for others (which others, for greater certainty, may include or be limited to one or more employee benefit plans or pension plans) and such security is held by the Investment Manager in the ordinary course of such business in the performance of such Investment Manager's duties for the account of any other Person or Persons (a Client);
 - (B) such Person (a Trust Company) is licensed to carry on the business of a trust company under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons (Estate Accounts) or in relation to other accounts (Other Accounts) and holds such security in the ordinary course of such duties for the estate of any such deceased or incompetent Person or for such Other Accounts; or
 - (C) such Person (an Administrator) is the administrator or the trustee of one or more pension funds or plans (each a Plan) registered under applicable laws and holds such security in the ordinary course of such duties for such Plans;
- provided that the Investment Manager, Trust Company or Administrator, as the case may be, is not then making and has not announced a current intention to make a Take-over Bid (other than an Offer to Acquire Voting Shares or other securities of the Company by means of a distribution by the Company or

ordinary market transactions (including prearranged trades) executed through the facilities of a stock exchange or organized over-the-counter market) alone or acting jointly or in concert with any other Person;

(vi) such Person, any of such Person's Affiliates or Associates or any Person acting jointly or in concert with such Person is:

(A) a Client of the same Investment Manager as another Person on whose account the Investment Manager holds such security;

(B) an Estate Account or an Other Account of the same Trust Company as another Person on whose account the Trust Company holds such security; or

(C) a pension plan or fund registered under applicable laws which has the same Administrator as another such pension plan or fund on whose account the Administrator holds such security;

(vii) such Person holds such security, provided that the Person is a Plan or Person established by statute for purposes that include, and the ordinary business or activity of such Person includes, the management of investment funds for employee benefit plans, pension plans, insurance plans or various public bodies and, in any such case, such Person holds such securities for the purposes of its activities as such a Person, and further provided that such Person:

(A) does not Beneficially Own more than 30% of the Voting Shares; and

(B) is not then making a Take-over Bid or has not then announced a current intention to make a Take-over Bid, alone or acting jointly or in concert with another Person, other than an Offer to Acquire Voting Shares or other securities by such Person by means of a distribution by the Company or by means of ordinary market transactions (including prearranged trades) executed through the facilities of a stock exchange or organized over-the-counter market;

(viii) such Person is:

(A) a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manager;

(B) an account of a Trust Company and such security is owned at law or in equity by the Trust Company; or

(C) a pension fund or plan and such security is owned at law or in equity by the Administrator thereof;

(ix) where such Person is the registered holder of securities as a result of carrying on the business of or acting as a nominee of a securities depository; or

(x) such Person has entered into an agreement with a shareholder of the Company pursuant to which the shareholder agrees to deposit its Voting Shares or other

securities of the Company to a Take-over Bid made by such Person or an Affiliate or Associate of, or Person acting jointly or in concert with, such Person so long as the agreement either (i) places no limit on the right of the shareholder to withdraw its Voting Shares or other securities in order to deposit them to a higher competing Offer to Acquire, or (ii) limits such right to withdraw to competing Offers to Acquire, which exceed the bid price by more than an amount specified in the agreement and the specified amount is no more than 5% of the bid price or value offered by the competing Offer to Acquire;

- (f) **Board of Directors** shall mean the board of directors of the Company or, if duly constituted and whenever duly empowered, the executive committee of the board of directors of the Company;
- (g) **Business Day** shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in Vancouver are authorized or obligated by law to close;
- (h) **close of business** on any given date shall mean the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the offices of the transfer agent for the Common Shares (or, after the Separation Time, the offices of the Rights Agent) are closed to the public in the city in which such transfer agent or Rights Agent has an office for the purposes of this Agreement;
- (i) **Common Share** shall mean a common share of the Company and any other share of the Company into which such share is subdivided, consolidated, reclassified or changed;
- (j) **common shares** , when used with reference to any Person other than the Company, shall mean the class or classes of shares (or similar equity interest) with the greatest per share (or similar interest) voting power entitled to vote generally in the election of all directors of such other Person;
- (k) **Competing Permitted Bid** means a Take-over Bid that:
 - (i) is made after a Permitted Bid has been made and prior to the expiry of the Permitted Bid;
 - (ii) satisfies all components of the definition of a Permitted Bid other than the requirements set out in clause (ii) of the definition of a Permitted Bid; and
 - (iii) contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified condition that no Voting Shares will be taken up or paid for pursuant to the Take-over Bid prior to the close of business on a date that is no earlier than the later of:
 - (A) the 60th day after the date on which the earliest Permitted Bid which preceded the Competing Permitted Bid was made; and
 - (B) 21 days after the date of the Take-over Bid constituting the Competing Permitted Bid;

and only if at the date that the Voting Shares are to be taken up more than 50% of the Voting Shares held by Independent Shareholders shall have been deposited or tendered pursuant to the Competing Permitted Bid and not withdrawn;

(l) **controlled** a Company is controlled by another Person if:

(i) securities entitled to vote in the election of directors carrying more than 50% of the votes for the election of the directors are held, directly or indirectly, by or for the benefit of the other Person; and

(ii) the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such Company;

and controls, controlling and under common control with shall be interpreted accordingly;

(m) **dividends paid in the ordinary course** shall mean cash dividends paid at regular intervals in any financial year of the Company to the extent that such cash dividends do not exceed, in the aggregate, the greatest of:

(i) 200% of the aggregate amount of cash dividends declared payable by the Company on its Common Shares in its immediately preceding financial year;

(ii) 300% of the arithmetic average of the aggregate amounts of cash dividends declared payable by the Company on its Common Shares in its three immediately preceding financial years; and

(iii) 100% of the aggregate consolidated net income of the Company, before extraordinary items, for its immediately preceding financial year;

(n) **Election to Exercise** shall have the meaning ascribed thereto in clause 3.1(d)(ii);

(o) **Exempt Acquisition** shall have the meaning ascribed thereto in subclause 1.1(a)(ii)(C);

(p) **Exercise Price** shall mean, as of any date, the price at which a holder of a Right may purchase the securities issuable upon exercise of such Right. Until adjustment thereof in accordance with the terms hereof, the Exercise Price for each Right shall be \$100.00;

(q) **Expiration Time** shall mean the earlier of:

(i) the Termination Time; and

(ii) the close of the first annual meeting of shareholders of the Company occurring after April 29, 2007;

(r) **Flip-in Event** shall mean a transaction in or pursuant to which any Person shall become an Acquiring Person;

(s) **Grandfathered Person** shall have the meaning ascribed thereto in clause 1.1(a)(v);

- (t) **Independent Shareholders** shall mean holders of Voting Shares other than:
- (i) an Acquiring Person;
 - (ii) any Offeror (other than a Person who at the relevant time is deemed not to Beneficially Own such Voting Shares by reason of subclauses 1.1(d)(v) or (vii));
 - (iii) any Associate or Affiliate of such Acquiring Person or Offeror;
 - (iv) any Person acting jointly or in concert with such Acquiring Person or Offeror; and
 - (v) any Person who is a trustee of any employee benefit plan, stock purchase plan, deferred profit sharing plan and any other similar plan or trust for the benefit of employees of the Company or a Subsidiary of the Company, unless the beneficiaries of the plan or trust direct the manner in which the Voting Shares are to be voted or direct whether the Voting Shares are to be tendered to a Take-over Bid;
- (u) **Market Price** per share of any securities on any date of determination shall mean the average of the daily closing prices per share of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in section 3.2 shall have caused the closing price in respect of any Trading Day (Adjustment Trading Day) used to determine the Market Price not to be fully comparable with the closing price on such date of determination then Market Price shall mean the average of the daily closing prices per share of such securities (determined as described below) for that number of consecutive Trading Days through and including the Trading Day which is the third Trading Day immediately prior to that Adjustment Trading Day or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The closing price per share of any securities on any date shall be:
- (i) the closing board lot sale price or, in case no such sale takes place on such date, the average of the closing bid and asked prices, for each share of such securities as reported by the principal stock exchange in Canada on which such securities are listed and posted for trading;
 - (ii) if for any reason neither of such prices is available on such day or the securities are not listed and posted for trading on any stock exchange in Canada, the last closing board lot sale price or, if such price is not available, the average of the closing bid and asked prices, each such security as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the principal national securities exchange in the United States on which such securities are listed or admitted to trading;
 - (iii) if for any reason none of such prices is available on such day or the securities are not listed and posted for trading on a stock exchange in Canada or a national securities exchange in the United States, the last quoted price, or if not so quoted, the average of the high bid and low asked prices for each share of such securities

in the over-the-counter market, as reported by The Canadian Dealing Network Inc. or such other compatible system then in use; or

(iv) if on any such date the securities are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the securities; provided, however, that if on any such date the securities are not traded on any exchange or in the over-the-counter-market and the price referred to in clause (iv) above is not available, the closing price per share of such securities on such date shall mean the fair value per share of such securities on such date as determined by a nationally or internationally recognized investment dealer or investment banker with respect to the fair value per share of such securities;

(v) **Offer to Acquire** shall include:

(i) an offer to purchase, or a solicitation of an offer to sell Voting Shares; and

(ii) an acceptance of an offer to sell Voting Shares, whether or not such offer to sell has been solicited, or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an offer to acquire to the Person who made the offer to sell;

(w) **Offeror** shall mean a Person who has announced a current intention to make or who is making a Take-over Bid;

(x) **Offeror's Securities** shall mean Voting Shares of the Company Beneficially Owned by an Offeror;

(y) **Permitted Bid** means a Take-over Bid which is made by means of a take-over bid circular and which also complies with the following additional provisions:

(i) the Take-over Bid is made to all holders of Voting Shares as registered on the books of the Company, other than the Offeror;

(ii) the Take-over Bid contains, and the take-up and payment for securities tendered or deposited thereunder is subject to, an irrevocable and unqualified condition that no Voting Shares shall be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the date which is not less than 60 days after the date of the Take-over Bid and only if at such date more than 50.1% of the Voting Shares held by Independent Shareholders shall have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;

(iii) the Take-over Bid contains an irrevocable and unqualified provision that, unless the Take-over Bid is withdrawn, Voting Shares may be deposited pursuant to such Take-over Bid at any time during the period of time between the date of the Take-over Bid and the date on which Voting Shares may be taken up and paid for and that any Voting Shares deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and

the Take-over Bid contains an irrevocable and unqualified provision that if, on the date on which Voting Shares may be taken up and paid for, more than 50.1% of the Voting Shares held by Independent Shareholders shall have been deposited pursuant to the Take-over Bid and not withdrawn, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits of Voting Shares for not less than 10 Business Days from the date of such public announcement;

- (z) **Permitted Bid Acquisition** shall have the meaning ascribed thereto in subclause 1.1(a)(ii)(B);
- (aa) **Person** shall include any individual, body corporate, firm, partnership, association, trust, trustee, executor, administrator, legal personal representative, group, unincorporated organization, syndicate, government or governmental agency or instrumentality or other entity;
- (bb) **Pro Rata Acquisition** shall mean:
 - (i) the acquisition of Voting Shares as a result of a stock dividend, a stock split or other event pursuant to which a Person receives or acquires Voting Shares on the same pro rata basis as all other holders of the same class of Voting Shares;
 - (ii) the acquisition of Voting Shares pursuant to any regular dividend reinvestment plan or other plan made available by the Company to holders of all of its Voting Shares;
 - (iii) the receipt and/or exercise of rights issued by the Company to all the holders of a class of Voting Shares to subscribe for or purchase Voting Shares, provided that such rights are acquired directly from the Company and not from any other Person; or
 - (iv) the acquisition of Voting Shares pursuant to a distribution by the Company of Voting Shares, or securities convertible into or exchangeable for Voting Shares (and the conversion or exchange of such convertible securities) made pursuant to a prospectus or by way of private placement by the Company, provided such Person does not thereby acquire a greater percentage of Voting Shares or securities convertible into or exchangeable for Voting Shares so offered than the Person's percentage of Voting Shares Beneficially Owned immediately prior to such acquisition;
- (cc) **Record Time** shall mean 4:30 p.m. (Vancouver time) on April 29, 1998;
- (dd) **Right** shall have the meaning ascribed thereto in the recitals hereto;
- (ee) **Rights Agent** shall mean Computershare Trust Company of Canada (formerly Montreal Trust Company of Canada);
- (ff) **Rights Certificates** shall mean the certificates representing the Rights after the Separation Time, which shall be in the form attached hereto as Exhibit A;

- (gg) **Rights Register** and Rights Registrar shall have the respective meanings ascribed thereto in subsection 2.3(a);
- (hh) **Securities Act** shall mean the *Securities Act* (British Columbia), as amended, and the rules and regulations thereunder, and any comparable or successor laws or regulations thereto;
- (ii) **Separation Time** shall mean the close of business on the eighth Trading Day after the earlier of:
- (i) the Stock Acquisition Date; and
 - (ii) the date of the commencement of, or first public announcement (provided such announcement is made after the Record Time) of, the intent of any Person (other than the Company or any Subsidiary of the Company) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid); or such later time as may be determined by the Board of Directors; provided that if the foregoing results in the Separation Time being prior to the Record Time, the Separation Time shall be the Record Time and provided further that, if any Take-over Bid referred to in clause (ii) of this subsection 1.1(ai) expires, or is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of this subsection 1.1(ai), never to have been made;
- (jj) **Stock Acquisition Date** shall mean the date of the first public announcement (which, for purposes of this definition, shall include, without limitation, the filing of a report pursuant to the Securities Act by the Company or an Acquiring Person of facts indicating that a Person has become an Acquiring Person);
- (kk) **Subsidiary** of a Person shall have the meaning ascribed thereto in the Securities Act;
- (ll) **Take-over Bid** shall mean an Offer to Acquire Voting Shares or other securities of the Company if, assuming that the Voting Shares or other securities of the Company subject to the Offer to Acquire are acquired at the date of such Offer to Acquire by the Person making such Offer to Acquire, the Voting Shares Beneficially Owned by the Person making the Offer to Acquire would constitute in the aggregate 20% or more of the Voting Shares then outstanding;
- (mm) **Termination Time** shall mean the time at which the right to exercise Rights shall terminate pursuant to subsections 6.1(f), 6.1(g) or section 6.15;
- (nn) **Trading Day** , when used with respect to any securities, shall mean a day on which the principal Canadian securities exchange on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any Canadian securities exchange, a Business Day; and
- (oo) **Voting Share** shall mean any share in the capital of the Company to which is attached a right to vote for the election of all directors generally.

1.2 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise specified.

1.3 Descriptive Headings

Descriptive headings appear herein for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

1.4 References to Agreement

References to this Agreement, hereto, herein, hereby, hereunder, hereof and similar expressions refer to this Agreement and not to any particular Article, section, subsection, clause, subclause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto.

1.5 Calculation of Number and Percentage of Beneficial Ownership of Outstanding Voting Shares

- (a) For the purposes of this Agreement, in determining the percentage of the outstanding Voting Shares of the Company with respect to which a Person is or is deemed to be the Beneficial Owner, all unissued Voting Shares of the Company of which such Person is deemed to be the Beneficial Owner shall be deemed to be outstanding.
- (b) The percentage of outstanding Voting Shares of the Company Beneficially Owned by any Person shall, for the purposes of this Agreement, be and be deemed to be the product determined by the formula:

$$100 \times A / B$$

where:

A = the number of votes for the election of all directors generally attaching to the outstanding Voting Shares of the Company Beneficially Owned by such Person; and

B = the number of votes for the election of all directors generally attaching to all outstanding Voting Shares of the Company.

The percentage of outstanding Voting Shares represented by any particular group of Voting Shares acquired or held by any Person shall be determined in like manner *mutatis mutandis*.

1.6 Acting Jointly or in Concert

For the purposes of this Agreement, a Person is acting jointly or in concert with another Person if such Person has any agreement, arrangement or understanding (whether formal or informal and whether or not in writing) with such other Person for the purpose of acquiring or Offering to Acquire any Voting Shares (other than customary agreements with and between underwriters and banking group or

selling group members with respect to an offering of securities and other than pledges or hypothecs of securities in the ordinary course of business).

ARTICLE 2 THE RIGHTS

2.1 Legend on Certificates

Certificates for Common Shares issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time shall evidence, in addition to the Common Shares, one Right for each Common Share evidenced thereby and shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

UNTIL THE SEPARATION TIME (AS DEFINED IN THE RIGHTS AGREEMENT REFERRED TO BELOW), THIS CERTIFICATE ALSO EVIDENCES AND ENTITLES THE HOLDER HEREOF TO CERTAIN RIGHTS AS SET FORTH IN AN AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT MADE AS OF THE 25TH DAY OF MAY, 2004 (THE RIGHTS AGREEMENT), BETWEEN BENNETT ENVIRONMENTAL INC. (THE COMPANY) AND COMPUTERSHARE TRUST COMPANY OF CANADA, THE TERMS OF WHICH ARE HEREBY INCORPORATED HEREIN BY REFERENCE AND A COPY OF WHICH MAY BE INSPECTED DURING NORMAL BUSINESS HOURS AT THE PRINCIPAL EXECUTIVE OFFICES OF THE COMPANY. UNDER CERTAIN CIRCUMSTANCES, AS SET FORTH IN THE RIGHTS AGREEMENT, SUCH RIGHTS MAY BE TERMINATED, MAY EXPIRE, MAY BECOME VOID (IF, IN CERTAIN CASES, THEY ARE BENEFICIALLY OWNED BY AN ACQUIRING PERSON , AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT, WHETHER CURRENTLY HELD BY OR ON BEHALF OF SUCH PERSON OR ANY SUBSEQUENT HOLDER) OR MAY BE EVIDENCED BY SEPARATE CERTIFICATES AND MAY NO LONGER BE EVIDENCED BY THIS CERTIFICATE. THE COMPANY WILL MAIL OR ARRANGE FOR THE MAILING OF A COPY OF THE RIGHTS AGREEMENT TO THE HOLDER OF THIS CERTIFICATE WITHOUT CHARGE AS SOON AS IS PRACTICABLE AFTER THE RECEIPT OF A WRITTEN REQUEST THEREFOR.

Certificates representing Common Shares that are issued and outstanding at the Record Time shall evidence one Right for each Common Share evidenced thereby, notwithstanding the absence of the foregoing legend until the earlier of the Separation Time and the Expiration Time.

2.2 Execution, Authentication, Delivery and Dating of Rights Certificates

- (a) The Rights Certificates shall be executed on behalf of the Company by any of the Chairman of the Board, the President or any Vice-President (including any Senior Vice-President), together with any other of such persons or together with any one of the Secretary, the Treasurer, any Assistant Secretary or any Assistant Treasurer. The signature of any of the officers of the Company on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the countersignature and delivery of such Rights Certificates.
- (b) Promptly after the Company learns of the Separation Time the Company will notify the Rights Agent of such Separation Time and will deliver Rights Certificates executed by the Company to the Rights Agent for countersignature, and the Rights Agent shall

manually countersign and deliver such Rights Certificates to the holders of the Rights pursuant to subsection 3.1(c). No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.

- (c) Each Rights Certificate shall be dated the date of the countersignature thereof.

2.3 Registration, Registration of Transfer and Exchange

- (a) After the Separation Time, the Company will cause to be kept a register (the Rights Register) in which, subject to such reasonable regulations as it may prescribe, the Company will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed the Rights Registrar for the purpose of maintaining the Rights Register for the Company and registering Rights and transfers of Rights as herein provided. In the event that the Rights Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Registrar at all reasonable times. After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of subsection (c) of this section, the Company will execute, and the Rights Agent will manually countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered.
- (b) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be valid obligations of Company, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.
- (c) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company or the Rights Agent, as the case may be, duly executed by the holder thereof or such holder's attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this section 2.3, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) in connection therewith.

2.4 Mutilated, Destroyed, Lost and Stolen Rights Certificates

- (a) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Company shall execute and the Rights Agent shall manually countersign and deliver in exchange therefor a new Rights Certificate evidencing the same number of Rights as the Rights Certificate so surrendered.
- (b) If there shall be delivered to the Company and the Rights Agent prior to the Expiration Time:
 - (i) evidence to their satisfaction of the destruction, loss or theft of any Rights Certificate; and

- (ii) such security or indemnity as may be required by them to save each of them and any of their agents harmless,
then, in the absence of notice to the Company or the Rights Agent that such Rights Certificate has been acquired by a *bona fide* purchaser, the Company shall execute and upon its request the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so destroyed, lost or stolen.
- (c) As a condition to the issuance of any new Rights Certificate under this section 2.4, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) in connection therewith.
- (d) Every new Rights Certificate issued pursuant to this section 2.4 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence the contractual obligation of the Company, whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued by the Company.

2.5 Persons Deemed Owners of Rights

The Company, the Rights Agent and any agent of the Company or the Rights Agent may deem and treat the Person in whose name such Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term holder of any Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, the associated Common Shares).

2.6 Delivery and Cancellation of Certificates

All Rights Certificates surrendered upon exercise or for redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Company may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided for in this section 2.6, except as expressly permitted by this Agreement. The Rights Agent shall destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Company.

2.7 Agreement of Rights Holders

Every holder of Rights by accepting the same consents and agrees with the Company and the Rights Agent and with every other holder of Rights:

- (a) to be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of the Rights held;

- (b) that prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Common Share certificate representing such Right;