

CSI WIRELESS INC.
RENEWAL ANNUAL INFORMATION FORM

**For the fiscal year ended
December 31, 2004**

March 31, 2005

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This renewal annual information form ("**Annual Information Form**") and certain documents contained by reference herein contain forward-looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. We believe the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this Annual Information Form should not be unduly relied upon. These statements speak only as of the date of this Annual Information Form or as of the date specified in the documents incorporated by reference into this Annual Information Form, as the case may be.

These factors should not be construed as exhaustive. We undertake no obligation to publicly update or revise any forward-looking statements.

ANNUAL INFORMATION FORM

CSI Wireless Inc. (the "**Corporation**", "**CSI**", "**CSI Wireless**", "**us**", "**we**", "**or**", "**our**" and where the context requires, also includes our predecessors and our subsidiaries) was incorporated as Canadian Systems International Inc. pursuant to the *Business Corporations Act (Alberta)* ("**ABCA**") on July 31, 1990 and on October 26, 1992 the Corporation changed its name to Communication Systems International Inc. Effective April 30, 1996, the Corporation amended its articles to effect, among other things, a re-designation of the Corporation's class A common shares to common shares of the Corporation ("**Common Share**"), a stock split of the Common Shares on a 12,500 to 1 basis and to delete the "private company" share transfer restrictions. On June 21, 2000 by articles of amendment, the Corporation changed its name to CSI Wireless Inc. CSI designs and manufactures innovative, cost-effective, Wireless and GPS products for mobile and fixed applications in the consumer, agriculture, marine, automotive and other related markets.

Our registered and head office is located at 4110 – 9th Street S.E., Calgary, Alberta, T2G 3C4.

Inter-corporate Relationships

We have three wholly-owned subsidiaries: CSI Wireless Corporation, a corporation incorporated under the laws of the state of Delaware, Satloc LLC ("**Satloc**") and CSI Wireless LLC, both of which are limited liability corporations incorporated under the laws of the State of Delaware.

CSI Wireless is organized into two operating business units: the Wireless Unit and the GPS Unit. At December 31, 2004, the Wireless Unit had 54 employees and the GPS Unit had 108 employees. In addition, 22 employees, including the President, performed corporate functions that are not directly attributed to either operating unit.

GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

2002

Effective January 31, 2002, the Corporation completed an internal reorganization which resulted in the creation of CSI Wireless Corporation, a US holding company, which in turns wholly owns Satloc LLC and CSI Wireless LLC. Satloc LLC was incorporated and merged with Satloc (1999) Inc. and continues to carry on the operations of Satloc (1999) Inc. as a limited liability corporation. CSI Wireless LLC was incorporated and merged with Wireless Link Corporation and continues to carry on the business of Wireless Link as a limited liability corporation.

On June 26, 2002, 705,000 warrants to purchase common shares ("**Warrants**") were exercised at a price of \$2.65 per Common Share for proceeds of \$1.9 million.

During 2002, the Wireless Business Unit released new products including the Motorola-branded FX800t desktop cellular telephone, and the Asset-Link 100 and Asset-Link 200 telematics products. The GPS Business Unit released a number of new products including the Vector heading systems and Seres smart antenna.

On November 21, 2002, we completed a private placement of 3,287,309 Common Shares and 1,643,655 Warrants. The shares were issued at a price of \$1.30 per Common Share for gross proceeds of \$4.3 million. The Warrants entitled the holders to acquire an aggregate of 1,643,655 Common Shares at a price of \$1.80 per Common Share. 1,563,462 Warrants were exercised in December 2003 and the balance of 80,193 Warrants were exercised in January and February 2004.

2003

On May 28, 2003, we announced that we signed an agreement (the "**Agreement**") with Fleetboss Global Positioning System Solutions Inc. ("**Fleetboss**") to supply a customized version of our Asset-Link 200 product as hardware for Fleetboss' systems for monitoring fleet vehicles. The Agreement provided that Fleetboss would purchase approximately \$2 million of Asset-Link 200 units from us over a 24 month period.

On June 17, 2003, we announced that we received purchase orders from RHS Inc. ("**RHS**") for our Outback S® and Outback 360® products valued at approximately \$11 million. On July 2, 2003, we announced that we were awarded a patent on our ceramic frequency filter for differential GPS correction signals. The patented filter is a key element in our MBX3 DGPS receiver.

On July 15, 2003, we announced that we were awarded a patent for our antenna splitter technology found in the AVL-1 Antenna Signal Splitter, which uses the vehicle's standard AM/FM radio antenna to receive accuracy enhancing differential GPS signals for the automotive market. AVL refers to the automatic vehicle location and the ability to pinpoint the location of a vehicle within a given range.

On August 11, 2003, we announced the closing of an offering of 3,305,750 CSI units (the "**Units**") issued at a price of \$1.60 per Unit for gross proceeds of approximately \$5.3 million. Each Unit was comprised of one Common Share and one Warrant to purchase one Common Share at a price of \$2.00 until August 8, 2005.

On October 1, 2003, we announced that we had been denied a claim against a previous customer for alleged breach of contract and that total expenses, including legal fees, tribunal hearing charges, inventory write-offs and other costs related to the claim were expected to be approximately \$1.2 million in the third quarter of 2003. The total costs related to the claim in 2003 totalled \$1,479,000.

On October 6, 2003, we announced that Brian Hamilton, our Executive Vice-President and Chief Financial Officer, resigned and that Cameron Olson, our Vice-President of Finance for the Wireless Business Unit was named our new Chief Financial Officer. On October 16, 2003, we announced the launch of our new GSM-based Asset-Link™ 400 asset tracking and telematics product.

On December 2, 2003, we announced that we received an initial \$2.1-million purchase order from RHS for our new GPS Assisted Automatic Steering System that RHS has named eDrive®. On December 8, 2003, we announced the introduction of two new products for the global aerial guidance market: the LiteStar II, a low-cost entry-level guidance system and the AerialACE, an automated variable rate flow control system for aerial spraying.

On December 17, 2003, we announced the expansion of our partnership with Brightstar Corporation ("**Brightstar**") to develop a GSM version of our desktop cellular telephone. On December 18, 2003, we announced that, in November and December of 2003, a total of 1,782,000 Warrants were exercised by the holders thereof, resulting in proceeds of \$3.1 million.

2004

On Feb. 11, 2004, we announced that we received additional purchase orders from Brightstar for our desktop cellular telephone, the Motorola-branded FX800t. The purchase orders represent a significant demand increase when compared to volumes shipped in the last two quarters of 2003.

On March 3, 2004, we announced the closing of a bought-deal private placement of 5,000,000 special warrants ("**Special Warrants**"), which included 1,000,000 Special Warrants pursuant to the exercise of the underwriters' option. The Special Warrants were purchased at a price of \$3.25 per Special Warrant, for gross proceeds of approximately \$16.25 million. Each Special Warrant entitled the holder to receive,

without payment of further consideration, one Common Share, subject to adjustment in certain circumstances.

On April 20, 2004, we announced the introduction of PowerMAX, a Differential GPS receiver with built-in Bluetooth® wireless technology. Through Bluetooth®, the PowerMAX communicates wirelessly with the user's computer or hand-held computing device, eliminating the need for a hard-wired data link between the devices.

On May 27, 2004, we announced product details and shipping plans for our new desktop cellular telephones that feature GSM and GPRS technology. GPRS (General Packet Radio Service) is an extension to the GSM standard to include packet data services. The 410 Series of phones have GSM-GPRS capability for voice, Internet, email and text-message transmissions, and the lower-cost 400 Series of phones have GSM capability for voice and text-message transmissions.

On June 3, 2004, we announced an agreement to begin supplying asset-tracking units to Caterpillar Inc. ("**Caterpillar**"), the world's leading manufacturer of construction and mining equipment. Caterpillar brands the asset-tracking units as the Product Link PL102C as an after-market product to enable equipment owners and insurers to accurately monitor their assets' movements and engine running hours.

On June 22, 2004, we announced that we had received purchase orders totaling \$18 million from Brightstar for CSI's TDMA-based desktop cellular telephone known as the Motorola FX800t.

On June 30, 2004, we announced the introduction of GPSteer – a CSI-branded, auto-steering system for tractors and other self-propelled agricultural equipment. GPSteer is marketed globally through our distribution partners to end-users, farm equipment manufacturers and guidance system integrators.

On July 6, 2004, we announced we received \$15 million of purchase orders from RHS for the Outback S®, Outback 360® and Outback eDrive®-branded GPS guidance products for agriculture that CSI manufactures exclusively for RHS.

On July 15, 2004, we announced that we established a supply and product-development relationship with DICKEY-john Corporation, a leading manufacturer of electronic equipment for the agricultural and public works sectors, with customers on six continents.

On September 8, 2004, we announced that we received a \$5.7-million purchase order from Brightstar for our new 400 Series desktop cellular telephone model that employs GSM technology.

On October 4, 2004, we announced that our Fleet-Link™ asset-tracking product was being shipped to application service providers, OEMs and other customers. Fleet-Link™ is a self-powered asset-tracking product to remotely monitor and manage truck trailers, freight containers and other mobile assets from a central command centre. On October 14, 2004, we announced we had received an \$8.3-million purchase order from Brightstar for our Motorola FX800t.

On October 26, 2004, we announced that we had achieved an important corporate milestone by shipping our 500,000th wireless device.

Anticipated Changes in the Business

In accordance with our business strategy, we will continue to pursue cost-effective and timely strategic investments, acquisitions and partnerships that will improve our competitive position.

RECENT DEVELOPMENTS

On March 28, 2005, we announced that we entered into an agreement with a syndicate of underwriters led by GMP Securities Ltd. for a "bought deal" underwritten private placement financing of 3.2 million Common Shares at \$3.75 per Common Share for gross proceeds of \$12 million. The offering is scheduled to close April 19, 2005. Pursuant to the offering, the Underwriters have the option of purchasing up to an additional 800,000 common shares under identical terms. The net proceeds will be used for general corporate purposes, including acquisitions or investments in new technologies, products or businesses that are complementary or related to our current business.

DESCRIPTION OF OUR BUSINESS

This section discusses the major events or conditions that have influenced the general development of the Corporation over the last three completed financial years, as applicable, including significant acquisitions and dispositions that have occurred.

WIRELESS BUSINESS UNIT

General

Through our Wireless Unit, we design, manufacture and market cost-effective Wireless products for mobile and fixed applications in commercial and consumer markets. "**Wireless**" refers to radio-based systems that allow transmission of telephone and/or data signals through the air without a physical connection, such as a metal wire or fiber optic cable. Through CSI Wireless LLC, and its predecessor, Wireless Link Corporation, we have been developing wireless technology and products since 1987 and have created an extensive portfolio of intellectual property that enables us to develop products that operate on a variety of wireless platforms. Our desktop cellular telephone product line is focused on markets where wireless products can compete effectively against conventional wire-line products, particularly in developing countries that lack sufficient wired infrastructure. In the telematics product line, our Asset-Link™ and Fleet-Link™ product lines offer solutions for remote asset tracking, safety and security and fleet management. All of these products are positioned to provide one of the few solutions in the industry that use chipset-level designs and the associated depth of technology, working in both analog and digital standards that enable us to significantly differentiate our product offering.

Industry Background and Trends

The worldwide wireless communications industry has seen significant year-over-year growth, with 1,688,200 cellular subscribers at the end of 2004, or 23.4% more than the 1,368,600 subscribers recorded a year earlier, says the GSM Association (GSMA website: http://www.gsmworld.com/news/statistics/pdf/gsma_stats_q4_04.pdf (hereinafter "GSMA website")). This growth has occurred as a result of declining cost, broadening network coverage, expanding product features and improved reliability. While the majority of wireless use has been voice-based, the transmission of wireless data for commercial and consumer applications is beginning to enjoy significant growth. The industry remains in transition as digital 2.5 generation networks begin to reach the major metropolitan markets, and initial market trials of 3rd generation wireless protocols are in process. In rural areas, the traditional analog (or AMPS) cellular standard remains the primary means of wireless connectivity. Providing ubiquitous nation-wide digital coverage will not likely be possible for several years, and therefore companies like CSI Wireless that produce multi-mode (analog and digital) hardware continue to enjoy an advantage for mobile markets. The telematics market growth to date has been based primarily on analog cellular products, and as a result, there is a large opportunity to not only provide OEMs with a transition to digital technology, but to also address the estimated emerging opportunity for the retrofit of commercial and consumer vehicles currently utilizing analog devices.

Wireless Communications Technologies

The wireless voice and data communications industry is comprised of several technologies.

First Generation Technologies - Analog Circuit-Switched. The Advanced Mobile Phone Service ("**AMPS**") is a circuit-switched, analog wireless technology and is currently the most widely used North American wireless technology due to its broad geographic coverage. AMPS operates using Frequency Division Multiple Access ("**FDMA**") that assigns each user a unique frequency channel for the duration of his or her telephone conversation. Because there are a limited number of frequency channels available in a given cellular area, AMPS telephone networks have a limited capacity that can result in loss of service in high-usage areas. This and other factors mean that AMPS is being gradually phased out in favour of digital/PCS (Personal Communication Systems) services. However, the phase-out is occurring very slowly because there is such a large AMPS infrastructure and large base of installed AMPS-capable equipment that must be replaced. In many areas, AMPS is still the only available wireless service where population densities are too low to merit the cost of upgrading to digital networks. The U.S Federal Communications Commission has released the network licensees of their obligation to continue providing AMPS service beyond 2008, but there are many reasons to assume AMPS services will continue to operate after that.

At CSI, we take our lead from the wireless carriers, and they are generally discouraging or refusing new activations on the AMPS and CDPD services while continuing to support legacy customers and applications. Therefore, we continue to see a demand for products operating on the AMPS network, and will continue to support our customers with products as long as the demand is sustained. However, at the same time that we offer an AMPS product, we will offer a similar product that is approved for operation on GSM networks for those customers wishing to transition to a digital/PCS technology.

*Second-Generation ("**2G**") Technologies - Digital Circuit-Switched.* Since the early 1990s, digital techniques that convert analog voice signals into digital data for transmission have been developed to improve the efficiency, security and reliability of wireless transmission, and to enable advanced services such as text messaging. These technologies are used in conjunction with FDMA circuit-switched technology and increase capacity by sharing the frequency channels between users.

Time Division Multiple Access ("**TDMA**") is a 2G digital wireless technology that increases the number of potential users in an area by assigning each user a specific timeslot on a common frequency channel, thereby enabling up to eight users to transmit on the same channel. TDMA has had pre-eminence in the Western Hemisphere with more than 48% of the geographic markets covered. However, many TDMA operators are converting their networks to GSM technology, which dominates the global market. Globally, TDMA subscribers totalled 93,700,000 at the end of 2004, compared with 109,100,000 at the end of 2003. TDMA's proportion of total worldwide cellular subscribers decreased to 5.5% at the end of 2004 from 8% in 2003 (GSMA website).

The Global System for Mobile communications ("**GSM**"), established in Europe, is the international standard and world leader in 2G digital wireless transmission. GSM claims approximately 75% of the global digital wireless market, with 1,266,400,000 subscribers at the end of 2004, compared to 991,700,000 subscribers at the end of 2003 (GSMA website). This represents an increase of 27.7%. Many carriers have announced plans to convert their networks to GSM in coming years. Therefore, these subscriber numbers are expected to continue increasing.

Code Division Multiple Access ("**CDMA**") is a 2G digital technology that splits wireless signals into pieces that are tagged with a user's code. These pieces are spread over several frequencies and are reassembled at the receiver. Like TDMA and GSM, CDMA permits a much more comprehensive use of the available frequency channels. CDMA subscribers represent about 14% of worldwide cellular subscribers, with a global subscriber base of 236,300,000 at the end of 2004, compared to 186,700,000 at the end of 2003, meaning a 26.6% year-over-year increase. (GSMA website).

Control Channel Technology. Control channels are digital channels that are used by the cellular networks for the transmission of information related to call initiations between cellular systems and cellular customers. Once a cellular call is initiated, the message is handed over to a voice channel by the network, leaving this channel bandwidth available for other data applications. Some cellular service providers are utilizing these control channels to send small data messages (packets) over existing cellular networks and provide reliable transmission technique for applications that require lower data rate communications such as fixed telemetry (a wireless system for the transmission of data (either digital or analog) for remote monitoring) and fleet management. Control channel data, implemented primarily only on analog systems (AMPS) wireless networks, is starting to migrate to the digital networks. This rollout is being conducted primarily on CDMA networks, with a GSM deployment expected to follow shortly. Cellemetry LLC and Aeris Communications, Inc. ("Aeris") are the exclusive operators of control channel services on analog networks in both North and South America.

Second-Generation ("2G") Technologies – Digital Packet-Switched. Circuit-switched wireless networks require that users be assigned a frequency channel and maintain the connection throughout the conversation, after which time the connection is terminated. Users are charged based on the total connection time. Using "packet-switched" technologies, cellular users remain connected to the wireless network without having a channel assigned unless data is being transferred. Therefore, cost is based only on the data transferred, not the time connected. This is accomplished because data is accumulated in "packets" and sent in short bursts, enabling a very efficient utilization of available voice channel bandwidth. Relative to circuit-switched technologies, these technologies result in significant improvements in technical and economic performance.

Third Generation ("3G") Technologies. Also referred to as 2.5G and 3G, these higher-speed data networks coexist with digital voice services. In the GSM world, these data services are called GPRS (General Packet Radio Service), which is 2.5G, and the higher-speed version known as Enhanced Data Rates for Global Evolution ("**EDGE**") that is 3G. In the CDMA world, these data services are known as 1X or 1XRTT as 2.5G technology and EV-DO as the higher-speed 3G upgrade. Most North American cellular carriers have deployed their 2.5G networks in major population centres, while continuing to depend on AMPS in rural areas until more capital investment can be justified. In certain key markets, some carriers have 3G upgrades in place, but the full deployment of 2.5G and 3G networks across all markets is expected to take several more years. These higher bandwidth data networks are enabling the development of new applications.

The ultimate transition to 3G technologies will require not only additional hardware and infrastructure investment, but additional spectrum. Since the U.S. has not yet fully auctioned its 3G spectrum, the timeline for widespread 3G deployment in the U.S. remains uncertain. Some carriers in Europe that paid large amounts for European 3G spectrum are petitioning governments for partial refunds, based on worldwide delays in the deployment of 3G networks. As a result, and due to other factors, most analysts don't expect widespread deployment of 3G technologies for several more years. Notwithstanding these delays, 3G technologies, when they do become wide available, will provide data transmission rates that will enable a much broader range of applications.

Wireless Data Applications Markets

Historically, the success of the wireless data transmission applications, such as those used in the automotive telematics and asset management markets, has been restricted by several factors including the high cost of wireless service and hardware, a lack of ubiquitous and reliable coverage, and business processes and systems that did not support the implementation of wireless technologies. However, recent developments in the industry have begun to mitigate these issues:

- **Broad coverage** – The growth in wireless networks has resulted in full coverage of North America through a variety of service providers and technologies.

- *Wireless service cost improvements* – The increase in the number of cellular subscribers has resulted in a reduction in cost associated with wireless service. In addition to reductions in the cost of voice networks, data services such as those offered by Aeris, Cellemetry, digital SMS messaging and the introduction of new data services like GPRS, 1XRTT, and EDGE, are reducing the cost of service for data applications.
- *Wireless hardware cost reductions* – New technology and an expanding user base are resulting in a continuing reduction in the cost of wireless hardware.
- *Increasing data transmission rates* – Emerging technologies, such as GPRS, 1XRTT and EDGE, are increasing data transmission rates and improving the effectiveness of many wireless data applications.
- *Systems Integrators* – Systems integrators and application service providers are developing services that simplify the implementation of wireless data applications across the wireless vertical markets.
- *Early entrants* – Early adopters of wireless data applications, such as utility companies and public safety organizations, are demonstrating that existing products and services can be adopted to wireless efficiently and effectively, and result in significant operating advantages.

Due to improvements in the environment for wireless communications, numerous applications are being identified and pursued by product manufacturers, wireless networks, systems integrators, ASPs and end users. These include applications in the following vertical markets.

Desktop Cellular Telephones. Desktop cellular telephones use wireless technologies to provide voice and data communication services to residential or business customers rather than connecting the customers to networks using copper wire. Typically, desktop cellular phones have been seen as a solution to reduce the infrastructure costs associated with providing widespread telecommunications in developing countries. Our phones are designed for this application, which is becoming increasingly prominent worldwide.

The significant advances of wireless technologies and of systems supporting wireless commercial and consumer applications have resulted in the installation of infrastructure and dramatic growth in wireless data applications. The installation of infrastructure is expected to continue at a significant pace, as emerging technologies come into play and as hardware manufacturers and systems integrators continue to develop applications that result in effective and efficient products that streamline activities for businesses and individuals.

Telematics. Telematics, a term originally coined by Mercedes Benz, refers to in-vehicle communications of data and/or voice to provide roadside assistance, security, location-based connectivity or other driver and passenger needs. Examples include an automatic call for emergency assistance (including precise location information) if an airbag is deployed; the ability to have a wireless hands-free conversation with a call centre following an accident; and the ability of a remote call centre to open car doors when keys have been locked in a car. Total telematics revenues, including consumer and commercial markets, as well as hardware and services, will exceed US\$6.5 billion by 2008, compared with US\$5.6 billion in 2003 (Wireless World Forum website: http://www.w2forum.com/item/telematics_market_reach_65_bn_2008).

Fleet and Asset Management. Businesses that employ large or high-value mobile fleets such as taxis, rental cars, transport trailers, heavy equipment, agricultural equipment, armoured cars and delivery trucks often bear unnecessary costs due to a lack of information regarding the location and operation of their fleets. By having complete location and other operating information, efficiency can be improved by optimizing fleet utilization, freeing up operating capital, reducing operating costs and improving customer service. In addition to operating improvements, losses can be reduced from theft of both vehicles and

cargo, electronic "geo-fences" can be defined (venturing outside them prompts a wireless alert), and operating performance can be monitored.

The CSI Wireless Solution

We design, manufacture and market cost-effective desktop cellular telephony and telematics and products for fixed and mobile applications in commercial and consumer markets. Our technology portfolio includes a wide variety of wireless protocols that enable a range of solutions dependent on business and personal needs. The following characteristics describe the competitive advantages associated with our products.

Breadth of Proprietary Wireless Technologies. We have been a pioneer in wireless communications technologies since 1987 and have developed a proprietary portfolio of wireless technologies that serve a wide range of applications. The technologies incorporated into our products enable customers to select the product most appropriate for the needs of their specific application with respect to data rate, frequency of messages, geographic coverage, cost and other factors.

Here is our existing wireless technology portfolio:

Air Interface	Network	Status
AMPS	AMPS Cellular	In Production
Aeris MicroBurst	AMPS Cellular Control Channel	In Production
TDMA	TDMA	In Production
GSM	GSM, GPRS	In Production
ReFLEX Paging	ReFLEX Paging	In Development

We will continue to incorporate appropriate emerging wireless standards into our products as the respective networks become available on a broad basis. Our strategy includes integration of GPS technology with all of the protocols listed above. The wireless technology roadmap that we plan to follow at this time is:

Planned Release	Wireless Technology
Q3 2005	ReFLEX
2006	EDGE
2006	Global UMTS* (WCDMA)

*Universal Mobile Telecommunications Services, the European term for wireless systems based on the IMT-2000 standard

Proprietary Positioning Technologies. We have been a leader in designing high-accuracy positioning technologies since 1990, and are one of only a few companies competing in wireless location markets while owning both wireless and positioning technologies. We have a proprietary portfolio of technology related to GPS, Differential GPS and antenna technologies. These technologies are an important component of devices that access wireless vertical markets requiring wireless location solutions.

Strong Partnerships in the Desktop Cellular Market. We have established and continue to develop two very strong relationships for our desktop cellular telephones. We have a strategic relationship with Brightstar, a Motorola licensee and one of the leading distributors of wireless products in Latin America. Through Brightstar, we have also developed a relationship with Motorola. Our primary desktop wireless phone is the Motorola-branded FX800t. In 2003, we expanded our relationship with Brightstar with an

agreement to develop a GSM-based desktop cellular phone for global sale. In September 2004, we received an initial US\$5.7-million purchase order for the new GSM phone, and began delivering units the following month. Through our relationship with Brightstar, we have strong opportunities to sell products in Latin America and overseas markets. Through our relationship with Motorola, we have access to a recognized brand for wireless products, and have also benefited from Motorola's strength in product quality, manufacturing and global presence.

Price. While we use an external manufacturing partner to achieve low wireless product manufacturing costs and high quality, our proprietary radio and GPS designs, and radio and GPS design capabilities, provide us with a cost advantage over many of our competitors. In addition, we have focused on reducing the costs of customer applications. For example, we have incorporated control channel technologies into our products to provide a low-cost alternative to customers requiring low-data-rate transmission capabilities.

Telematics Market & Application Knowledge. We are a pioneer in the after-market telematics and mobile resource management field. Through our work in telematics and mobile resource management, we have developed a strong understanding of market needs, applications, and the required elements to deliver end-customer solutions. Having delivered several solutions into various verticals in these markets, CSI is uniquely positioned to help many of the new solutions providers succeed in addressing their target markets.

Ease of Use. Our products are designed for ease of use and to enable customers to customize each product to address specific application or vertical market requirements. We offer our customers several unique features including: a customizable human-to-machine interface on our desktop cellular phones; a customer configurable application layer; a developer's kit and software tools that support the integration of the product into the customers systems; a unique protocol for communication with telematics devices designed specifically to work with cellular networks; and a series of alternate installation tools to simplify the overall installation process. In addition, our products are designed to be scalable, allowing for future functionality consistent with customer and application need, yet providing manufacturing efficiencies through economies of scale. We also offer out-of-box solutions, with our desktop cellular telephones being an example.

Quality. Our products are engineered to high standards and subjected to extensive testing. The Wireless Unit has adopted an external manufacturing strategy and has established relationships with large manufacturing companies that meet the world's highest quality standards (including ISO 9000 Certification).

Business Strategy

Our objective for the Wireless Unit is to be a leading global provider of wireless communications devices in the desktop cellular telephone and telematics markets. Key elements in our wireless business strategy include:

Expand Technology Portfolio. Our research and development capabilities have been and will continue to be our key driver of success in the rapidly evolving wireless markets. We intend to continue expanding our technology offerings by developing our wireless and positioning technology portfolios and by implementing strategies to protect our proprietary technology.

Implement Disciplined Product Development. Formal product development processes are necessary to ensure we develop the right products on time, on budget and on schedule. These processes link the following activities:

- Business Development (Ideas Inventory, Opportunities Identification)
- Product Management (Business Case, Marketing Specifications, Complete Product Life Cycle Management, Communications, Reporting, Beta Testing)

- Program Management (Engineering Project Management, Design Verification Testing)
- Production Management (Design for Manufacturability, Design for Test, Materials Optimization, Product on Planning)
- Product Termination Management

Diversify Markets. Recent history has shown that new markets for technology advance at varying rates, based on many factors that are difficult to predict. In the near term, we intend to target the following vertical markets to which we will supply relevant hardware solutions:

- Desktop Cellular Telephones
- Consumer Telematics in niche verticals
- Safety & Security Telematics
- Fleet and Asset Management

In addition to diversifying its market verticals, we are also focused on diversifying our customers and the regional markets into which our products are sold.

Develop Multi-Market Multi-Protocol Products. We are developing products that incorporate a variety of wireless communications technologies to serve different vertical markets and customer needs.

Expand and Develop Strategic Relationships. The wireless communications industry environment is extensive, competitive and rapidly changing. We believe that in this environment, it is critical to develop and maintain strategic relationships with suppliers, communications network suppliers, systems integrators, original equipment manufacturers, and industry associations. These relationships provide us with access to broad distribution channels, new sales opportunities, technology insights and market intelligence.

Broaden Procurement Power. The wireless communications hardware industry has been faced – and, in our opinion, will continue to face – components shortages due to the dramatic growth in demand for wireless products. We are developing and implementing strategic procurement strategies to enhance our purchasing power.

Enhance Manufacturing Quality and Capacity. The Wireless Unit has adopted an External Manufacturing ("EM") strategy to focus our capital on the development of technology and products designed to achieve our business strategy. The Corporation has established relationships with EM companies designed to ensure that CSI products are of high quality, and that extra capacity is available to expand production in the face of expanding market opportunities.

Pursue Focused Acquisitions. Where appropriate, we will supplement internal growth and technology development with acquisitions when such acquisitions are viewed by management as assisting in the acceleration of the achievement of the Corporation's business strategy.

Invest in Intellectual Capital. We believe that employees at all levels of the organization have been and will continue to be the key factor in achieving our objectives. Therefore, we will continue to place a high priority on our intellectual capital.

Products

We use the communications technology we design to build wireless products that enable commercial and individual users to communicate and to maintain contact with each other and with stationary or mobile assets.

Desktop Cellular Telephones – These phones resemble traditional desktop or wall-mounted phones but communicate wirelessly – using cellular networks rather than linking to traditional copper wire telephone networks. Today, they are used primarily in rural areas and developing countries where current landline

systems are unavailable or inadequate. In developing countries, wireless local loop telephone systems often represent the fastest and most cost-effective method of providing basic telecommunications services.

We have three desktop cellular phone product lines:

- the Motorola FX800t, or 300 Series, marketed exclusively through Brightstar Corporation. It features TDMA cellular technology that is very popular in the Americas. CSI introduced a cost-reduced version in 2004.
- the 400 Series, including a Motorola-branded version know as the Motorola FX1900xg, that features GSM cellular technology that is very popular worldwide
- the 410 Series that features GSM technology for voice and data transmissions, and GPRS (General Packet Radio Service) technology for email and Internet access

Asset-Link™. Our Asset-Link™ product line uses public wireless networks to give enterprise management real-time visibility to infrastructure, vehicles, cargo and people. The Asset-Link™ product line is a technologically integrated solution for mobile asset management that combines cellular connectivity, GPS, and embedded intelligence to collect, process and deliver business information. Customers use Asset-Link™ for automotive telematics, safety and security applications, fleet management and asset management applications such as truck and trailer fleets, heavy equipment and automobile rentals.

Fleet-Link™ – An extension of CSI's Asset-Link™, Fleet-Link™ is a rugged asset-tracking product designed to remotely monitor and manage untethered tractor trailers, freight containers and other mobile assets from a central command centre. We introduced our first Fleet-Link™ product in 2004. It includes a solar-powered option to enable owners of un-tethered truck trailers to continue receiving location coordinates almost indefinitely. The product communicates using the low-cost Microburst® cellular network, developed by Aeris, which provides seamless coverage throughout North America. We are also developing other Fleet-Link™ models for markets outside North America.

Location-Tag™. Our newest telematics product line, scheduled for introduction by mid 2005, is Location-Tag™. It is a portable, small, low-cost, battery-operated device that can be easily tracked via the Internet. Location Tag™ will employ ReFLEX wireless paging technology (for example, the USA Mobility network in the U.S. and PageNet network in Canada), as well as highly sensitive GPS technology for strong location performance in challenging environments.

Here are the key elements of the Wireless Unit product line:

Product	Applications	Technology	Status
Desktop Cellular Phones	Wireless telephone delivery to residential and commercial locations	TDMA GSM GSM/GPRS	In Production In Production In Production
Motorola FX800t			
400 Series/Motorola FX1900xg			
410 Series			

Product	Applications	Technology	Status
Asset-Link™	Safety	MicroBurst™/GPS AMPS/GPS AMPS/GSM/GPS	In Production
	Security		In Production
	Fleet Management Telematics		In Production
Fleet-Link™	Trailer Tracking	MicroBurst™/GPS AMPS/GSM/GPS	In production
	Fleet Management		In Development
Location-Tag™	Asset Tracking	ReFLEX paging	In Development

Research and Product Development

The primary objective of our engineering group is to deliver new products and support current technologies while progressing along our technology roadmap. Opportunities with low strategic or economic value will not be pursued.

Current Activities

Telephony: We are developing a growing variety of desktop cellular telephones – involving TDMA, GSM, GPRS, SMS and other wireless technologies – for worldwide markets. We introduced two new phones – one GSM-capable, and the other GSM-GPRS-capable – in early 2005.

Telematics: We have targeted major application service providers who service the key telematics market segments including fleet management, stolen car recovery, consumer telematics, delivery and service vehicles, and construction/agricultural equipment. We are developing a family of low-cost, high-performance products for this market.

We are developing a GSM-based Asset-Link™ product to address the needs of these application/telematics service providers' international partners, as well as the digital product needs of North American customers. We believe that by offering these companies a single protocol (Asset-Link™ PDI-Packet Data Interface) that operates over the AMPS and GSM cellular networks in the U.S. and that will also operate over the world's GSM networks, the usefulness of our products to multi-national customers will be greatly enhanced.

The Wireless Unit is developing a very compact Location-Tag™ tracking product that utilizes ReFLEX paging technology and assisted GPS.

Marketing, Sales and Distribution

The Wireless Unit usually does not distribute its products directly to end-users. Rather, we have adopted a strategy of distributing our products through major OEMs, system integrators and service providers. OEMs typically integrate our products into their own products and supply value-added services to end-users through their own firmly established dealer and parts distribution networks. System integrators and service providers usually provide end-to-end solutions directly to the end-user by reselling our products and value-added services to specific vertical markets (e.g. Datacom and PeopleNet).

We implemented a comprehensive Channel Partner Program in 2001 to expand our relationships with significant customers and to improve the discipline with which we manage customer relationships. Since then, we have expanded the program by offering Product Training classes and Development Kits, as part of a focused effort to establish CSI as the hardware supplier of choice with telematics market-makers.

We have developed relationships with distribution partners that we believe are or will become key market leaders in their chosen verticals. These manufacturers, systems integrators and service providers

integrated CSI Wireless' PDI protocol into their customer solutions. All of these partners will be encouraged to sign up as channel partners and receive marketing assistance, training, applications engineering support and sales leads in return. We have several companies signed up for our channel partner program to ensure that we provide maximum support to the market-makers, and to enhance our ability to distribute far more product through our partners than we do directly to end-users.

The Wireless Unit sells its products primarily to customers in the Americas. However, overseas sales will expand now that GSM-based desktop cellular telephones have been introduced, and development is continuing on GSM-based telematics products. Of the Wireless Unit's sales in 2004, 95.0% (91.0% in 2003) were to US customers (including Brightstar), 4.9% (8.0% in 2003) were in Canada, and 0.1% (1.0% in 2003) were in other countries.

Customers

Here is a representative selection of our Wireless Unit customers:

Original Equipment Manufacturers	System Integrators/Service Providers	Distributors (Branding)
PeopleNet Communications Corp.	Datacom Wireless Corporation Fleetboss GPS Solutions Inc. Aercomtec	Directed Electronics (Viper, Clifford) Brightstar Corporation (Motorola)

Many of the manufacturers that buy our products are their own systems integrators. They employ our products and software to build solutions for their customers. For example, Datacom Wireless Corporation takes our Asset-Link™ 100 and builds it into Datacom's MOBILUS vehicle tracking service, primarily to recover stolen vehicles on behalf of insurance companies. And, for example, Fleetboss Global Positioning System Solutions Inc. uses the Asset-Link 200 as the core hardware for Fleetboss' systems for monitoring fleet vehicles.

Companies that distribute our products include Brightstar Corporation, a Motorola licensee that distributes our desktop cellular telephones, and Directed Electronics, which uses our Asset-Link™ hardware as the core technology for Directed's line of vehicle tracking – available under the company's popular Viper, Clifford, Python and Automate brands.

Competition

We view our primary competitors by wireless product line as:

Product	Key Competitors
Asset-Link™ / Fleet-Link™	Motorola, Inc. Trimble Navigation Limited Aercept WebTech Wireless
Desktop Cellular Telephones	Telular LG Axesstel, Inc. Curitel Pantech

Manufacturing

We out-source most of our wireless device manufacturing to partners in Mexico and China. By out-sourcing manufacturing activities, we benefit by:

- enabling ourselves to focus on our core competencies including research & development and sales & marketing;
- gaining access to the latest equipment, process knowledge and manufacturing expertise without making capital investment in facility costs;
- realizing significant financial benefits through high efficiency and superior capital utilization, using a business model that leverages these resources among multiple customers;
- capturing the lowest total component costs through global volume purchasing programs; and
- producing high-quality products in a ISO-registered facility.

We believe the drivers of success in manufacturing include:

1. Quality Systems

- (a) Component engineering and standardization
- (b) Document control
- (c) Engineering change ("EC") management
- (d) Quality audits

2. Time to Market

- (a) New Product Introduction ("NPI") programs and reviews
- (b) Flexibility in design change and product enhancements
- (c) Responsiveness to customer requirements and market demand

3. Product Cost Reduction

- (a) Design cost reductions
- (b) Supply chain programs and vendor cost-reduction programs/negotiation
- (c) Component selection at the design level

Facilities

The Wireless Unit currently occupies space in our Calgary facilities and also leases approximately 7,000 square feet of space in Milpitas, California. A significant component of the unit's research and development activities are located in Milpitas.

Personnel

At March 15, 2005, the Wireless Unit had 53 employees in total, with 30 in Research and Development (18 in Calgary and 12 in Milpitas), 13 in Sales and Marketing (10 in Calgary and 3 in Milpitas), 8 in Operations (8 in Calgary and none in Milpitas) and 2 in Finance and Administration (1 in Calgary and one in Milpitas).

GPS BUSINESS UNIT

General

Through our GPS Unit, we design, manufacture and market precision GPS positioning products for multiple markets including guidance for agriculture (both aerial and ground applications), guidance for marine and geographic information systems, mapping and surveying. Our products include aerial and ground guidance systems, high-accuracy DGPS receivers, autonomous GPS receivers, OEM engines (PCB-based GPS and DGPS sensors), and GPS and DGPS antennas.

Industry Background

The Global Positioning System

The United States' Department of Defence ("DoD") operates a reliable, 24-hour-per-day, all-weather Global Positioning System (GPS). This system consists of ground control facilities and a constellation of 24 satellites (plus active spares) orbiting the Earth at an altitude of approximately 22,000 km.

How GPS Works. GPS satellites transmit coded information to users at band frequencies (1.575 GHz) that enable user equipment to calculate a range to each satellite. GPS is a timing system; that is, ranges are calculated by timing how long it takes for the GPS signal to reach the user's GPS antenna. The GPS receiver calculates the range by referencing the time of transit of the signal to the speed of light.

To calculate a geographic position, the GPS receiver uses a complex algorithm incorporating satellite coordinates and ranges to each satellite. Reception of any four or more of these signals enables a GPS receiver to compute three-dimensional coordinates. Tracking of only three satellites reduces the position fix to two-dimensional coordinates (horizontal with fixed vertical). The GPS receiver calculates its position with respect to the phase centre of the GPS antenna.

GPS Services. The positioning accuracy offered by GPS varies depending upon the type of service and equipment available. For security reasons, two GPS services exist: the Standard Positioning Service (SPS) and the Precise Positioning Service (PPS). The U.S. DoD reserves the PPS for use by its personnel and authorized partners. The SPS is provided free of charge, worldwide, to all civilian users.

In order to maintain a strategic advantage, the U.S. DoD used to artificially degrade the performance of the SPS so the positioning accuracy was limited to 100 metres 95% of the time. This intentional degradation was called Selective Availability. On May 1, 2000, Selective Availability was reduced to zero, effectively turning off the degradation. The intent, which has proven to be quite successful, was to stimulate the development of applications that utilize GPS technology, together with the related social and economic benefits.

With Selective Availability effectively turned off, autonomous GPS is able to achieve a horizontal accuracy of about 10 meters, with 95% confidence.

Differential GPS

The purpose of Differential GPS (DGPS) is to remove the effects of ionospheric errors, timing errors, and satellite orbit errors, with the goal of enhancing GPS system integrity and position accuracy. Prior to May 1, 2000, DGPS also reduced the impact of SA.

How it Works. DGPS involves setting up a reference GPS receiver system at a point of known coordinates. This receiver makes distance measurements, in real-time, to each of the GPS satellites, which include any errors present in the system. The base station receiver calculates what the true range should be without errors, knowing its own coordinates and those of each satellite. The difference between

the known and measured range to each satellite is the range error. This error is the amount that must be removed from each satellite distance measurement to correct for errors present in the system.

Real-Time DGPS. To correct for system errors in real-time, the GPS base station transmits the range error corrections to remote receivers using wireless communications. The remote receiver corrects its satellite range measurements using these Differential corrections, providing a more accurate position. This approach is the predominant DGPS strategy used for real-time applications.

Positioning using corrections generated by DGPS radio beacons provides a horizontal accuracy of 1 to 5 meters with 95% confidence. Positioning using corrections generated by Wide Area Augmentation Systems (WAAS) or other L-Band subscription-based Differential networks provides a horizontal accuracy of 1 meter or better with 95% confidence. CSI's GPS technology for our SLX and SX products is capable of centimetre-level accuracy with a short-range (1 to 10 km) base station and radio link.

Differential GPS Services

We offer receiver equipment that is compatible with the three main Differential correction services: beacon DGPS, L-band satellite DGPS, and Space Based Augmentation Systems (SBAS).

Beacon DGPS. Many marine authorities around the world have installed networks of medium-frequency (283.5 to 325 kHz) beacons that broadcast free GPS correction information to users. When in range of a beacon, these signals may be used to Differentially correct a GPS position. The achievable accuracy depends on the sophistication of the GPS receiver used, ranging from 1-to-5-metre accuracy.

An advantage of the free beacon service over satellite-based services is that beacon signals are able to provide excellent coverage around obstacles, similar to how AM radio signals are able to penetrate tree canopy or diffract around obstacles such as buildings and other structures. The disadvantages include beacon GPS's susceptibility to noise interference by man-made equipment and the decreasing applicability of correction information as users move away from the base station.

L-Band DGPS. Currently, a number of private organizations provide Differential corrections to the positioning industry by transmitting correction data via an L-band communication satellite. They include the OmniSTAR and Veripos systems. They provide almost worldwide signal coverage, and require users to pay subscription fees.

Because L-band DGPS features networks of reference stations to provide correction information throughout the coverage regions, the correction data is optimized so it does not degrade as readily as single reference station services, such as beacon DGPS. This results in improved consistency of performance as compared to conventional services, which improves the confidence of system users. Although the performance of L-band systems is more consistent than single base station systems, the overall accuracy provided is similar.

Because these services broadcast in the L-band, similar to GPS, they are line-of-sight signals. The satellite must be in view of the antenna at all times or acquisition may be lost.

Space Based Augmentation Systems. The most notable Space Based Augmentation System (SBAS) is the US Federal Aviation Administration's Wide Area Augmentation System (WAAS). Others include Europe's EGNOS (European Geostationary Overlay System) and Japan's MSAS (MTSAT Satellite-based Augmentation System). They are similar to OmniSTAR in that they use satellite transponders to relay correction information back to Earth.

These free-of-charge SBAS systems have been developed primarily for aviation navigation. They use a different methodology for correcting GPS errors than beacon or L-band services. Instead of attempting to solve for the sum of errors as observed by measurements to each satellite, SBAS attempt to solve for each error separately. The advantage of this approach is that if the errors – including satellite orbit, clock,

and ionospheric errors – can be determined separately, a more consistent level of accuracy can be achieved in comparison to range measurement methods. Even though the elegance of this correction technique will likely improve the consistency of accuracy further over L-band services, it will provide a similar level of overall accuracy when compared to beacon and L-Band services.

Another benefit of SBAS is that their signals are broadcast at the same frequency as GPS, enabling suitably designed GPS receiver systems to track both GPS and WAAS. This reduces overall system costs, compared to requiring a separate Differential receiver for beacon or for L-band. However, a drawback of transmitting data at the GPS frequency is that the signal is line-of-sight – increasing the potential for signal loss.

WAAS provides excellent coverage of most of the United States, southern Canada and Mexico. The WAAS system is also being upgraded (additional reference stations, satellites, etc.) over the next few years to expand coverage and ensure that it is even more accurate. SBAS coverage over other regions of the world is the responsibility of respective regional authorities. The overall goal of SBAS is to develop an interoperable GPS augmentation system covering the majority of air traffic routes. It is likely that this will ultimately provide coverage to the majority of the world.

The CSI Wireless Solution

We have been a leader in the design and manufacture of competitive, high-accuracy, cost-effective GPS positioning devices since 1990. The following characteristics describe the competitive advantages associated with our GPS products.

Technology. Our technology portfolio has been expanded beyond Differential GPS technology through development and strategic acquisitions. Today, the technology portfolio includes strong proprietary technology in GPS, DGPS and guidance. The GPS Engineering team has become known in the industry for innovation and creativity as a result of achievements such as:

- We were the first company to successfully bring a combination GPS/beacon receiver module to market with a competitive price and a compact form-factor.
- We developed an AM/FM beacon antenna coupler that uses the existing AM/FM vehicle antenna for supply of the beacon signal to the beacon receiver.
- We developed a high-quality beacon receiver design that provides superior immunity to man-made noise, resulting in high performance under noisy conditions.
- The SLX-2 and SX1 modules provide sub-5 cm accuracy positioning for advanced applications by incorporating Real-Time Kinematics ("RTK") technology.
- Cost reductions have been continually achieved through initiatives such as combining GPS and Differential receivers in a single module to share common resources, and the design of integrated antennas.
- We have developed a GPS heading system that combines two GPS receivers and two antennas into a single enclosure to provide heading information to within a half-degree accuracy.

Range of Options. Our DGPS products are compatible with all three primary sources of Differential corrections currently available: beacon, L-Band and SBAS. This provides customers with the option of selecting the technology that is most compatible with the application while considering several factors including the required precision and cost. To date, none of the DGPS correction sources has proven itself as an industry standard because each has advantages and disadvantages when compared to the others.

Price. The GPS Unit has distinguished itself as a low-cost provider of GPS positioning devices while maintaining a high level of performance, features and quality. We continue to pursue means of reducing the cost of our products to maintain our competitive advantage. For example, we created a high degree of silicon integration between the GPS and DGPS components of several of our products, thereby achieving significant cost savings.

Reliability. Our products are designed to meet very high standards of reliability in a wide range of applications and environments. For example, we have implemented a difficult agricultural standard (EP455) against which to evaluate our products. This will ensure that our products withstand the harshest environments.

Quality. We have selected GPS component suppliers that meet very high standards for quality, and we assemble our GPS products internally – maintaining a high standard of quality control and documentation to ensure continued high-quality products.

Ease of Use. Our products are designed for simple integration with our customers' applications and/or products. In addition, a significant investment is made in customer support to ensure that customers have the resources they need to achieve full benefit from the products. For example, we add and modify software, as required, to permit tailored integration of our products with customer applications.

Business Strategy

Expand Technology Portfolio. The GPS Unit's success in the past has been driven by the ability of the research and development team to develop new positioning technology, respond to environmental and market changes, and apply creativity and innovation in the development of new products that meet the evolving demands of its customers. We intend to continue focusing on technology leadership and innovation.

Optimize Product Cost. We intend to continue to aggressively pursue opportunities to reduce or optimize the cost of our products by balancing functionality, performance and quality with customer needs, and through design and manufacturing improvements.

Expand and Develop Strategic Relationships. We believe that strategic relationships with suppliers, OEMs and other customers enable CSI to realize value from the Corporation's technology while avoiding or reducing the dedication of resources to many areas.

Enhance Manufacturing Quality and Capacity. We have focused on the maintenance of high-quality standards for manufacturing. Time and resource investments in quality development, and design and manufacturing processes, ensure that our products meet customers' functionality, performance and quality requirements.

Pursue Focused Acquisitions. Where appropriate, we intend to supplement internal growth and technology development with acquisitions where this will accelerate the achievement of our business strategy.

Invest in the Corporation's Intellectual Capital. We believe that the employees in all levels of the organization have been, and will continue to be, the key factor in achieving objectives. Therefore, the GPS Unit will continue to place a high priority on its intellectual capital.

Products

Agriculture Guidance Products

Our guidance products for agricultural use include the AirStar M3, LightStar II, CornerPost, GPSteer, and the Outback® line.

The AirStar M3 is a high-performance aerial guidance system, while the LightStar II is a high-performance land-based guidance system. Both are very accurate for spraying, swathing, mapping, yield monitoring and soil sampling.

The CornerPost is for use with our ground-based agricultural guidance systems. Because the CornerPost can achieve one-inch accuracy, it is ideal for precisely spaced row-crops while planting, cultivating, bedding and installing irrigation.

GPSteer is our new hands-free auto-steering system for tractors and other self-propelled agricultural equipment.

Our guidance products for the agriculture industry also include the extremely popular Outback® S, Outback® 360, Outback® Hitch and Outback® eDrive, which are exclusively distributed in the Americas, Europe and Australia by RHS Inc.

The Outback® S features a highly accurate DGPS and Wide Area Augmentation System (WAAS) and L-band receiver. It enables farmers to navigate their fields with minimal overlap, whether in straight lines or contours, in any visibility – including darkness. Eliminating overlap saves enough time, fuel, fertilizer and insecticide that Outback® S purchasers say they typically recoup the costs of their new, easy-to-install-and-operate guidance systems in only 12 to 18 months.

The Outback® 360 is an accessory product to the Outback® S. It is a computerized visual aid system that features a high-resolution colour display that effectively enables farmers to look down from the sky – monitoring the progress of their tractors and farming implements as they move across their fields, while collecting and processing data.

The Outback® Hitch is another accessory product to the Outback® S. It enables the hitch or link between the tractor and the agricultural implement trailing behind to automatically adjust to the left or right. Using the Outback Hitch® keeps implements precisely on track – overcoming the impact of curves, hillsides and inattentive driving.

The Outback eDrive® is another accessory product to the Outback® S. It is a GPS-assisted auto-steering system that, like CSI's GPSteer, enables farmers to drive their tractors and other self-propelled agricultural equipment hands-free, along straight or contoured lines. Both products enable drivers to focus their attention on monitoring sprayers, combines or other equipment to achieve greater efficiency. Another key benefit is the reduction in driver fatigue – enabling the machinery to operate for more hours each day, or through the night if necessary.

Original Equipment Manufacturer ("OEM") Products

CSI Wireless' OEM products, most of which are designed to serve markets other than agriculture, include the SBX-3B, the SLX-2, the SX-1 and the Vector OEM.

The SBX-3B is a Differential beacon engine that augments a separate GPS receiver with free correction signals from beacon stations. The resulting positioning accuracy of the GPS receiver is between one and five metres.

The SLX-2 is a Differential GPS engine equipped to receive additional signals from two global sources – the subscription-based L-band OmniSTAR system, and/or freely available Space Based Augmentation Systems (SBAS) such as the United States' WAAS, Europe's EGNOS, and Japan's MSAS. The SLX-2 features CSI Wireless' unique COAST™ and e-Dif™ technology that enable it – like the SLX-2 – to continue to effectively use out-dated Differentially corrected data for up to 40 minutes without any significant accuracy degradation.

The SX-1 is a very affordable printed circuit board ("**PCB**") module for receiving DGPS and SBAS signals. It features CSI's COAST™ and e-Dif™ technologies and is accurate to less than one metre – making it ideal for applications such agricultural guidance, geographic information systems (GIS) and mapping.

The Vector OEM is a complete GPS compass and positioning system designed primarily for the marine market but also for others such as agricultural guidance and machine control. Its positioning performance is sub-meter 95% of the time when using internal SBAS corrections, optional on-board beacon corrections, or externally input corrections.

GPS Heading Systems

We introduced our Vector line of GPS heading systems in late 2002.

Representing an entirely new core technology for us, the systems enable users to maintain very accurate headings at substantially less than the cost of traditional gyrocompasses. The Vector line incorporates our exclusive COAST™ technology.

The Vector is designed primarily for marine use, while the Vector Sensor is targeted for the rapidly emerging machine control market – including agricultural and heavy construction equipment. These applications depend on very accurate headings.

The Vector is a "smart antenna" system that combines two GPS receivers and two antennas into a single enclosure about a half-metre long. Using a sophisticated moving base station Real-Time Kinematic (RTK) technique, the Vector provides heading information to within half-degree (0.5) accuracy – enough to replace gyrocompasses for many applications at a fraction of the cost. It is capable of receiving accuracy-enhancing data from land-based DGPS beacon stations and from space-based WAAS, EGNOS and MSAS.

The Vector Sensor is similar to the Vector in that its two receivers are housed in a single enclosure. However, each of the Sensor's two antennas is housed in a separate enclosure. Users can increase the distance between the antennas, which then increases heading accuracy. With the antennas two meters apart, the Vector Sensor computes heading information with better than 0.15 degree accuracy, matching or exceeding the accuracy of competitors' products while being significantly more affordable.

Integrated GPS Receivers

Our integrated receivers include the ultra-compact Seres, a combined DGPS/SBAS receiver and antenna system designed to serve several markets including agricultural guidance, GIS and mapping. The Seres features our exclusive COAST™ technology, and is also compatible with CSI's unique e-Dif™ software.

Our other integrated receivers include the DGPS MAX, MBX-3, SLXg3, SLXg3 Combo, and new MiniMAX and PowerMAX. They are intended for a wide variety of applications including marine and land navigation, precision guidance in agriculture, asset-tracking, GIS and mapping. The DGPS MAX, which is CSI's flagship integrated receiver, features beacon, SBAS, OmniSTAR capability, plus COAST™ technology. The MiniMAX features beacon and SBAS capability, and the PowerMAX features beacon, SBAS, OmniSTAR and Bluetooth capability.

GPS Software

We have a growing variety of innovative GPS software products, including several that significantly enhance the location-sensing capabilities of our other products.

Our software includes COAST™, which enables DGPS receivers to use original Differential data for up to 40 minutes without seriously degrading accuracy. COAST™ makes various CSI Wireless receivers less likely than competing products to be affected by trees, buildings and other obstacles that temporarily block Differential signals. COAST™ enables the receivers to "coast" through temporary signal outages with minimum impacts on accuracy. CSI products that incorporate COAST™ include the Seres, SX-1, SLX-2, Vector, Vector Sensor and DGPS MAX.

We also have e-Dif™ or "extended differential" software that enables standard GPS receivers to achieve the much higher accuracy available from DGPS, without any help from accuracy-enhancing differential signals. e-Dif™ enables a standard GPS receiver, capable of only 10-metre or 15-metre accuracy, to internally generate Differential corrections that improve its accuracy to one metre – without the expense or potential uncertainties of Differential signals. e-Dif™ computes corrections that last for as long as 40 minutes, after which the receiver re-computes a fresh set of corrections for another 40 minutes.

e-Dif™ can save customers the cost of subscription fees for DGPS signals in regions such as South America, Africa and Australia where no signals are available for free. Even in North America, where signals are free, e-Dif™ is a valuable back-up against signal outages. And in northern latitudes, including many parts of Canada, e-Dif™ can achieve better accuracy than what is possible using free Differential signals from public satellite networks such as WAAS, or when a receiver is on the fringe of land-based radio beacon networks.

CSI has integrated e-Dif™ software into many of its products including the DGPS MAX, SLX-2, SLXg3, SLXg3 Combo, Seres, AgIQ and Outback™ S.

Research and Product Development

The focus of the GPS Unit's research and development team is on expanding our core GPS positioning and guidance technologies and the development of new products. We believe that research and product development is the primary factor contributing to our success, and the primary barrier to potential competitors' entry into the GPS industry. Accordingly, we intend to continue investing significant resources in research and product development.

OEM Modules. A family of low-cost GPS modules have been completed that incorporate the new Zarlink GPS chip-set. This has reduced costs and improved margins on products using the SLX and SX designs. Work is nearing completion on GPS intellectual property that will permit us to end our dependence on chipset suppliers. This new platform will provide much greater flexibility and performance than what is currently available with the Zarlink chipset.

Integrated Positioning Units. The completion of an integrated beacon receiver and H-field antenna has enabled us to go one step further and create a truly smart antenna that houses high-end GPS and beacon receivers with an H-field beacon antenna and GPS antenna. Additional integrations are planned.

Heading Systems. We have developed and introduced our Vector line of heading systems for marine and other applications. The Vector Sensor is a packaged receiver with remote antennas, and a smart antenna. The remote antennas enable the user increase the separation between them and enhance the system's level of accuracy. The all-in-one Vector has a fixed 0.5-metre distance between the antennas, which provides 1 degree of accuracy 95% of the time.

Precision Guidance Systems. The LightStar II and Satloc M3 guidance systems for agriculture build upon the success of our earlier guidance systems. We have refined designs and manufacturing processes to reduce costs and increase ergonomics, ease of use and overall system functionality. The GPSteer and eDrive™ auto-steering systems are our latest guidance breakthroughs – enabling operators to drive their tractors and other self-propelled agricultural equipment hands-free, on straight or curved rows.

Marketing, Sales and Distribution

We are focused on providing low-cost GPS Guidance technology and products to growing commercial and consumer GPS markets. Our strategy for distribution of our GPS products continues to be through large OEMs and dealer networks with established channels for multi-country distribution. This strategy eliminates the need for us to devote significant resources to developing these distribution channels on our own. As part of its distribution strategy, we have developed strategic relationships with suppliers, OEMs

and distributors that enable us to participate in a broader range of high-growth commercial and consumer GPS-enabled markets.

Our GPS Unit serves global markets. Of its 2004 sales, 76.8% (74.1% in 2003) occurred in the United States, 4.5% (9.8% in 2003) occurred in Europe, 4.6% (5.7% in 2003) occurred in Canada and 14.1% (10.4% in 2003) occurred in other areas of the world.

Our GPS Guidance products currently serve the agriculture, marine, geographic information systems and other markets. Our DGPS products are focused on markets where an accuracy level of five meters or less is required.

Our GPS guidance products provide solutions for agriculture, GIS and mapping applications including ground-based chemical applicators, yield monitoring, soil sampling, crop scouting and other precision farming applications.

From a customer's perspective, the primary benefits provided by DGPS and GPS are more accurate navigation, improvements in productivity and safety, and savings in costs and time. For example, in marine applications our commercial customers typically use our products for accurate navigation – enabling vessels to maintain accurate headings while navigating at substantially less cost than traditional gyrocompasses.

Other examples of the benefits provided by DGPS and GPS are in farming applications. Our guidance products result in savings to users through reduced overlap and reduced driver fatigue. In addition, our products can be used in conjunction with devices that monitor the grain yield on harvesting equipment. This yield monitor constantly records the harvest yield and, in conjunction with a DGPS system, enables yield-by-field location maps which can be used in subsequent years to increase or decrease the type and amount of fertilizers and other additives used. Significant cost savings can be achieved by using these types of precision farming techniques.

Competition

We have competitors in each of our target markets and expect competition to intensify as acceptance and awareness of GPS technology increases. One of our main competitors is Trimble Navigation Limited ("**Trimble**"). Trimble's GPS products currently address the survey and mapping, tracking and communications, navigation, precision agriculture and military systems markets. Other competitors offering products similar to those of CSI include NovAtel Inc., Thales Navigation Inc., Beeline Technologies Inc., and Raven Industries. In addition, the Corporation expects to face competition from new market entrants over time.

We believe the principal competitive factors in the markets we serve include: ease of use, physical characteristics, power consumption, product features (including DGPS), product reliability, price, size of installed base, vendor reputation and financial stability of the vendor. Management believes CSI's products compete favourably with competitors' products on the majority of the foregoing factors. The Corporation recognizes it may be at a competitive disadvantage against companies with greater financial, marketing, service and support and technological resources.

We also face competition from various low-end manufacturers of DGPS receivers. Management believes the Corporation's primary advantage is that its digital-based products are viewed in the marketplace as being more reliable for everyday operation and offering a coverage range that is approximately 100% larger than competing analog-based products.

Manufacturing

We manufacture and populate all printed circuit boards and complete the final assembly and quality assurance testing of OEM modules, integrated positioning units and antennas in-house at our Calgary

facility. The Operations Department of our GPS Unit provides production engineering to ensure that our products can be manufactured in large volumes, technical production problems are corrected and averted, and alternative production methodologies are introduced to remain competitive. In addition, vendor and subcontractor qualifications are reviewed by the engineering group and test engineering is provided to guide the department in achieving specifications and ensuring product integrity. We source our assembly materials and components from a variety of suppliers. All of our suppliers are at arm's length. Alternate supply sources for all components is a desired goal, but currently is not available in all cases.

We are determined to maintain our position as a low-cost producer and to ensure that production processes are responsive, smooth and flexible to serve the needs of our customers.

Facilities

Our GPS Unit conducts operations from facilities in both Calgary, Alberta, and Scottsdale, Arizona, with a combined area of 41,000 square feet to manufacture and assemble products, carry out research & development, sales & marketing, and finance & administration activities. We lease the facilities and they are deemed adequate to support annual GPS Unit sales for the foreseeable future.

Personnel

At March 15, 2005, our GPS Unit had 107 employees in total, with 29 in Research and Development (13 in Calgary and 16 in Scottsdale), 18 in Sales and Marketing (7 in Calgary and 11 in Scottsdale), 59 in Manufacturing Operations (53 in Calgary and 6 in Scottsdale) and one in Administration (none in Calgary and one in Scottsdale).

DIVIDEND POLICY

We have not paid any dividends on the Common Shares during the last five financial years. The future payment of dividends will be determined by our board of directors, and will depend on the financial needs of the Corporation to fund future growth, the general financial condition of the Corporation and other relevant factors. We do not intend to pay dividends on our Common Shares in the foreseeable future.

CAPITAL STRUCTURE

The Corporation is authorized to issue an unlimited number of Common Shares, an unlimited number of first preferred shares, issuable in series (the "**First Preferred Shares**"), the first series of which consists of 1,550,000 shares (the "**First Preferred Shares, Series 1**") and an unlimited number of second preferred shares, issuable in series ("**Second Preferred Shares**"). As at March 15, 2005, an aggregate of 33,705,163 Common Shares, no First Preferred Shares, Series 1 and no Second Preferred Shares were outstanding.

The following is a summary of the rights, privileges, restrictions and conditions attaching to each class of shares. Documents affecting the rights of securityholders including our articles, have been filed in accordance with NI 51-102 and are available on our SEDAR profile at www.sedar.com.

Common Shares

The holders of Common Shares will be entitled to one vote at all meetings of our shareholders except at meetings of which only holders of a specified class of shares are entitled to vote. The holders of Common Shares will be entitled to receive, subject to the prior rights and privileges attaching to any other class of our shares, such dividends as may be declared by us. Holders of Common Shares will be entitled upon any liquidation, dissolution or winding-up of CSI, subject to the prior rights and privileges attaching to any other class of shares of CSI, to receive the remaining property and assets of CSI.

First Preferred Shares

Our board of directors ("**Board of Directors**") may at any time and from time to time issue First Preferred Shares in one or more series, each series to consist of such number of shares as may, before the issuance thereof, be determined by the Board of Directors.

The First Preferred Shares of each series rank on a parity with the First Preferred Shares of every other series with respect to accumulated dividends and return of capital. The First Preferred Shares are entitled to a preference over the Second Preferred Shares and the Common Shares and over any other shares of the Corporation ranking junior to the First Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of CIS, whether voluntary or involuntary, or any other distribution of our assets among our shareholders for the purpose of winding-up our affairs.

The rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class may be added to, changed or removed but only with the approval of the holders of the First Preferred Shares given as specified in our articles.

First Preferred Shares, Series 1

In addition to the rights, privileges, restrictions and conditions attached to the First Preferred Shares as a class, the holders of First Preferred Shares, Series 1 are entitled to receive dividends ratably with the holders of Common Shares on the same basis as if the First Preferred Shares, Series 1 had been converted into Common Shares at the current conversion basis at the date the dividend is declared and CSI shall pay dividends on each First Preferred Shares, Series 1 as and when declared by the Board of Directors out of the assets of CSI properly applicable to the payment of dividends.

Subject to the provision as set out in our articles, the First Preferred Shares, Series 1 may be converted into fully paid and non-assessable Common Shares on the current conversion basis on the earlier of (a) the time immediately prior to the effective date of a Change of Control, or (b) at any time on or after April 1, 2004, and before the close of business on a date that is sixty (60) days after such shares are called for redemption, upon notice to CSI at our registered office.

The First Preferred Shares, Series 1 are also subject to certain redemption rights of CSI and the holders of First Preferred Shares, Series 1 are entitled to certain retraction rights and to participate in the distribution of assets in the event of the liquidation, dissolution or winding-up of CIS, whether voluntary or involuntary, or any other distribution of our assets among our shareholders for the purpose of winding-up our affairs. Further information is available in our articles, which are available on our SEDAR profile at www.sedar.com.

Second Preferred Shares

Our Board of Directors may at any time and from time to time issue Second Preferred Shares in one or more series, each series to consist of such number of shares as may, before the issuance thereof, be determined by the Board of Directors.

The Second Preferred Shares of each series rank on a parity with the Second Preferred Shares of every other series with respect to accumulated dividends and return of capital. The Second Preferred Shares shall be entitled to a preference over the Common Shares and over any other shares of CSI ranking junior to the Second Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of CSI, whether voluntary or involuntary, or any other distribution of our assets among our shareholders for the purpose of winding-up our affairs.

The rights, privileges, restrictions and conditions attaching to the Second Preferred Shares as a class may be added to, changed or removed but only with the approval of the holders of the Second Preferred Shares given as specified in our articles.

MARKET FOR SECURITIES

Our Common Shares are listed and posted for trading on the TSX under the symbol "CSY". The following table shows the price range and trading volume of the Common Shares as reported by the TSX for the periods indicated:

	High	Low	Volume
2004			
January	\$3.04	\$1.85	5,258,166
February	\$3.68	\$2.82	6,713,053
March	\$3.42	\$2.46	7,544,439
April	\$3.25	\$2.60	3,214,163
May	\$2.79	\$2.42	2,336,628
June	\$3.24	\$2.60	3,789,268
July	\$3.50	\$2.76	3,458,761
August	\$3.41	\$2.73	2,511,372
September	\$3.12	\$2.78	2,099,923
October	\$3.20	\$2.78	2,175,933
November	\$3.66	\$3.00	3,454,424
December	\$4.44	\$3.63	5,836,055

DIRECTORS AND OFFICERS

The names, municipalities of residence, positions with the Corporation, and principal occupation of the directors and officers of the Corporation are set out below and in the case of directors, the period each has served as a director of the Corporation.

Name and Municipality of Residence	Position	Principal Occupation During the Last Five Years	Number of CSI Shares Beneficially Owned or Controlled
Stephen A. Verhoeff Calgary, Alberta	President and Chief Executive Officer Director since 1990	President and Chief Executive Officer of CSI.	2.2%
Brian J. Hamilton ⁽¹⁾⁽³⁾ Calgary, Alberta	Director since 1996	Independent businessman since October 2003. Previously, Executive Vice-President and Chief Financial Officer of CSI.	0%
Hamid Najafi Los Altos Hills, California	Director since 2000	President of Broadlink Research, Inc., a private technology company, since January 2003. Previously, Chief Technology Officer of CSI since June 2000. Prior thereto, President of Wireless Link.	0.9%

Name and Municipality of Residence	Position	Principal Occupation During the Last Five Years	Number of CSI Shares Beneficially Owned or Controlled
Michael W. Brower Felton, California	Director since 2000	President and founder of Fall Creek Consultants, a private technology consulting firm since 1997. Also Vice President of CSI Wireless until 2001. Prior to CSI, was Vice-President of Marketing & Business Development for Wireless Link before its purchase by CSI in 2000.	0.5%
Michael J. Lang ⁽¹⁾⁽²⁾ Calgary, Alberta	Director since 1996 and Chairman of the Board	Chairman of StoneBridge Merchant Capital Corp. (a private investment company) and former Vice Chairman of Beau Canada Exploration Ltd.	1.5%
Howard W. Yenke ⁽²⁾ Medford, Massachusetts	Director since 1996	Retired executive.	0.1%
Paul L. Camwell ⁽¹⁾⁽³⁾ Calgary, Alberta	Director since 1998	Chief Technology Officer and Vice President for Extreme Engineering Ltd., an engineering and technology firm.	0.1%
Paul G. Cataford Calgary, Alberta	Director since 2004	President and CEO of University Technologies International Inc. (UTI), a University of Calgary subsidiary responsible for its technology commercialization since April 2004. Prior thereto, Managing Partner of HorizonOne Asset Management, a Toronto-based firm he co-founded in 2001. Prior thereto, Executive Managing Director of BMO Nesbitt Burns Equity Partners from 2001 to 2002, and Managing Director and President of BCE Capital from 1997 to 2001.	0.01%
Colin A. Maclellan Calgary, Alberta	Chief Operating Officer	Chief Operating Officer of CSI since October 2003, and Senior Vice President and General Manager, Wireless Business Unit, CSI from March 2002 to October 2003. Previously, Vice President of Nortel Networks global wireless operations.	0.3%
Theresa J. Lea Calgary, Alberta	Senior Vice President, People and Communications	Senior Vice President, People and Communications of CSI since 2004. Previously, Vice President and General Manager, GPS Business Unit, CSI.	0.02%
Cameron B. Olson Calgary, Alberta	Chief Financial Officer and Vice President, Finance	Chief Financial Officer of CSI since October 2003 and Vice President, Finance of CSI since May 2000. Previously, Director, Marketing Financial Services of PanCanadian Petroleum Ltd. (now EnCana Corp.)	0.1%
Terry W. Sydoryk Calgary, Alberta	VP Marketing & Product Management - Telematics	Vice President of Product Marketing for Wireless Business Unit's Telematics division, at CSI since October 2004. Previously, COO of Plazmic Inc. Prior thereto, Vice President of Marketing and Business Development for AudeSi Technologies.	0%

Name and Municipality of Residence	Position	Principal Occupation During the Last Five Years	Number of CSI Shares Beneficially Owned or Controlled
Phil W. Gabriel Calgary, Alberta	Vice President Sales, Wireless Business Unit	Vice President Sales, Wireless Business Unit, CSI	0.1%
Owen J. Thistle Calgary, Alberta	Vice President, Telematics Engineering	Vice President of Engineering for the Wireless Business Unit's Telematics division at CSI since October 2004. Previously, Vice President of Engineering for CDPD, GPRS and UMTS products at Novatel Wireless.	0%
Michael S. Cummiskey Danville, California	Vice President, Business Development, Fixed Wireless and Radio Products, Wireless Business Unit.	Vice President, Business Development for the Wireless Business Unit's Fixed Wireless and Radio Products division, at CSI since 2003. Previously, Business Development Manager at PrairieComm, Inc. Prior thereto, Global Account Manager for Mentor Graphics Corporation.	0%

Notes:

- (1) Member of the Corporation's Audit Committee.
- (2) Member of the Corporation's Compensation Committee.
- (3) Member of the Corporation's Corporate Governance Committee.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or officer of CSI, or a shareholder holding a sufficient number of securities of CSI to affect materially the control of CSI is, or within the last ten years has been, a director, officer or promoter of any reporting issuer that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied us access to any statutory exemption for a period of more than 30 consecutive days or, within a year of such person ceasing to act in that capacity or within the 10 years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person, except that Michael Lang was a director of Environmental Technologies Inc., which company was given a cease trade order in 1997. Environmental Technologies was a subsidiary of Beau Canada Exploration Ltd. and traded on the Alberta Stock Exchange. Mr. Lang subsequently resigned as a director.

No director or officer of CSI, or a shareholder holding a sufficient number of securities of CSI to affect materially the control of CSI, has been subject to any penalties or sanctions under securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

The directors and officers of the Corporation may, from time to time, be involved in the business and operations of other issuers, in which case a conflict may arise. See "Risk Factors".

The Alberta Business Corporations Act (ABCA) provides that in the event a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the ABCA. To the extent that conflicts of interests arise, such conflicts will be resolved in accordance with the provisions of the ABCA.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of our directors and senior officers, any shareholder who beneficially owns more than 10% of the outstanding Common Shares, or any known associate or affiliate of such persons, in any transaction since the beginning of our last completed financial year or in any proposed transaction which has materially affected or will materially affect the Corporation.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 by us during, or related to, our most recently completed financial year other than KPMG LLP, our auditors. As at the date hereof, none of the aforementioned persons or companies, or principals thereof, had any registered or beneficial interests, direct or indirect, in any securities or other property of us or our associates or affiliates either at the time they prepared the statement, report or valuation prepared by it, at any time thereafter or to be received by them.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

MATERIAL CONTRACTS

The Corporation currently has no material contracts in place outside of the normal course of business.

AUDITORS, TRANSFER AGENT AND REGISTRAR

KPMG LLP, Chartered Accountants, Suite 1200, Bow Valley Square II, 205 - 5th Avenue S.W., Calgary, Alberta, T2P 4B9, are the auditors of the Corporation.

Computershare Trust Corporation of Canada, 600, 530 - 8th Avenue S.W., Calgary, Alberta, T2P 3S8, is the Transfer Agent and Registrar of the Corporation.

AUDIT COMMITTEE INFORMATION

Our audit committee (the "**Audit Committee**") is appointed by the board of directors to assist the board in fulfilling its oversight responsibilities. The committee is composed of three external unrelated directors. All three are financially literate, meaning they are able to read and understand financial statements of a complexity level comparable to that of the financial statements of CSI Wireless. The Audit Committee's Charter is available in Appendix "A".

Audit Committee Members

Michael J. Lang, Calgary, Alberta

Michael Lang is Chairman of Stonebridge Merchant Capital Corp. and a director of several public companies. He is a member of the board, and chairs the audit committee, of both Dynetek Industries Ltd. and Garneau Inc. He holds a Bachelor of Science and MBA degrees from the University of Alberta.

Brian J. Hamilton, Calgary, Alberta

Brian Hamilton is a financial consultant and former Executive Vice-President and Chief Financial Officer for CSI Wireless. He has served as a senior financial officer for several financial institutions, including Paramount Life Insurance Co., ParaCorp Inc. and Canadian Commercial Bank. Mr. Hamilton is a Chartered Accountant and Chartered Financial Analyst, and has a Bachelor of Commerce degree (Honours) from the University of Manitoba.

Paul L. Camwell

Paul Camwell is Vice President and Chief Technology Officer for Extreme Engineering Ltd. A former Industrial Advisor to NRC/TRLabs, he has held senior management positions in the Scientific Civil Service (UK), at NovAtel Communications and Ryan Energy. Dr. Camwell is a professional engineer practicing in Alberta and is qualified as a physicist and electronic engineer. He graduated with a BSc and PhD in solid state physics from the University of Warwick, UK.

Pre-approval of Policies and Procedures – Non-Audit Services

We have adopted policies and procedures with respect to the pre-approval of audit and permitted non-audit services to be provided by KPMG LLP as set forth in item (n) of the Audit Committee charter, which is reproduced in Appendix A to this Annual Information Form. The Audit Committee has approved the provision of a specified list of audit and permitted non-audit services that the audit committee believes to be typical, reoccurring or otherwise likely to be provided by KPMG LLP during the current fiscal year. The list of services is sufficiently detailed as to the particular services to be provided to ensure that the Audit Committee knows precisely what services it is being asked to pre-approve and it is not necessary for any member of management to make a judgment as to whether a proposed service fits within pre-approved services.

Auditor Service Fees

The following table discloses fees billed to us in 2004 by our auditors, KPMG LLP.

Type of Service Provided	2004
Audit Fees	\$93,200
Audit-Related Fees – related to public offerings	\$29,200
Tax Fees – These services included review of tax returns	\$18,200
All Other Fees	- 0 -

RISK FACTORS

The following is a summary of certain risk factors relating to our business. The information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form. An investment in the Common Shares of the Corporation involves a significant degree of risk. Prospective investors should carefully consider the following factors, together with other information contained in this Annual Information Form.

Financial Results

Although it is anticipated that we will incur a profit for the year ending December 31, 2005, following a profitable year in 2004, we incurred losses in each of the three years prior to 2004. If CSI Wireless fails to execute on its current contracts, or if current customers significantly reduce their purchases, it is possible

that losses will occur in any of the four quarters of 2005. Future revenues are subject to many factors beyond our control. Examples include the liquidity and business plan execution of customers, general industry conditions, and the rate of acceptance of new technologies in the marketplace.

Foreign Currency Exchange Rate Fluctuation

Sales of most CSI products are predominantly transacted in US dollars. As revenues are reported by us in Canadian dollars, we are exposed to risk associated with US and Canadian dollar currency fluctuations. These risks are mitigated to some extent by purchasing most inventories, other costs and many services in US dollars. However, a strengthening in the Canadian dollar relative to the US dollar results in lower revenues and earnings for CSI. As we expand with increased sales into Europe and other countries, it is expected that it may be necessary to transact sales in foreign currencies other than US dollars, thus exposing us to additional foreign currency risk.

In 2004 we did not enter into financial contracts to manage its foreign currency exposure. However, at the end of the fourth quarter of 2004, the Board of Directors gave approval for Management to implement a foreign currency risk management program, to hedge our US dollar working capital against exchange rate fluctuations. Although this program has been implemented in 2005, there is no guarantee that we will not experience foreign exchange gains and losses.

General Economic and Financial Market Conditions

While the general economic and financial market conditions improved in 2004 relative to prior years, negative changes in the market and business environments or adverse geopolitical events could have a negative impact on our 2005 performance. In addition, our agricultural product sales have been affected by drought conditions in prior years that have negatively impacted the agricultural market, which resulted in lower sales of agricultural guidance products. Should drought conditions arise in 2005, we could be faced with lower-than-expected revenues in these market areas.

Dependence on Key Personnel and Consultants

Our success is largely dependent upon the performance of our personnel and key consultants. The unexpected loss or departure of any of our key officers, employees or consultants could be detrimental to our future operations. The success of CSI will depend, in part, upon our ability to attract and retain qualified personnel, as they are needed. The competition for highly skilled technical, research and development, management, and other employees is high in the wireless and GPS industries. There can be no assurance that we will be able to engage the services of such personnel or retain our current personnel.

Competition

We are competing in a highly competitive industry that is constantly evolving and changing. We expect this competition to increase as new competitors enter the market. Many of our competitors have greater financial, technical, sales, production and marketing resources. We compete with companies that also have established customer bases and greater name recognition. This may allow competitors to respond more quickly to the wireless and/or GPS market and better implement technological developments. There is no assurance that we will be able to compete on the same scale as these companies. Such competition may result in reduced sales, reduced margins or both.

Third-Party Wireless and GPS Dependence

Customers can only use wireless products over wireless data networks operated by third parties. If these third-party network operators cease to offer effective and reliable service, or fail to market their services effectively, sales of our products may decline and revenues may decrease. Many of our products rely on signals from satellites that we do not own or operate. Such satellites and their ground support systems

are complex electronic systems subject to electronic and mechanical failures and possible sabotage. The satellites have limited design lives and are subject to damage by the hostile space environment in which they operate. If a significant number of satellites were to become inoperable, there could be a substantial delay before they are replaced with new satellites. A reduction in the number of operating satellites would impair the current utility of the Global Positioning System (GPS) and/or the growth of current and additional market opportunities, which would adversely affect our results of operations. In addition, there is no assurance that the U.S. government will remain committed to the operation and maintenance of GPS satellites over a long period of time; or that the policies of the U.S. government for the commercial use of GPS without charge will remain unchanged.

Dependence on New Products

We must continue to make significant investments in research and development to develop new products, enhance existing products and achieve market acceptance for such products. However, there can be no assurance that development-stage products will be successfully completed or, if developed, will achieve significant customer acceptance. If we are unable to successfully define, develop and introduce competitive new products, and enhance our existing products, our future results of operations will be adversely affected.

Availability of Key Supplies

We are reliant upon certain key suppliers for raw materials and components, and no assurances can be given that we will not experience delays or other difficulties in obtaining supplies, as a result of trade disputes or other matters. While no single vendor currently supplies more than 10% of the raw materials used by us, the raw materials used in certain operations are available only through a limited number of vendors. Although we believe there are alternative suppliers for most of our key requirements, if our current suppliers are unable to provide the necessary raw materials or otherwise fail to timely deliver products in the quantities required, any resulting delays in the manufacture or distribution of existing products could have a material adverse effect on our results of operations and our financial condition.

Credit Risk

We have undergone significant sales growth, resulting in a significant growth in our customer base. As a result, we have an increasing exposure to credit risk related to trade balances owing from customers. In the normal course of business, we monitor the financial condition of our customers and review the credit history of new customers to establish credit limits. We establish an allowance for doubtful accounts that corresponds to the credit risk of our customers, historical trends and economic circumstances. We could realize losses if customers default on their balances owing.

Dependence on Major Customers

For the year ended December 31, 2004, 70% (2003 - 63%) of our sales were made to our two largest customers. The loss of either of these customers could have an adverse effect on our business.

Wireless Industry Technology Risk

Our success in the wireless market may depend in part on our ability to develop products that keep pace with the continuing changes in technology, evolving industry standards and changing customer and end-user preferences and requirements. Our products embody complex technology that may not meet those standards, changes and preferences. In addition, wireless communications service providers require that wireless data systems deployed in their networks comply with their own standards, which may differ from the standards of other providers. We may be unable to successfully address these developments on a timely basis or at all. Our failure to respond quickly and cost-effectively to new developments through the development of new products or enhancements to existing products could cause us to be unable to recover significant research and development expenses and reduce our revenue.

Wireless Data Competition

The wireless data and communications industry is intensely competitive and subject to rapid technological change. We expect competition to intensify. More established and larger companies with greater financial, technical and marketing resources may decide to sell products that compete with our products. Existing or future competitors may be able to respond more quickly to technological developments and changes, or may independently develop and patent technologies and products that are superior to ours, or achieve greater acceptance due to factors such as more favourable pricing or more efficient sales channels. If we are unable to compete effectively with competitors' pricing strategies, technological advances and other initiatives, our market share and revenues may be reduced.

Future Acquisitions

We may seek to expand our business through the acquisition of compatible products or businesses. There can be no assurance that suitable acquisition candidates can be identified and acquired on terms favourable to us, or that the acquired operations can be profitably operated or integrated into CSI. In addition, any internally generated growth experienced by CSI could place significant demands on our management, thereby restricting or limiting our available time and opportunity to identify and evaluate potential acquisitions. To the extent management is successful in identifying suitable companies or products for acquisition, we may deem it necessary or advisable to finance such acquisitions through the issuance of Common Shares, securities convertible into Common Shares, or debt financing, or a combination thereof. In such cases, the issuance of Common Shares or preferred shares or convertible securities could result in dilution to the holders of Common Shares at the time of such issuance or conversion. The issuance of debt to finance acquisitions may result, among other things, in the encumbrance of certain of our assets, impede our ability to obtain bank financing, decrease our liquidity and adversely affect our ability to declare and pay dividends to our shareholders.

Proprietary Protection

Our success will depend, in part, on our ability to obtain patents, maintain trade secrets and unpatented know-how protection, and to operate without infringing on the proprietary rights of third parties or having third parties circumvent our rights. We rely on a combination of contract, copyright, patent, trademark and trade secret laws, confidentiality procedures and other measures to protect our proprietary information. However, there can be no assurance that the steps taken by us will prevent misappropriation of our proprietary rights. Our competitors also could independently develop technology similar to our technology.

Although we do not believe that our products or services infringe on the proprietary rights of any third parties, there can be no assurance that infringement or invalidity claims (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against us, or that any such assertions or prosecutions will not materially adversely affect our business, financial condition or results of operations. Irrespective of the validity or the successful assertion of such claims, we could incur significant costs and diversion of resources with respect to the defence thereof, which could have a material adverse effect on our business.

Conflicts of Interest

Certain directors of CSI are engaged and will continue to be engaged in the design, manufacture and marketing of wireless or GPS products, and situations may arise where the directors may be in direct competition with CSI. Conflicts of interest, if any, which arise will be subject to and governed by the procedures prescribed by the Alberta Business Corporations Act which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with CSI to disclose his interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA.

Product Liability

The sale and use of our products entail risk of product liability. Although we have product liability insurance, there is no assurance that such insurance will be sufficient or will continue to be available on reasonable terms.

New and Emerging Markets

Many of the markets for our products are new and emerging. Our success will be significantly affected by the outcome of the development of these new markets.

Physical Facilities

We have facilities at three different locations, as well as component inventory, finished goods and capital assets at third-party manufacturing facilities. Tangible property at each location is subject to risk of fire, earthquake, flood, and other natural acts of God. In the event of such acts, there could be delays in production and shipments of product due to both the loss of inventory and/or capacity to produce.

LEGAL PROCEEDINGS

We are subject to various claims and contingencies related to lawsuits and other matters arising in the normal course of operations. Management believes the ultimate liability, if any, arising from such claims or contingencies, is not likely to have a material adverse effect on the results of our operations or our financial condition.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under our equity compensation plans, as applicable, is contained in our information circular for the most recent annual meeting of shareholders that involved the election of directors. Additional financial information is provided in our financial statements and management discussion and analysis for the year ended December 31, 2004, which are set forth in our 2004 Annual Report. Documents affecting the rights of security holders, along with additional information relating to us, may be found on SEDAR at www.sedar.com.

APPENDIX "A" – AUDIT COMMITTEE CHARTER

Audit Committee Purpose

Through discussion with management and the external auditors of the Corporation, the Audit Committee will be responsible to:

- monitor the management of the principal risks that could impact the financial reporting of the Corporation;
- monitor the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
- monitor the independence and performance of the Corporation's external auditors;
- provide an avenue of communication among the external auditors, management and the Board of Directors;
- encourage adherence to, and continuous improvement of, the Corporation's policies, procedures, and practices at all levels; and
- monitor compliance with legal and regulatory requirements.

Audit Committee Duties and Responsibilities

Primarily through review and discussion with management and the external auditors, the Audit Committee is responsible to:

Review Procedures

- (a) review periodically the Committee's Terms of Reference;
- (b) review the Corporation's annual audited financial statements and related documents prior to filing or distribution. Review should include discussion with management and external auditors of significant issues regarding accounting principles, practices, and significant management estimates and judgments;
- (c) periodically, in consultation with management and external auditors, consider the integrity of the Corporation's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures;
- (d) review significant findings prepared by the external auditors together with management's responses.
- (e) review the principal risks affecting financial reporting;
- (f) review with financial management and the external auditors, and approve, the Corporation's quarterly financial results and related documents, including the quarterly press release, prior to the public release of earnings. By approval of these Terms of Reference for the Audit Committee, the Board delegates the authority to approve these documents on behalf of the Board;

- (g) discuss any significant changes to the Corporation's accounting principles prior to their adoption. The Chair of the Committee may represent the entire Audit Committee for purposes of this review;

External Auditors

- (h) the external auditors are ultimately accountable to the Audit Committee and the Board of Directors, as representatives of the shareholders. The Audit Committee shall review the independence and performance of the auditors and annually recommend to the Board of Directors the appointment of the external auditors or approve any discharge of auditors when circumstances warrant;
- (i) approve the fees and other significant compensation to be paid to the external auditors.
- (j) on an annual basis, the Committee should review and discuss with the external auditors all significant relationships they have with the Corporation that could impair the auditors' independence;
- (k) review the external auditors' audit plan - discuss and approve audit scope, staffing, locations, reliance upon management, and general audit approach;
- (l) prior to releasing the year-end earnings, discuss the results of the audit with the external auditors. Discuss certain matters required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants;
- (m) consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in the Corporation's financial reporting;
- (n) approve all non-audit services to be provided to the Corporation by the external auditors' firm, prior to such services being performed, except that by approval of these terms of reference, the Audit Committee hereby approves the following non-audit services to be provided by the external auditors:
 - (i) Tax services connected with the preparation of the Corporation's tax returns, or the tax returns of any of its subsidiaries; and
 - (ii) Due diligence and tax services connected with any mergers, acquisitions or dispositions being considered by the Corporation.

Legal Compliance

- (o) on at least an annual basis, review with the Corporation's counsel any legal matters that could have a significant impact on the organization's financial statements, the Corporation's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies; and

Other Audit Committee Responsibilities

- (p) periodically assess the effectiveness of the committee against its terms of reference and report the results of the assessment to the Board.

Audit Committee Administrative Matters

The following general provisions shall have application to the Committee:

- (a) the Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the external auditors as well as anyone in the organization. The Audit Committee has the ability to retain, at the Corporation's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties;
- (b) two members of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. Meetings may occur via telephone or teleconference;
- (c) any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its outside members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains;
- (d) the Committee shall meet at least four times per year and/or as deemed appropriate by the Chair;
- (e) if deemed necessary by the Chair, agendas shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings;
- (f) any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chief Executive Officer by the Board Chair;
- (g) the Committee may invite such officers, directors and employees of the Corporation as it may see fit from time to time to attend at meetings of the Committee and assist therein in the discussion and consideration of the matters being considered by the Committee;
- (h) the time at which and place where the meetings of the Committee shall be held and the calling of meetings and the procedure in all respects at such meetings shall be determined by the Committee, unless otherwise determined by the by-laws of the Corporation or by resolution of the Board;
- (i) unless otherwise designated by the Board, the members of the Committee shall elect a Chairman from among the members and the Chairman shall preside at all meetings of the Committee. The Chairman of the Committee shall have a second and deciding vote in the event of a tie. In the absence of the Chairman, the members of the Committee shall appoint one of their members to act as Chairman; and
- (j) minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.