

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. **Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Intrinsic Software International, Inc., at 10th Floor, 700 West Pender Street, Vancouver, British Columbia, Canada, V6C 1G8, telephone: (604) 801-6461 and are also available electronically at www.sedar.com. For the purpose of the Province of Quebec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained without charge from the secretary of the issuer at the above-mentioned address and telephone number and is also available electronically at www.sedar.com.

These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "1933 Act") or any state securities laws. Accordingly, these securities may not be offered, sold or otherwise disposed of, or delivered directly or indirectly in the United States of America or its territories or possessions or to U.S. persons (as defined in Regulation S under the 1933 Act) unless an exemption from registration under the 1933 Act and applicable state law is available. See "Plan of Distribution".

SHORT FORM PROSPECTUS

New Issue

March 23, 2006

INTRINSYC SOFTWARE INTERNATIONAL, INC.

\$21,780,000
24,200,000 Units

Intrinsic Software International, Inc. (the "Corporation") hereby qualifies for distribution in each of the provinces of Canada, an aggregate of 24,200,000 units (the "Units") of the Corporation (the "Offering") at an offering price of \$0.90 per Unit (the "Offering Price"). The Offering Price was determined by negotiation between the Corporation, TD Securities Inc. and Paradigm Capital Inc. (together, the "Underwriters").

Each Unit consists of one common share (a "Common Share") of the Corporation and one half of one Common Share purchase warrant (each whole purchase warrant, a "Warrant") of the Corporation. The Common Shares and Warrants comprising the Units are hereby qualified by this short form prospectus. The Units are immediately severable into their constituent Common Shares and Warrants upon closing. Each whole Warrant entitles the holder thereof to purchase one Common Share (a "Warrant Share") at a price of \$1.05 for a period of 4 years following the closing of the Offering.

The Common Shares of the Corporation are listed for trading on the Toronto Stock Exchange ("TSX") under the trading symbol "ICS". On March 1, 2006, the last trading day before the announcement of the Offering, the closing price of the Common Shares on the TSX was \$1.15. The TSX has conditionally approved the listing of the Common Shares and Warrant Shares comprising the Units, as well as the Common Shares and Warrant Shares underlying the Units issuable upon exercise of the Compensation Options. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX.

Price: \$0.90 per Unit

| | <u>Price to the Public</u> | <u>Underwriters' Fee⁽¹⁾</u> | <u>Net Proceeds to the Corporation⁽²⁾</u> |
|----------------------------|----------------------------|--|--|
| Per Unit | \$0.90 | \$0.063 | \$0.837 |
| Total ⁽³⁾ | \$21,780,000 | \$1,524,600 | \$20,255,400 |

Notes:

- (1) The Underwriters will receive compensation options (the "Compensation Options") entitling the Underwriters to subscribe for that number of Units equal to 6% of the aggregate number of Units sold under the Offering, including any Additional Units (defined below) sold pursuant to the Closing Option (defined below). Each Compensation Option is exercisable to purchase one Unit at the Offering Price for a period of two years following the Closing Date (defined below). This short form prospectus also qualifies the distribution of the Compensation Options, as well as the Units issuable upon exercise of the Compensation Options, and the Common Shares and Warrant Shares underlying the Units issuable upon exercise of the Compensation Options. See "Plan of Distribution".
- (2) After deducting the commission payable to the Underwriters equal to 7% of the aggregate proceeds of the Offering (the "Underwriters' Fee"), but before deducting expenses of the Offering, including listing fees, estimated to be approximately \$400,000, which will be paid from the proceeds of the Offering.
- (3) The Corporation has granted to the Underwriters an option (the "Closing Option"), exercisable in whole or in part at any time prior to 48 hours before the Closing Date, at the discretion of the Underwriters, enabling them to purchase up to an additional 3,630,000 Units (the "Additional Units") at the Offering Price per Additional Unit. If the Closing Option is exercised in full, the price to the public, the Underwriters' Fee and the net proceeds to the Corporation will be \$25,047,000, \$1,753,290 and \$23,293,710, respectively. This short form prospectus also qualifies the grant of the Closing Option and the distribution of the Additional Units, and qualifies the Common Shares, Warrants and Warrant Shares comprising the Additional Units. References to Units shall include the Additional Units, if any. See "Plan of Distribution".

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. During the distribution of the Offering, the Underwriters may effect transactions in the Common Shares in accordance with applicable market stabilization rules. See “Plan of Distribution”. Certificates evidencing the Common Shares and Warrants will be available for delivery on the closing date of the Offering (the “Closing Date”) which is expected to be on or about March 30, 2006, or at such later date as agreed to by the Corporation and the Underwriters, but in any event not later than April 11, 2006.

The Underwriters, as principals, conditionally offer the Units, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution” and subject to approval of certain legal matters relating to the Offering by Blake, Cassels & Graydon LLP, on behalf of the Corporation, and by Goodmans LLP, on behalf of the Underwriters.

| Underwriters’ Position | Maximum size or number of securities held | Exercise period/ Acquisition date | Exercise price or average acquisition price |
|---|---|--|--|
| Closing Option | up to 3,630,000 Units | until 48 hours prior to Closing | \$0.90 per Unit |
| Compensation Option | up to 1,669,800 Units (assuming exercise of the Closing Option in full) | until 2 years following Closing Date | \$0.90 per Unit |
| Any other option granted by issuer or insider of issuer | -- | -- | -- |
| Total securities under option | up to 5,299,800 Units | -- | \$0.90 per Unit |
| Other compensation securities | -- | -- | -- |

Investment in the Units should be considered speculative due to various factors, including the nature of the Corporation’s business. See “Cautionary Statement Regarding Forward-Looking Statements” and “Risk Factors”.

The Corporation is continued under the Canada Business Corporations Act. The Corporation’s head office is located at 10th floor, 700 West Pender Street, Vancouver, British Columbia, V6C 1G8. The Corporation’s registered office is located at Suite 2600, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia, V7X 1L3.

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ELIGIBILITY FOR INVESTMENT

In the opinion of Blake, Cassels & Graydon LLP, counsel for the Corporation, and Goodmans LLP, counsel for the Underwriters, the Common Shares and Warrants comprising the Units offered hereby, if issued on the date hereof, would be qualified investments under the *Income Tax Act* (Canada) (“Tax Act”) and the regulations thereunder (the “Regulations”) for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans (collectively, “Investment Plans”), provided that, in the case of the Warrants, the Corporation deals at arm’s length with each person who is an annuitant, a beneficiary, an employer or a subscriber under the Investment Plan.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This short form prospectus, including the documents incorporated herein by reference, contains forward-looking statements concerning anticipated developments in the Corporation’s operations in future periods, the adequacy of the Corporation’s financial resources and other events or conditions that may occur in the future. Forward-looking statements are frequently, but not always, identified by words such as “expects,” “anticipates,” “believes,” “intends,” “estimates,” “predicts,” “potential,” “targeted,” “plans,” “possible” and similar expressions, or statements that events, conditions or results “will,” “may,” “could” or “should” occur or be achieved. These forward-looking statements include, without limitation, statements about the Corporation’s market opportunities, strategies, competition, expected activities and expenditures as the Corporation pursues its business plan, the adequacy of the Corporation’s available cash resources and other statements about future events or results. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Corporation or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, such as business and economic risks and uncertainties, including, without limitation, those referred to and incorporated by reference in this short form prospectus under the heading “Risk Factors”. The Corporation’s forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Corporation does not assume any obligation to update forward-looking statements if circumstances or management’s beliefs, expectations or opinions should change. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commissions or similar authorities in Canada are specifically incorporated by reference and form an integral part of this short form prospectus:

- (a) annual information form of the Corporation for the year ended August 31, 2005, dated November 18, 2005 (the “Annual Information Form”);
- (b) audited comparative consolidated financial statements of the Corporation for the year ended August 31, 2005 and the auditors’ report thereon, together with management’s discussion and analysis for the year ended August 31, 2005;
- (c) unaudited interim consolidated financial statements of the Corporation for the three months ended November 30, 2005, together with management’s discussion and analysis for the period then ended;
- (d) management information circular of the Corporation dated November 23, 2005 prepared in connection with the Corporation’s annual general meeting of shareholders held on December 15, 2005;
- (e) material change report dated October 4, 2005, reporting the completion of a secured debenture financing in the aggregate amount of \$8 million; and
- (f) material change report dated December 19, 2005, reporting the appointment of Thomas J. Bitove to the Board of Directors.

Any material change reports (excluding confidential material change reports), any interim and annual consolidated financial statements, MD&A related to interim and year-end financial statements, business acquisition reports, information circulars and annual information forms filed by the Corporation with

various securities commissions or similar authorities in Canada after the date of this short form prospectus and prior to the termination of this Offering, shall be deemed to be incorporated by reference in this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this short form prospectus, except as so modified or superseded.

THE CORPORATION

Name and Incorporation

The Corporation was incorporated under the laws of Alberta on August 31, 1992 under the name I.T.C. Microcomponents Inc. and continued under the laws of British Columbia on July 19, 1995. The corporation changed its name to Intrinsic Software, Inc. on June 16, 1997. Articles of Continuance were filed under the Canada Business Corporations Act on May 1, 2003 to continue the Corporation federally and changed the name of the Corporation from Intrinsic Software, Inc. to Intrinsic Software International, Inc. The Corporation's principal business office is 10th Floor, 700 West Pender Street, Vancouver, British Columbia, V6C 1G8, telephone (604) 801-6461, Fax (604) 801-6417 and its registered office is Suite 2600, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia, V7X 1L3.

The Corporation has four wholly owned subsidiaries, Intrinsic Software (U.S.A.), Inc., Intrinsic Europe Limited (formerly NMI Electronics Limited), Linar Limited., and Intrinsic Software (Barbados) Inc. Intrinsic Software (U.S.A.) Inc. was incorporated under the laws of Washington State on March 25, 1997. Intrinsic Europe Limited was incorporated under the laws of the United Kingdom on March 27, 1987. Linar Limited was incorporated under the laws of the United Kingdom on November 21, 1997. Intrinsic Software (Barbados) Inc. was incorporated under the laws of Barbados on August 31, 2005.

BUSINESS OF THE CORPORATION

Corporate Overview

The Corporation is a mobility software and services company that specializes in providing smart phone and feature phone software licensing and supporting systems integration services to handset manufacturers and their partners. The Corporation is comprised of three business units: Mobile Software Products, which is responsible for the development of the Corporation's 'Soleus™' feature phone product; Mobile and Embedded Solutions, which provides the required systems integration services to handset manufacturers; and Enterprise Interoperability Solutions, which provides networking software to bridge Java and Windows based systems to each other. The Corporation's technologies and services make it possible for customers to identify, create and deliver mobile devices and solutions.

The Corporation has strategically positioned its product and service initiatives and offerings to take advantage of what the Corporation perceives to be an increasing trend in the industry towards "digital convergence" in mobility technology. This digital convergence involves an anticipated convergence of four industries: the telecommunications industry; the computing industry; the entertainment industry; and the consumer electronics industry related to mobility products and services. The Corporation's business plan contemplates increased demand and value for its products and services as a result of this trend. Management believes that the Corporation's products, such as its licensable 'Soleus™' feature phone software product and its supporting systems integration services, are key enablers in delivering mobile digital convergence products, such as feature phones, smart phones and wireless gaming devices.

The Corporation is currently making significant new investments in mobility software product development, specifically its 'Soleus™' feature phone software product, which is intended to result in new licensing based revenue streams. Soleus™ is a Windows CE based feature phone software product that can be used by industry silicon vendors, original equipment manufacturers and original design manufacturers ("handset manufacturers"), wireless network carriers and mobile virtual network carriers ("MVNO"). The product is targeted at the feature phone market segment, which Ovum Corporation ("Ovum"), a wireless industry analyst firm, describes as mid-range mobile handsets. Ovum estimates in its report dated January 2006 that this market represented approximately 508 million handset units in 2005, and will grow to approximately 850 million units by 2009. The Company announced the commercial availability of the Soleus™ product to potential customers and industry partners on February 13, 2006 at the 3GSM World Congress event held in Barcelona, Spain.

Business Units

Mobile Software Products

The Mobile Software Products (“MSP”) group is based in Bellevue, WA, USA, and is responsible for the development of the Soleus™ feature phone software product. This group was created in 2004 and located in Washington State specifically to allow for convenient co-location and collaboration with Microsoft Corporation (“Microsoft”). Soleus™ is based on Microsoft’s Windows CE operating system, which Microsoft also uses as the underlying operating system for its Windows Mobile software product. The Windows Mobile software product is targeted at the high end smart phone market segment, while the Corporation’s Soleus™ product is targeted at the lower cost consumer oriented feature phone market segment.

The MSP group is leveraging the MES group’s (see below) strong, established relationships with many of its potential customers and industry partners. The two groups have built strategic technology and marketing relationships with major mobile silicon vendors including Texas Instruments (“TI”), Freescale Semiconductor, Inc. (“Freescale”) (formerly Motorola Inc.’s (“Motorola”) computer chip business unit), Agere Systems Inc. (“Agere”) (formerly Lucent Technologies’ mobile chip business unit), and Intel Corporation (“Intel”). These relationships allow the MSP group to market the Soleus™ feature phone software in conjunction with feature phone computer chip sets from these vendors as pre-integrated solutions to the handset manufacturers. This approach to marketing reduces the handset manufacturers’ product development risks and costs, and reduces their go-to-market cycles for new handsets.

The MSP group has also initiated a third party independent software vendors (“ISV”) program for companies who wish to offer their mobile handset application programs in conjunction with the Soleus™ product offering.

Mobile and Embedded Solutions

The Mobile and Embedded Solutions (“MES”) group is based in Vancouver, Canada, with regional offices in Birmingham, United Kingdom and Singapore, and provides Microsoft Windows CE and Windows Mobile related engineering systems integration services to handset manufacturers such as Nokia Products Limited, Motorola and Samsung Electronics Co., Ltd., as well as other mobile handset partners such as the silicon vendors mentioned above (TI, Freescale, Agere, and Intel). The MES group also provides its services to major software vendors, including Microsoft and Symbian Software Ltd., related to the development of their smart phone operating systems.

The MES group also licenses its telephony (µPhone), radio interface layer (RIL), and radio multiplexing or MUX software products to a number of the same customers. A number of features within these software products have been embedded into the MSP group’s Soleus™ product offering.

The MES and MSP sales and marketing teams work closely on joint sales and marketing efforts and also offer potential Soleus™ customers a full range of MES service offerings relating to integration and testing of Soleus™ on a wide range of different mobile platforms and computer chip sets.

Enterprise Interoperability Solutions

The Enterprise Interoperability Solutions (“EIS”) group is based in Vancouver, Canada, and develops and licenses networking software that bridges Microsoft Windows based systems to Java based systems. It also provides product support and systems integration services to its customers, who include Fortune 100 companies software vendors such as IBM Corporation, Adobe Systems Incorporated, BEA Systems Inc. and Environmental Systems Research Institute Inc., as well as a host of ‘end-users’ including major banking and pharmaceutical companies. Management believes the Corporation’s inter-operability products are market leading solutions for the inter-operability challenges facing the IT sector as they attempt to integrate disparate technologies into their networks.

Soleus™ Feature Phone Platform

Soleus™ is built on the Microsoft Windows CE 5.0 operating system, and has been optimized for use in designing and developing lower cost consumer oriented feature phone mobile handsets. Soleus™ provides a turnkey development platform that takes a modular approach to configuring handset software. Soleus™ has been designed as

a software platform that provides a standard set of software components that can be deployed across multiple handset designs and provide an effective economic model for the handset manufacturer.

Soleus™ also supports a high-degree of user-interface customization through “Chameleon”. Chameleon is a framework for building and deploying a mobile handset user-interface. Not only does this framework simplify the user-interface design, it enables the use of that same user-interface on a wide range of mobile handsets.

Management believes that Soleus™ provides the following benefits to the principal participants in the handset market, being the wireless carriers, the handset manufacturers, the silicon vendors and the independent software vendors.

Handset Manufacturers

- Shortens handset development time compared to many existing software solutions due to the ease of use of the development tools.

Many of the existing software solutions are proprietary in nature and have evolved over time. As a result, developers must write significant new code in order to bring new handset features to market, especially in the current environment where wireless carriers continue to invest in 3G and 3.5G networks and increasingly demand that new handsets take advantage of this new technology. Soleus™ is based on the Microsoft tool chain and platform approach. The functionality of the development tools, specifically Microsoft Platform Builder and Microsoft Visual Studio, simplifies the development process required to deliver these new handset features. The platform approach also minimizes the amount of custom code required as multiple models are developed from the same code base.

- Requires less memory than alternative software platforms.

Soleus™ is built on Microsoft Windows CE 5.0, an operating system that has been on the market for more than a decade. Unlike Linux, which was ported from a desktop/server operating system, Windows CE was built from the ground up to be a small embedded operating system. Management believes that this ability to run in a smaller footprint than other operating systems such as Linux allows the development of mobile handsets with lower total memory, which in turn lowers the total bill-of-materials cost for a mobile handset. This directly translates into increased profitability in a Soleus™-powered mobile handset for the handset manufacturers.

- Lowers total handset development costs.

A report released in July 2003 by Embedded Market Forecasters compared the total cost of development for Windows Embedded (which includes Windows CE and Windows XP Embedded) and Linux. The report concludes that projects based on Windows Embedded were completed 43% faster and at 68% lower cost, on average, than similar projects using embedded Linux.

- Increases ability to respond to wireless carrier requirements.

With its configurable software and user-interface, Soleus™ provides the handset manufacturer with the capability to respond quickly and effectively to wireless carrier requirements.

Silicon Vendors (SV)

An important element in the mobile handset value chain is provided by silicon (semiconductor) vendors, which provide the hardware foundation on which Soleus™ and all other software, must rely. The Corporation regards the silicon vendors as important partners, as a cooperative effort is required not only in the engineering effort required to allow Soleus™ to run on a new hardware or reference platform, but also in the sales and marketing efforts needed to bring certified designs to handset manufacturers. The Corporation creates value for its silicon vendor partners both through its sales and marketing efforts and by assisting the silicon vendors in demonstrating the advantages of their chip sets to the handset manufacturers.

Independent Software Vendors (ISVs)

The Corporation is partnering with mobile application software providers or ISVs to supplement Soleus™' core application software. The Corporation's MSP group is providing the dialer, SMS messaging, phone book, and basic media player components but is working with these ISVs for other components that are typically required for feature phones, including a Java Virtual Machine and a WAP Browser.

The Soleus™ platform provides ISVs with several benefits:

- Opportunity to address both the smart phone and feature phone market.

Soleus™ and Windows Mobile are both built on the Microsoft's Windows CE operating system and, as a result, products that run with Windows Mobile also can run on Soleus™ with only minor modifications. Soleus™ provides the vendors of these products an opportunity to extend the product beyond the Windows Mobile smart phone market and into the feature phone market. For products that do not run on Windows CE, Soleus™ provides an opportunity for entering the world of Windows Mobile-compatibility and the smart phone market.

- Microsoft application development tools.

Soleus™ is built on Microsoft's Windows CE operating system and as a result the Microsoft development tools can be used by the Corporation's ISV partners to integrate their products with the handset. Microsoft has made a substantial investment in its tool chain products, specifically Visual Studio and Platform Builder, which are application development tools that are used around the world. These products are very easy for developers to use and are also powerful, allowing developers to produce higher quality applications faster than they otherwise could. Quality and speed to market are very important factors for ISVs.

Wireless Carriers

Wireless carriers work to tailor their handsets for the best delivery of their respective services. There are many examples of this, such as the Orange Signature handsets, in which the user-interface for all handsets, irrespective of manufacturer, has many common elements. Another example is Vodafone Live, with its branded browser interface for accessing online content. Both are examples of carriers fine-tuning their customers' handset experiences. Soleus™, through Chameleon, allows wireless carriers to have control over their mobile handsets in several ways:

- Control of customer user-experience.

The most obvious example of a wireless carrier's branding is the user-interface, which is the user-experience of a handset. Some elements of a user-experience are obvious, such as the structure of the commands, the look-and-feel of the graphics that are displayed, animation, and sounds. Other elements of the user-experience might be less obvious, such as, among others, the timing of response to user actions, customization of new input based on previously remembered input, automatic language-detection and automatic date/time updating.

- Control of handset branding.

There are many elements that make a handset unique, all of which are part of the branded experience that the wireless carrier creates. The branding is more than the company's name on the product; it is the sum of all the parts that make up the product. Many aspects of the branding involve elements that the user never sees and is not even aware of. Some of these elements include the market research undertaken by the company, the hardware and software design, the user-interface design and the quality control. All of these elements are part of what a wireless carrier sees as its contribution to a handset that it subsidizes and provides to its customers.

- Custom selection of available applications.

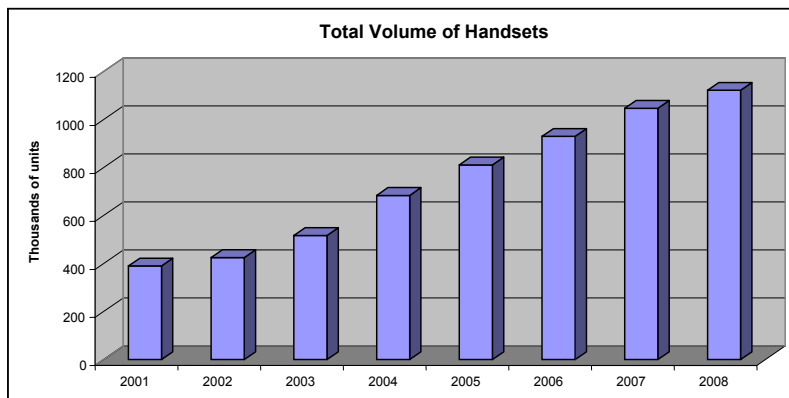
To meet the needs of the specific market segments that they are targeting, wireless carriers, and especially the MVNOs (i.e. a mobile carrier that does not own its own spectrum and, instead, has a business arrangement with traditional wireless carriers to buy minutes of use for sale to its own customers), need available applications that are available on a given mobile handset.

In some cases, customization might only involve relatively minor source code changes. Regardless of the customization effort that is required, Soleus™ is built as a modular platform with flexibility in configuration that simplifies the customization process.

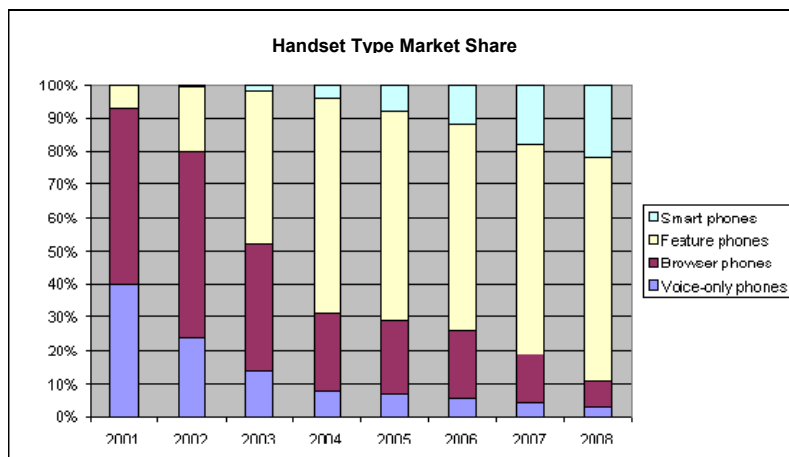
Market Opportunity

Based upon numerous industry reports published by both independent and financial analysts, management of the Corporation estimates that only a small percentage of feature phones that are currently being manufactured use a standard operating system. The rest are built on home-grown operating systems, or on tiny real-time operating systems, which management believes were built for an earlier generation of microprocessors. The market for feature phones has grown dramatically over the last decade, and management believes that these older operating systems and the tools needed to support them have not kept pace with the increased demands of the next generation of feature phones.

The following tables illustrate the historical and estimated growth by total volume of handsets and by handset type between 2001 and 2008.



Source: Management compilation and interpretation of data from Ovum, Yankee Group Research, Inc., Strategic Analytics and IDC



Source: Management compilation and interpretation of data from Ovum, Yankee Group Research, Inc., Strategic Analytics and IDC

Management believes that annual handset sales will continue to achieve all-time highs, and the Corporation believes that handset manufacturers face increasing pressure not only to increase the number of designs they bring to market, but also to bring those designs to market faster. Management also believes that the handset manufacturers' business success requires, among other things, that they provide consumers with appealing, innovative designs, within an ever shrinking time-to-market framework, while simultaneously keeping their bill-of-material and engineering costs to a minimum. Industry analysts are reporting that existing software/hardware design paradigms for feature phones are proving inadequate to meet these challenges. Management believes that proprietary software stacks are nearing obsolescence, and will not support handset manufacturer requirements for future success in the mobile handset business.

In addition to the challenges related to the number of designs, time to market and design costs, management of the Corporation also believes that the handset manufacturers are being pressured to add new features by the wireless carriers, who want to add new services that often cannot be served with existing handsets. The most obvious example of this involves 3G data capabilities (e.g. 3G phones), but is also represented by media requirements (pictures and music), and other revenue-generating data opportunities that wireless carriers are developing.

Management believes that the handset manufacturers are retooling to keep up with new demands, and are carefully evaluating future platforms and software tools. Management also believes that Soleus™ and the software platform that it provides to handset manufacturers allows them to reduce their development costs and bring their mobile handsets to market more quickly than many legacy development platforms, while meeting the demands of the wireless carriers.

Relationship with Microsoft

The Corporation has a ten year relationship with Microsoft, beginning with its position as one of the first Windows CE systems integrators and ISVs in 1996, and continuing today as a Windows Mobile 'gold partner' systems integrator, with many of the Corporation's engineers dedicated to performing Windows CE and Windows Mobile engineering work for Microsoft's and the Corporation's joint customers.

Recent Developments

On February 13, 2006, the Corporation commercially launched Soleus™ at the 3GSM World Congress event held in Barcelona, Spain, which is the industry's largest and most strategically important event of its kind. The Corporation demonstrated Soleus™' ability to run on a variety of different hardware platforms featuring chip sets from TI, Agere, Freescale and Intel, and also demonstrated the product with a number of these vendor partners at their booths. The Corporation also announced a memorandum of understanding with a potential customer, Wistron Corporation, at the 3GSM event.

For further details of the Corporation's business, please refer to the Corporation's Annual Information Form.

USE OF PROCEEDS

The estimated net proceeds of the Offering will be \$19,855,400, after deducting fees payable to the Underwriters and the estimated expenses of the Offering of approximately \$400,000, assuming no exercise of the Closing Option. If the Closing Option is exercised in full, the estimated net proceeds of the Offering to the Corporation will be \$22,893,710, after deducting fees payable to the Underwriters and the estimated expenses of the Offering of approximately \$400,000. The Corporation intends to use the net proceeds as follows:

| | |
|---|-------------|
| Sales and marketing of the Soleus™ product offering | \$4,000,000 |
| Research and development of the Soleus™ product offering..... | \$6,000,000 |
| General corporate purposes..... | \$9,855,400 |

The Corporation intends to spend the net proceeds of the Offering as stated in this prospectus. There may be circumstances, however, where for sound business reasons, a reallocation of funds may be necessary. See "Risk Factors".

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Corporation as at the dates indicated, and as adjusted to give effect to the issue of the Units under the Offering. The table should be read in conjunction with the audited annual consolidated financial statements of the Corporation for the year ended August 31, 2005 and management's discussion and analysis thereon and the unaudited interim consolidated financial statements of the Corporation as at and for the three months ended November 30, 2005 and management's discussion and analysis thereon, incorporated by reference in this short form prospectus.

| | <u>As at August 31, 2005</u> | <u>As at November 30, 2005</u> | <u>As at November 30, 2005 after giving effect to the issue of Units⁽¹⁾</u> |
|---|--|--|--|
| Cash and cash equivalents | \$7,318,210 | \$11,129,003 | \$30,984,403 ⁽¹⁾⁽²⁾ |
| Long term debt | \$0 | \$7,363,699 | \$7,363,699 |
| Common Shares (unlimited authorized) | \$57,452,141 (56,233,718 common shares) | \$57,454,091 (56,237,468 common shares) | \$79,231,671 ⁽³⁾⁽⁴⁾ (80,437,468 common shares) |

Notes:

- (1) Assuming the issue of the 24,200,000 Units under the Offering. If the Closing Option is exercised in full, the cash and cash equivalents, after deduction of the Underwriters' Fee and the estimated expenses for the Offering, would be \$34,022,713, and the outstanding common shares of the Corporation would be 84,067,468.
- (2) After deduction of the Underwriters' Fee and the estimated expenses of the Offering.
- (3) Each Unit issued under the Offering consists of one Common Share and one half of one Warrant. The Warrant Shares are not included in this figure.
- (4) Pursuant to the Underwriting Agreement, the Underwriters will be issued Compensation Options entitling the Underwriters to subscribe for that number of Units equal to 6% of the aggregate number of Units sold under the Offering, including any Additional Units sold pursuant to the Closing Option. The Common Shares issuable upon exercise of the Compensation Options, and the Common Shares issuable on the exercise of the Warrants underlying the Compensation Options, are not included in this figure.

DIVIDEND POLICY

The Corporation has not paid any dividends on its common shares to date. The Corporation currently intends to retain any future earnings to finance the growth and development of the business and, therefore, the Corporation does not anticipate paying dividends at this time.

PLAN OF DISTRIBUTION

Pursuant to an agreement entered into between the Corporation and the Underwriters on March 23, 2006 (the "Underwriting Agreement"), the Corporation has agreed to sell and the Underwriters have agreed to purchase on the Closing Date, 24,200,000 Units at a price of \$0.90 per Unit, payable in cash to the Corporation against delivery. The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Units if any of the Units are purchased under the Underwriting Agreement.

Each Unit consists of one Common Share and one half of one Warrant, each whole Warrant entitling the holder to purchase one Warrant Share for a period of 4 years from the Closing Date at an exercise price of \$1.05 per Warrant Share.

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the Corporation reserves the right to close the subscription books at any time without notice. Certificates evidencing the Common Shares and Warrants will be available for delivery on the closing date of the Offering (the "Closing Date") which is expected to be on or about March 30, 2006, or at such later date as agreed to by the Corporation and the Underwriters, but in any event not later than April 11, 2006.

Pursuant to the Underwriting Agreement, the Corporation appointed the Underwriters to offer the Units to the public in each of the provinces of Canada. In consideration for such services, the Corporation has agreed to pay a commission to the Underwriters (the “Underwriters’ Fee”) of 7% of the gross proceeds of the Offering, including proceeds from the purchase of Additional Units. Further, subject to regulatory approval, the Corporation has agreed to issue to the Underwriters on the Closing Date, Compensation Options entitling the Underwriters to subscribe for 6% of the number of Units sold under the Offering, including any Additional Units sold pursuant to the Closing Option, at an exercise price equal to the Offering Price. The Compensation Options will have a term of two years from the Closing Date. The Corporation has agreed that the Corporation shall pay to the Underwriters other compensation of comparable value to the Compensation Options if the Compensation Options are unavailable for any reason. This short form prospectus also qualifies the distribution of the Compensation Options and the Common Shares, Warrants and Warrant Shares comprising the Compensation Options.

The Corporation has granted the Underwriters a Closing Option, exercisable in whole or in part at any time prior to 48 hours before the Closing Date, at the discretion of the Underwriters, enabling them to purchase the Additional Units at the Offering Price. If the Closing Option is exercised in full, an aggregate of 27,830,000 Units will be sold and the price to the public, the Underwriters’ Fee and the net proceeds of the Offering to the Corporation will be \$25,047,000, \$1,753,290 and \$23,293,710 (before deducting expenses of the Offering), respectively. This short form prospectus also qualifies the grant of the Closing Option and the distribution of the Additional Units, and qualifies the Common Shares, Warrants and Warrant Shares comprising the Additional Units.

Pursuant to rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at anytime during the period ending on the date the selling process for the Units ends and all stabilization arrangements relating to the Units are terminated, bid for or purchase Common Shares. The foregoing restrictions are subject to certain exceptions including (a) a bid for or purchase of Common Shares if the bid or purchase is made through the facilities of the TSX in accordance with the Universal Market Integrity Rules of Market Regulation Services Inc., (b) a bid or purchase on behalf of a client, other than certain prescribed clients, provided that the client’s order was not solicited by the Underwriter, or if the client’s order was solicited, the solicitation occurred before the period of distribution as prescribed by the rules, and (c) a bid or purchase to cover a short position entered into prior to the period of distribution as prescribed by the rules. The Underwriters may engage in market stabilization or market balancing activities on the TSX where the bid for or purchase of the Common Shares is for the purpose of maintaining a fair and orderly market in the Common Shares, subject to price limitations applicable to such bids or purchases. Such transactions, if commenced, may be discontinued at any time.

The Units offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the “1933 Act”), or any securities or “blue sky” laws of any of the states of the United States. Accordingly, the Units may not be offered or sold within the United States except in accordance with an exemption from the registration requirements of the 1933 Act and applicable state securities laws. In addition, the Underwriting Agreement provides that the Underwriters (i) will offer and sell securities outside the United States only in accordance with Regulation S under the 1933 Act and (ii) will offer and sell securities within the United States (A) to qualified institutional buyers (as defined in Rule 144A under the 1933 Act) and otherwise in accordance with Rule 144A and/or (B) to accredited investors (as defined in Rule 501(a) of Regulation D under the 1933 Act) and otherwise in accordance with Rule 506 of Regulation D.

This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Units offered hereby in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units within the United States by any dealer, whether or not participating in the Offering, may violate the registration requirement of the 1933 Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the 1933 Act.

The Corporation has agreed not to, directly or indirectly, offer, sell or otherwise dispose of, or enter into any agreement to offer, sell or otherwise dispose of, any securities of the Corporation for a period of 90 days following closing of the Offering without the prior written consent of the Underwriters, other than (a) pursuant to the Offering; (b) as a result of the exercise of outstanding options granted under the Corporation’s stock option plan or rights granted under its shareholder rights plan; (c) the grant of options under the Corporation’s stock option plan; (d) pursuant to any convertible securities of the Corporation outstanding as of the date hereof; or (e) in connection with an acquisition of assets or shares from a third party or any merger, consolidation or amalgamation or similar transaction involving the Corporation.

The TSX has conditionally approved the listing of the Common Shares and Warrant Shares comprising the Units, as well as the Common Shares and Warrant Shares underlying the Units issuable upon exercise of the Compensation Options. Listing will be subject to the fulfillment by the Corporation of all the listing requirements of the TSX.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Each Unit consists of one Common Share and one half of one Warrant.

All investors are advised to consult their own taxation, accounting and legal advisors to determine income tax benefits or consequences, if any, to purchasers of Units.

Common Shares

Refer to “Description of Share Capital” for a description of the Corporation’s authorized share capital, including a description of the Common Shares.

Warrants

The Warrants will be issued under a warrant indenture (the “Warrant Indenture”) to be entered into between the Corporation and Computershare Trust Company of Canada. (the “Warrant Agent”). The Corporation will appoint the principal transfer offices of the Warrant Agent in Vancouver and Toronto as locations at which the Warrants may be surrendered for exercise, transfer or exchange. Pursuant to the Offering and terms of the Warrant Indenture, each whole Warrant shall be exercisable to purchase one Warrant Share at a price of \$1.05 for a period of 4 years following the closing of the Offering.

The Warrant Indenture provides for adjustment in the number of Common Shares issuable upon the exercise of the Warrants and/or the exercise price per Common Share upon the occurrence of certain events, including:

- (i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares by way of a stock dividend or otherwise;
- (ii) the subdivision, redivision or change of the Common Shares into a greater number of shares;
- (iii) the consolidation, reduction or combination of the Common Shares into a lesser number of shares;
- (iv) the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the date of such issuance, to subscribe for or purchase common shares, or securities exchangeable for or convertible into common shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the “current market price”, as defined in the Warrant Indenture, for the Common Shares on the record date; and
- (v) the issuance or distribution to all or substantially all of the holders of the Common Shares of (a) shares of any class other than Common Shares, (b) rights, options or warrants to acquire shares of any class or securities exchangeable or convertible into any such shares (other than those contemplated in (iv)), (c) evidences of indebtedness, or (d) any property or other assets (other than cash dividends paid in the ordinary course).

The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of the following additional events:

- (i) reclassification of the Common Shares;

- (ii) consolidation, amalgamation or merger of the Corporation with or into any other corporation or other entity (other than consolidations, amalgamations, arrangements or mergers which do not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other shares); or
- (iii) the transfer of the property and assets of the Corporation as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the exercise price or the number of Common Shares issuable upon the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the exercise price.

The Corporation will covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to Warrantheolders of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Common Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such event.

The Warrants will be transferable and will not be listed on the TSX or any other stock exchange. No fractional Common Shares will be issuable upon the exercise of any Warrants. Warrantheolders will not have any voting or any other rights which a holder of Common Shares would have.

The Warrant Indenture will provide that, from time to time, the Corporation and the Warrant Agent, without the consent of the Warrantheolders, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not prejudice the rights of Warrantheolders. Any amendment or supplement to the Warrant Indenture that would prejudice the interests of the Warrantheolders may only be made by "extraordinary resolution", which is defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the Warrantheolders at which there are Warrantheolders present in person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Warrants (unless such meeting is adjourned to a prescribed later date due to a lack of quorum, at which adjourned meeting the Warrantheolders present in person or by proxy shall form a quorum) and passed by the affirmative vote of Warrantheolders representing not less than 66 2/3% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution, or (2) adopted by an instrument in writing signed by the Warrantheolders representing not less than 66 2/3% of the aggregate number of all the then outstanding Warrants.

The foregoing summary of certain provisions of the Warrant Indenture does not purport to be complete and is qualified in its entirety by reference to the provisions of the Warrant Indenture.

RISK FACTORS

In addition to the risk factors set out on pages 14 to 20, inclusive, of the 2005 Annual Information Form, which are hereby incorporated by reference, purchasers of Units should consider the following additional risk factors:

Use of Proceeds

The Corporation intends to use the estimated net proceeds, as determined by the Corporation's management in its sole discretion, for sales, marketing and research and development of the Soleus™ product offering and for general corporate purposes. See "Use of Proceeds". Management's failure to spend such net proceeds effectively could have a material adverse affect on the Corporation's business, financial condition and operating status.

Future Share Sales

If the Corporation's shareholders sell substantial amounts of the Corporation's Common Shares following this Offering, the market price of the Corporation's Common Shares could decrease. Upon the completion of this Offering, the Corporation will have outstanding approximately 80,437,468 Common Shares (assuming the Closing Option is exercised in full and there is no exercise of the Corporation's outstanding stock options, stock purchase rights or warrants or conversion of any outstanding convertible debentures). Additionally, as of March 22, 2006, the Corporation has reserved for issuance 11,095,774 Common Shares under the Corporation's stock option plan and

3,870,968 Common Shares pursuant to outstanding warrants. The Corporation has agreed not to sell any Common Shares for a period of 90 days following the closing of this Offering, subject to certain exceptions. See “Plan of Distribution”. The Underwriters may permit the sale of Common Shares in their sole discretion at any time and without prior public announcement.

History of Losses

The Corporation has a history of losses, and there can be no assurance that the Corporation’s revenue will continue to grow. As at August 31, 2005, the Corporation had an accumulated deficit of approximately \$36 million. The Corporation’s prospects must be considered in the context of its stage of development, the risks and uncertainties it faces, and the inability of the Corporation to accurately predict its operation results in the results of product development and sales and marketing initiatives. There can be no assurances that implementation of the Corporation’s strategies will result in the Corporation becoming profitable.

Shareholders’ Rights Plan

The Corporation has implemented a Shareholders’ Rights Plan. The Shareholders’ Rights Plan provides for substantial dilution to an acquirer making a take-over bid for the common shares of the Corporation unless the bid meets the requirements described in the Shareholders’ Rights Plan. This could discourage a potential acquirer from making a take-over bid and make it more difficult for a third party to acquire control of the Corporation, even if such acquisition or bid would be beneficial to the Corporation’s shareholders.

DESCRIPTION OF SHARE CAPITAL

The Corporation’s authorized share capital consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares. As at March 22, 2006, the Corporation had 56,237,468 Common Shares and no Preferred Shares issued and outstanding.

Common Shares

Each common share entitles the holder thereof to (i) dividends if, as and when declared by the directors of the Corporation (subject to the rights of the holders of another class or series of shares), (ii) one vote at all meetings of shareholders of the Corporation (except meetings at which only holders of a specified class of shares are entitled to vote), and (iii) participate on a *pro rata* basis, subject to the rights of the holders of another class of shares, in any distribution of the assets of the Corporation upon liquidation, dissolution or winding-up, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs.

Preference Shares

If the directors create any series of preference shares, such shares shall have the rights determined by the directors, provided that with respect to the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, the preferred shares rank in priority to the common shares and any other shares of the Corporation ranking junior to the preferred shares.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Corporation, and Goodmans LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Common Shares and Warrants by holders who acquire Units pursuant to this short form prospectus. This summary is applicable to a holder who, for purposes of the Tax Act, is resident or deemed to be resident in Canada, holds the Common Shares and Warrants as capital property, and deals at arm’s length and is not affiliated with the Corporation. The Common Shares and Warrants will generally be considered capital property to a holder unless either the holder holds such Common Shares and Warrants in the course of carrying on a business of buying and selling securities or the holder has acquired the Common Shares and Warrants in a transaction or transactions considered to be an adventure in the nature of trade. Certain holders who might not otherwise be considered to hold their Common Shares as capital property may, in certain circumstances,

be entitled to make an irrevocable election permitted by subsection 39(4) of the Tax Act to have the Common Shares and every other “Canadian security” (as defined in the Tax Act), which would not include the Warrants, owned by such holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. This summary is not applicable to any holder which is a “financial institution” (as defined in the Tax Act) or to any holder an interest in which would be a “tax shelter investment” (as defined in the Tax Act).

This summary is based on the current provisions of the Tax Act, the Regulations, all proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance prior to the date hereof (the “Proposals”) and counsel’s understanding of the administrative and assessing practices and policies of the Canada Revenue Agency (“CRA”) which have been made publicly available prior to the date hereof. No assurance can be given that the Proposals will be enacted as proposed, if at all. This summary does not take into account or anticipate any other changes in law, whether by legislative, regulatory, administrative or judicial decision or action or changes in the administrative practices of CRA, is not exhaustive of all Canadian federal income tax considerations and does not take into account other federal tax considerations or provincial, territorial or foreign income tax legislation or considerations.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Common Shares and Warrants. The income and other tax consequences of acquiring, holding and disposing of Common Shares and Warrants will vary according to the status of the holder, the province or provinces in which the holder resides or carries on business and, generally, the holder’s own particular circumstances. Accordingly, the following description of income tax matters is of a general nature only and is not intended to constitute advice to any particular holder. Prospective holders should consult their own tax advisors with respect to the income tax consequences of investing in Common Shares and Warrants, based on the holder’s particular circumstances.

Allocation of Cost

Holders will be required to allocate the purchase price of the Units between the Common Share and the one half of one Warrant on a reasonable basis in order to determine their respective costs for purposes of the Tax Act. The Corporation will also be required to allocate the amount received for each Unit between the Common Share and one half of one Warrant on a reasonable basis for the purposes of the Tax Act. Counsel have been advised that the Corporation will allocate \$0.8999 to each Common Share and \$0.0001 to the one half of one Warrant. The Corporation believes that such allocation is reasonable, but such allocation will not be binding on CRA.

Exercise or Expiry of Warrants

No gain or loss will be realized by a holder upon the exercise of a Warrant. The cost to a holder of a Warrant Share acquired upon the exercise of a Warrant will be the aggregate of the holder’s adjusted cost base of the Warrant so exercised and the price paid for the Warrant Share (i.e., the exercise price of the Warrant). The adjusted cost base of the Warrant Shares acquired will be determined by averaging the cost of those Warrant Shares with the adjusted cost base (determined immediately before the acquisition of the Warrant Shares) of all other Common Shares held by the holder as capital property at the time of the acquisition.

The expiry of an unexercised Warrant will generally give rise to a capital loss equal to the adjusted cost base to the holder of the expired Warrant.

Disposition of Common Shares or Warrants

In general, a holder of a Common Share or Warrant will realize a capital gain (or capital loss) on a disposition, or a deemed disposition of such Common Share or Warrant (other than a disposition of a Warrant on the exercise thereof), equal to the amount by which the proceeds of disposition of the Common Share or Warrant, as the case may be, net of any costs of disposition, exceed (or are less than) the adjusted cost base of the Common Share or Warrant, as the case may be, to the holder.

A holder will be required to include in income one-half of the amount of any capital gain (a “taxable capital gain”) realized in the year of a disposition of the Common Shares or Warrants and will generally be entitled to deduct one-half of the amount of any capital loss (an “allowable capital loss”) against taxable capital gains realized in the year

of a disposition, the three preceding years or any subsequent year, to the extent and under the circumstances described in the Tax Act.

In general, in the case of a holder that is a corporation, the amount of any capital loss otherwise determined arising from a disposition or deemed disposition of Common Shares may be reduced by the amount of dividends previously received thereon, or deemed received thereon, to the extent and under circumstances prescribed in the Tax Act. Analogous rules apply where a corporation is, directly or through a trust or partnership, a member of a partnership or a beneficiary of a trust which owns Common Shares.

A holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” as defined in the Tax Act may be liable to pay, in addition to the tax otherwise payable under the Tax Act, a refundable tax of 6 2/3% of its “aggregate investment income” for the year which is defined to include taxable capital gains.

Capital gains realized by an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

Dividends on Common Shares

Dividends received or deemed to be received on the Common Shares by an individual (including most trusts) will be included in computing the individual’s income for tax purposes and will be subject to the gross-up and dividend tax credit rules normally applicable to dividends received from “taxable Canadian corporations” as defined in the Tax Act. On November 23, 2005, the Minister of Finance (Canada) (the “Minister”) announced the Department of Finance would introduce an enhanced gross-up and dividend tax credit for eligible dividends paid after 2005 and received by individuals resident in Canada. Parliament was dissolved before draft legislation was released. If legislation is enacted as previously announced by the Minister, dividends received on the Common Shares will qualify for the enhanced gross-up and dividend tax credit. A holder that is a corporation will include dividends received or deemed to be received on the Common Shares in computing its income for tax purposes and generally will be entitled to deduct the amount of such dividends in computing its taxable income, with the result that no tax will be payable by it in respect of such dividends. Certain corporations, including private corporations or subject corporations (as such terms are defined in the Tax Act), may be liable to pay a refundable tax under Part IV of the Tax Act at the rate of 33 1/3% of the dividends received or deemed to be received on the Common Shares to the extent that such dividends are deductible in computing taxable income. This tax will be refunded to the corporation at a rate of \$1 for every \$3 of taxable dividends paid while it is a private corporation.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon by Blake, Cassels & Graydon LLP, counsel to the Corporation, and by Goodmans LLP, counsel to the Underwriters.

INTEREST OF EXPERTS

None of Blake, Cassels & Graydon LLP, counsel to the Corporation or Goodmans LLP, counsel to the Underwriters, or any employee or partner thereof, received or has received a direct or indirect interest in the property of the Corporation or of any associate or affiliate of the Corporation. As at the date hereof, the aforementioned persons, and the employees and partners, as applicable, of each of the aforementioned partnerships beneficially own, directly or indirectly, in the aggregate, less than one percent of the securities of the Corporation.

Ernst & Young LLP, auditors of the Corporation, has advised the Corporation that it is independent within the meaning of the Professional Conduct of the Institute of Chartered Accountants of British Columbia and within the meaning of applicable securities laws of the United States and Canada.

Neither the aforementioned persons, nor any employee or partner of the aforementioned partnerships is currently 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.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are Ernst & Young LLP, Chartered Accountants, of Vancouver, British Columbia.

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at its principal offices in Vancouver, British Columbia and Toronto, Ontario.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the short form prospectus of Intrinsic Software International, Inc. (the "Corporation") dated March 23, 2006, relating to the qualification for distribution of Units of the Corporation. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of the audited comparative consolidated financial statements of the Corporation as at and for the year ended August 31, 2005 (the "Financial Statements") and the auditor's report thereon. Our report is dated October 7, 2005.

Vancouver, Canada
March 23, 2006

Ernst & Young LLP
Chartered Accountants

CERTIFICATE OF INTRINSYC SOFTWARE INTERNATIONAL, INC.

Dated: March 23, 2006

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the Provinces of Canada. For the purpose of the Province of Quebec, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

"Derek W. Spratt"

DEREK W. SPRATT
Chief Executive Officer

"Andrew Morden"

ANDREW MORDEN
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

"Robert Gayton"

ROBERT GAYTON
Director

"Vincent Schiralli"

VINCENT SCHIRALLI
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: March 23, 2006

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the Provinces of Canada. For the purpose of the Province of Quebec, to our knowledge, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value of the market price of the securities to be distributed.

TD SECURITIES INC.

PARADIGM CAPITAL INC.

“Sanjay Nakra”

SANJAY NAKRA

“John Warwick”

JOHN WARWICK