COMMUNICATION SYSTEMS INTERNATIONAL INC.

NOTICE OF SPECIAL AND ANNUAL GENERAL MEETING

and

MANAGEMENT PROXY CIRCULAR

WITH RESPECT TO THE

SPECIAL AND ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD JUNE 15, 2000

COMMUNICATION SYSTEMS INTERNATIONAL INC.

NOTICE OF
SPECIAL AND ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that a Special and Annual General Meeting (the "Meeting") of the shareholders of Communication Systems International Inc. (the "Corporation" or "CSI") will be held at the Belair Room, Westin Hotel, 4th Avenue and 3rd Street S.W., Calgary, Alberta on Thursday, June 15, 2000 at 3:30 in the afternoon (Calgary time) for the following purposes:

1. To receive and consider the financial statements of the Corporation, together with the report of the auditors thereon, for the year ended December 31, 1999;

2. To fix the number of Directors to be elected at the Meeting at six (6);

3. To elect Directors for the ensuing year;

4. To appoint auditors for the ensuing year and to authorize the Board to fix their remuneration;

5. To consider and, if thought advisable, to approve an ordinary resolution authorizing the Corporation to acquire up to all of the issued and outstanding shares in the capital stock of Wireless Link Corporation, all as more particularly described in the Information Circular - Proxy Statement of the Corporation dated May 12, 2000, accompanying this Notice (the "Information Circular");

6. To consider and, if thought advisable, to approve an ordinary resolution authorizing the Corporation to use certain proceeds received by the Corporation from its recent rights offering in a fashion which varies from the proposed use of proceeds set forth by the Corporation in the materials forwarded to shareholders in respect of the rights offering, all as more particularly described in the Information Circular;

7. To consider and, if thought advisable, to pass a special resolution amending the articles of the Corporation to change the name of the Corporation from Communication Systems International Inc. to "CSI Wireless Inc.";

8. To consider and, if thought advisable by the shareholders, to approve certain amendments to the Stock Option Plan of the Corporation, all as more particularly described in the Information Circular;

9. To consider and, if thought advisable, to pass an ordinary resolution approving the future issuance of Common Shares of the Corporation by way of private placement in excess of 25% of the outstanding Common Shares of the Corporation, all as more particularly described in the Information Circular;

10. To transact such other business as may properly come before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular - Proxy Statement accompanying and forming part of this Notice.

The directors of the Corporation have fixed a record date for the purpose of determining the shareholders entitled to receive notice of the Meeting. Each person who is a holder of common shares of record at the close of business on May 10, 2000 (the "Record Date") will be entitled to notice of, and to attend and vote at, the Meeting except, to the extent that such a shareholder transfers the ownership of any of his/her shares after the Record Date and the transferee of those shares establishes that he/she owns such shares and demands, not later than ten days before the Meeting, that his/her name be included in the list of shareholders entitled to vote at the Meeting, such transferee will be entitled to vote such shares at the Meeting.

Shareholders of the Corporation who are unable to attend the Meeting in person are requested to date and sign the enclosed Instrument of Proxy and to mail it to or deposit it with the Corporation, c/o Montreal Trust Company of Canada, 600, 530 - 8th Avenue S.W., Calgary, Alberta, T2P 3S8. In order to be valid and acted upon at the Meeting, instruments of proxy must be returned to the aforesaid address not less than 48 hours, excluding Saturdays and holidays, preceding the Meeting or any adjournment thereof.

DATED at Calgary, Alberta, this 12th day of May, 2000.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Stephen A. Verhoeff"
Chief Executive Officer

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GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Information Circular.

"Acquisition" means the acquisition by CSI of up to all of the issued and outstanding securities in the capital stock of Wireless pursuant to the Wireless Acquisition Agreement;

"Board" means the board of directors of CSI as presently constituted;

"Business Day" means a day, other than a Saturday, Sunday or statutory holiday when banks are generally open for the transaction of banking business;

"Common Shares" means the common shares of CSI, as presently constituted;

"Corporation" or **"CSI"** means Communication Systems International Inc., a corporation incorporated pursuant to the laws of the Province of Alberta;

"CSI Options" means options to purchase Common Shares;

"CSI Shares" means an aggregate of 4,400,000 Common Shares to be issued pursuant to the Wireless Acquisition Agreement;

"Guidelines" means the guidelines adopted by the TSE relating to corporate governance matters;

"Incentive Shares" means up to an aggregate of 1,000,000 Common Shares to be issued in connection with the Acquisition for the benefit of management and employees of Wireless;

"Information Circular" means this management proxy circular in respect of the Meeting;

"Letter of Intent" means the letter agreement dated March 31, 2000 among the Corporation, Wireless and the Majority Shareholder, as amended, pursuant to which the Corporation agrees to acquire the Wireless Shares;

"Majority Shareholder" means the principal shareholder of Wireless, namely, Dr. Hamid Najafi;

"Meeting" means the special and annual general meeting of the shareholders of CSI to be held on June 15, 2000;

"Record Date" means the record date for the Meeting, being May 10, 2000;

"Rights Offering" means the rights offering completed by the Corporation on March 14, 2000;

"Rights Offering Circular" means the offering circular of the Corporation dated January 31, 2000 in respect of the Rights Offering;

"TSE" means The Toronto Stock Exchange;

"Wireless" means Wireless Link Corporation, a company incorporated pursuant to the laws of the State of California, U.S.A.;

"Wireless Acquisition Agreement" means, collectively, the Letter of Intent and the definitive share purchase agreements entered or to be entered into among the Corporation, Wireless, the Majority Shareholder and the Wireless Shareholders, pursuant to which the Corporation agrees to acquire the Wireless Shares;

"Wireless Shares" means up to all of the issued and outstanding securities in the capital stock of Wireless on a fully-diluted basis;

"Wireless Shareholders" means the holders of the Wireless Shares;

COMMUNICATION SYSTEMS INTERNATIONAL INC.

INFORMATION CIRCULAR - PROXY STATEMENT

Special and Annual General Meeting of Shareholders
to be held on June 15, 2000

PART I - INTRODUCTION

This Information Circular - Proxy Statement is furnished in connection with the solicitation of proxies by the management of Communication Systems International Inc. (the "Corporation" or "CSI") for use at the Special and Annual General Meeting of Shareholders of the Corporation (the "Meeting") to be held at the Belair Room, Westin Hotel, 4th Avenue and 3rd Street S.W., Calgary, Alberta on Thursday, June 15, 2000 at 3:30 in the afternoon (Calgary time) and at any adjournment thereof, and on every ballot that may take place in consequence thereof, for the purposes set forth in the Notice of Special and Annual General Meeting of Shareholders.

Unless otherwise stated, the information contained in this Information Circular is given as at May 12, 2000.

No person has been authorized by CSI to give any information or make any representations in connection with the transactions herein described other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized by CSI.

All information contained in this Information Circular with respect to Wireless Link Corporation ("Wireless") has been supplied by Wireless for inclusion herein, and with respect to that information, CSI and its board of directors and officers have relied solely on Wireless. Based upon its due diligence conducted in this respect, CSI has no reason to believe that this information is not accurate.

PART II - GENERAL PROXY INFORMATION

Solicitation of Proxies

The board of directors of CSI has fixed the record date for the Meeting at the close of business on May 10, 2000 (the "Record Date"). Only holders of common shares of the Corporation (the "Common Shares") of record as at that date are entitled to notice of the Meeting. Shareholders of record will be entitled to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers shares after the Record Date and the transferee of those shares, having produced properly endorsed certificates evidencing such shares or having otherwise established that he owns such shares, demands, not later than ten (10) days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

At the close of business on May 10, 2000, there were 8,349,406 Common Shares issued and outstanding. Two persons present in person and holding or representing not less than five (5%) percent of the Common Shares entitled to vote thereat will constitute a quorum at the Meeting.

Appointment of Proxies

Instruments of proxy must be mailed so as to reach or be deposited with the Corporation, j Montreal Trust Company of Canada, 600, 530 - 8th Avenue S.W., Calgary, Alberta, T2P 3S8, not less than 48 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or any adjournment thereof.

Instruments of proxy must be in writing and must be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. Persons signing as executors, administrators, trustees, etc. should so indicate and give their full title as such.

The persons named in the enclosed Instrument of Proxy are officers and directors of the Corporation. Each shareholder has the right to appoint a person or persons, who need not be shareholders of the Corporation, other than the persons designated in the Form of Proxy furnished by the Corporation, to attend and act on such shareholder's behalf at the Meeting. To exercise such right, the names of management's nominees may be crossed out and the name(s) of the shareholder's nominee(s) legibly printed in the blank space provided, or another appropriate instrument of proxy may be submitted.

Revocability of Proxy

An instrument of proxy may be revoked at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a shareholder may revoke a proxy by depositing an instrument in writing executed by the shareholder or by its attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited at the registered office of the Corporation (1200 - 58th Avenue S.E., Calgary, Alberta, T2H 2C9) at any time up to and including the last business day before the day of the Meeting, or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits the proxy is revoked.

Persons Making the Solicitation

This solicitation is made on behalf of the management of the Corporation. The costs incurred in the preparation and mailing of the Instrument of Proxy, the Notice of Special and Annual General Meeting of Shareholders and this Information Circular - Proxy Statement will be borne by the Corporation. In addition to the use of mail, proxies may be solicited by personal interviews, telephone or other means of communication by directors, officers and employees of the Corporation, none of whom will be specifically remunerated therefor.

Exercise of Discretion

The shares represented by the Instrument of Proxy furnished by the Corporation, where the shareholder specifies a choice with respect to any matter to be acted upon, will be voted or withheld from voting on any ballot in accordance with the specification so made. In the absence of such specification, such shares will be voted in favour of the matters described in the Notice of Special and Annual General Meeting of Shareholders. **The persons appointed under the Instrument of Proxy furnished by the Corporation are conferred discretionary authority with respect to amendments or variations of those matters specified in the Instrument of Proxy and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof. At the time of the printing of this Information Circular - Proxy Statement, the management of the Corporation knows of no such amendment, variation or other matter.**

Advice to Beneficial Holders of Securities

The information set forth in this section is of significant importance to many public shareholders of CSI, as a substantial number of the public shareholders of CSI do not hold shares in their own name. Shareholders who do not hold their shares in their own name (referred to in this Information Circular as "Beneficial Shareholders") should note that only proxies deposited by shareholders whose names appear on the records of CSI as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of CSI. Such shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depositary for Securities, which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of CSI do not know for whose benefit the shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholders how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Independent Investor Communications Corporation ("IICC"). IICC typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to IICC. IICC then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a proxy with an IICC sticker on it cannot use that proxy to vote shares directly at the Meeting. The proxy must be returned to IICC well in advance of the Meeting in order to have the shares voted.**

PART III - MATTERS TO BE ACTED UPON AT THE MEETING

Election of Directors

The board presently consists of seven (7) directors, the term of office of each of whom will expire at the Meeting unless directors are not elected at the Meeting (in which case the incumbent directors continue in office until their successors are elected).

The Articles of the Corporation specify that the board of directors shall consist of a minimum of three and a maximum of eleven directors. At the Meeting, shareholders will be asked to fix, at six (6) members, the number of directors to be elected at the Meeting and to elect six (6) directors to hold office until the next annual general meeting of the Corporation or until their successors are elected or appointed.

Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of an ordinary resolution fixing the number of directors to be elected at the Meeting at six (6) members and in favour of the election as directors of the six (6) nominees hereinafter set forth:

Stephen A. Verhoeff	Michael J. Lang
Michael W. McCullagh	Howard W. Yenke
Brian J. Hamilton	Paul L. Camwell

The names and municipalities of residence of the persons nominated for election as directors, the number of Common Shares beneficially owned, directly or indirectly, or over which each exercises control or direction, the offices held by each in the Corporation, the period served as director and the principal occupation of each are as follows:

Name and Position with the Corporation	**Principal Occupation**	**Year Became Director**	**Number of Common Shares Beneficially Owned Directly or Indirectly or Over which Control or Direction is Exercised**
Stephen A. Verhoeff Calgary, Alberta President, Chairman, Chief Executive Officer and a Director	President and Chief Executive Officer of the Corporation	1990	675,204[(1)]
Michael W. McCullagh[(2)] Calgary, Alberta Senior Vice-President, Manufacturing Operations and a Director	Senior Vice-President, Manufacturing Operations of the Corporation	1991	754,898[(3)]
Brian J. Hamilton[(4)] Calgary, Alberta Chief Financial Officer and a Director	Chief Financial Officer of the Corporation	1996	172,479
Michael J. Lang[(4)(5)] Calgary, Alberta Director	Vice-Chairman of Beau Canada Exploration Ltd.	1996	538,855
Howard W. Yenke [(5)] Needham, Massachusetts Director	President of The Yenke Group	1996	40,000
Paul L. Camwell[(4)] Calgary, Alberta Director	Vice-President of Research, Engineering and Development, Ryan Energy Technologies Inc.	1998	20,812

Notes:

(1) An additional 122,300 Common Shares are owned by the Verhoeff Family Trust, of which Mr. Verhoeff is the trustee and a beneficiary.
(2) Upon the completion of the Acquisition by the Corporation of all of the issued and outstanding shares of Wireless Link Corporation, Mr. McCullagh is expected to resign as a director of CSI. See "Acquisition of Wireless Link Corporation - Additional Officers and Directors."
(3) An additional 161,720 Common Shares are owned by Mr. McCullagh's spouse.
(4) Members of the Corporation's Audit Committee.
(5) Members of the Corporation's Compensation Committee.
(6) The Corporation does not have an Executive Committee.

The information as to principal occupation and as to shares beneficially owned, directly or indirectly, or over which control or direction is exercised is based upon information provided by the nominees and current directors. Each of the above nominees is a director of the Corporation elected at the last annual general meeting of shareholders of CSI.

Appointment of Auditors

The persons named in the Instrument of Proxy furnished by the Corporation intend, unless otherwise directed, to vote in favour of an ordinary resolution to reappoint the firm of KPMG, LLP, Chartered Accountants, to serve as auditors of the Corporation to hold office until the next annual general meeting of shareholders and to authorize the Board to fix their remuneration. KPMG, LLP, Chartered Accountants, were originally appointed as auditors of the Corporation on January 1, 1996.

Acquisition of Wireless Link Corporation

General Description of the Acquisition

The Corporation has entered into a letter agreement dated March 31, 2000, as amended (the "Letter of Intent") among the Corporation, Wireless Link Corporation ("Wireless") and the principal shareholder of Wireless (the "Majority Shareholder"), pursuant to which the Corporation has agreed to acquire up to all of the issued and outstanding securities (the "Wireless Shares") in the capital stock of Wireless on a fully-diluted basis (the "Acquisition"). In furtherance of the Acquisition, the Corporation has entered into definitive share purchase agreements with the Majority Shareholder and certain other shareholders of Wireless (collectively, the "Wireless Shareholders"). The Letter of Intent and the definitive share purchase agreements are hereinafter referred to collectively as the "Wireless Acquisition Agreement". In consideration for the acquisition of the Wireless Shares, the Corporation has agreed to issue an aggregate of 4,400,000 common shares of the Corporation (the "CSI Shares"), which are to be allocated to the Wireless Shareholders pro rata to their respective shareholdings in Wireless. The Wireless Acquisition Agreement also provides that CSI will issue an additional 1,000,000 common shares of CSI as incentive shares (the "Incentive Shares"). The Incentive Shares will be issued in equal monthly instalments over a three (3) year period. They are for the benefit of management and employees of Wireless with a view to ensuring such individuals' continued involvement with the operations and affairs of Wireless and/or the combined entity. The Corporation has also agreed, subject to regulatory approval, to make available to management and employees of Wireless up to 950,000 options to purchase common shares of CSI (the "CSI Options"). There are fewer than 50 holders of the Wireless Shares, all of whom are non-residents of Canada.

The consideration for the acquisition of the Wireless Shares is based upon arm's length negotiations between the Corporation and representatives of Wireless. In negotiating the consideration to be paid in respect of the Acquisition, the management of the Corporation considered a number of factors, including but not limited to, the market value of similar wireless companies, anticipated gains from combining technologies and other corporate synergies, cash flows from operations and forecasted market and revenue growth.

The Acquisition will result in the Wireless Shareholders owning, immediately following the Acquisition, approximately 40% of the common shares of CSI, on a fully-diluted basis. Upon closing of the Acquisition, Wireless will operate as a subsidiary of CSI.

Business of Wireless Link Corporation

Wireless is a privately-held company located in the Silicon Valley and is engaged in the business of developing, manufacturing, licensing and selling technology and products associated with wireless data communications applications. Wireless is a leader in the development of low cost wireless products for automotive, commercial and consumer markets.

Founded in 1987, Wireless provides innovative, cost-effective wireless and GPS communications products for mobile and fixed asset management applications to commercial and consumer markets. Wireless owns a number of patents and intellectual property for a variety of wireless networks and has licensed its cellular technology to numerous handset and chipset manufacturers. Wireless offers leading edge solutions for fixed and mobile asset management.

Management of CSI believes the Acquisition of Wireless provides significant strategic value for both companies allowing accelerated market penetration, more highly integrated product offerings and the development of new wireless technologies to address these high growth opportunities.

For additional information respecting Wireless, please refer to "Information Concerning Wireless Link Corporation" attached as Schedule "A" to this Information Circular.

Details of the Share Exchange and Escrow Provisions

Pursuant to the Acquisition, and in exchange for the Wireless Shares, the Corporation has agreed to issue an aggregate of 4,400,000 CSI Shares, of which the Majority Shareholder will receive approximately 2,000,000, with the balance of 2,400,000 CSI Shares being allocated amongst the remaining Wireless Shareholders on a pro rata basis. The ratio implied by the exchange of all of the Wireless Shares for an aggregate of 4,400,000 CSI Shares is referred to herein as the "Exchange Ratio".

Subject to any necessary approvals of the applicable regulatory authorities, including The Toronto Stock Exchange (the "TSE"), CSI has also agreed to reserve, for no additional consideration, an aggregate of 1,000,000 Incentive Shares to be issued to management and employees of Wireless, which Incentive Shares shall be issued monthly as to one-thirty-sixth (1/36) of such shares, over a three (3) year period from the date of closing of the Acquisition, provided the recipient remains employed by either CSI or Wireless at the time the Incentive Shares are to be issued. The Incentive Shares will also be subject to the escrow arrangements described below.

Subject to any necessary approvals of the applicable regulatory authorities, including the TSE, CSI has also agreed to make available to management and employees of Wireless up to 950,000 CSI Options. Subject to TSE approval, any options to purchase Wireless Shares that are validly outstanding and have not vested prior to closing the Acquisition will be replaced with CSI Options. The number of CSI Options to be issued in exchange for the unvested Wireless options, as well as the exercise price thereof, will be based upon and calculated in accordance with the Exchange Ratio. Any additional CSI Options granted in connection with the Acquisition will be exercisable at $3.90 per share and will vest on a proportionate basis monthly over a four (4) year period.

All of the CSI Shares and the Incentive Shares to be issued pursuant to the Acquisition will be subject to an escrow agreement (the "Escrow Agreement") to be entered into between the Corporation, the recipients of the CSI Shares and Incentive Shares and Montreal Trust Company of Canada or other third party escrow agent agreed upon by the parties thereto. The terms and conditions of the Escrow Agreement will provide for the automatic release of the escrowed shares in accordance with the following timetable:

- immediately following closing of the Acquisition	- up to an aggregate of 10% of the CSI Shares shall be releaseable on a pro rata basis at the request of those entitled thereto in their sole discretion
- six (6) months from the closing of the Acquisition	- 50% of the shares then in escrow to be released
- twelve (12) months from the closing of the Acquisition	- 50% of the shares then in escrow to be released
- eighteen (18) months from the closing of the Acquisition	- the balance of the shares in escrow to be released

Conditions of the Acquisition

The obligations of the parties to the Wireless Acquisition Agreement to consummate the Acquisition are subject to the satisfaction or waiver of a number of significant conditions which must be satisfied on or before closing, or such other date as is specified in the Wireless Acquisition Agreement, or waived to the extent capable of being waived by the party benefitting from such condition. There is no assurance that the conditions will be satisfied or waived on a timely basis, if at all. The following is a summary of certain material conditions which have not yet been satisfied or waived as of the date hereof:

a. all regulatory approvals, including TSE approval, required in respect of the Acquisition, including approval of the issuance and/or reservation for issuance, as the case may be, of the CSI Shares, the Incentive Shares and the CSI Options, shall have been received by the Corporation, or its counsel;

b. the resolution put forth at the Meeting in respect of the Acquisition shall have been passed by the requisite majority of the shareholders of CSI;

c. the Majority Shareholder and a sufficient number of other shareholders and rights holders of Wireless representing in the aggregate 90% of the issued and outstanding capital of Wireless shall have agreed to sell their shares or rights to CSI on terms and conditions substantially similar to those contained within the Wireless Acquisition Agreement, the satisfaction of which condition is for the benefit of the Majority Shareholder and Wireless. CSI has covenanted that if this condition is satisfied in accordance with the terms of the Wireless Acquisition Agreement, then CSI shall provide Wireless with a U.S. $1,000,000 loan financing with a term of five (5) years and an annual interest rate of five (5%) percent, with no payment of principal or interest due until maturity;

d. the Majority Shareholder and all of the other shareholders and rights holders of Wireless shall have agreed to sell their shares or rights on terms and conditions substantially similar to those contained within the Wireless Acquisition Agreement, the satisfaction of which condition is for the benefit of and may be waived by CSI;

e. on or prior to closing of the Acquisition, CSI shall have raised additional equity capital or accepted a commitment to finance CSI, for a minimum of U.S. $5,000,000; and

f. CSI shall, in its sole judgment, be satisfied that all outstanding stock options, warrants or other rights to acquire securities of Wireless (or any other options, warrants or other rights to acquire any of the foregoing) shall either have been exercised or terminated or may be terminated prior to closing or exchanged for common shares of CSI or may otherwise be dealt with on a basis acceptable to CSI in its sole judgment.

In addition to the aforementioned conditions, the Wireless Acquisition Agreement contains other conditions, covenants, representations and warranties for the benefit of the respective parties thereto similar to those found in share purchase agreements of this nature.

The TSE has approved the Acquisition, which approval is conditional upon the Corporation meeting certain "normal course" conditions of the TSE.

Additional Officers and Directors

The Corporation has agreed pursuant to the Wireless Acquisition Agreement to appoint to the Board of Directors of the Corporation (the "Board") the current President and principal shareholder of Wireless, Dr. Hamid Najafi, and the current Vice-President, Marketing & Business Development, Michael Brower. Accordingly, immediately upon closing the Acquisition, it is contemplated that Mr. Michael W. McCullagh will resign as a director and the then current Board will appoint Mr. Najafi and Mr. Brower to the Board, in reliance upon section 101(4) of the *Business Corporations Act* (Alberta), which section permits the Board to appoint up to two (2) additional directors.

In addition, following the Acquisition, the Board intends on appointing the following parties to the noted offices of CSI:

Dr. Hamid Najafi	-	Chief Technology Officer
Michael Brower	-	Senior Vice-President

As a result, the directors and senior officers of the Corporation, upon closing the Acquisition, will be as follows:

Directors	**Senior Officers**		
Stephen A. Verhoeff	Stephen A. Verhoeff	-	President, Chairman and Chief Executive Officer
Brian J. Hamilton	Michael W. McCullagh	-	Senior Vice-President, Manufacturing Operations
Paul L. Camwell	Brian J. Hamilton	-	Chief Financial Officer
Michael J. Lang	Walter Feller	-	Vice-President, Engineering and R&D
Howard W. Yenke	Theresa Lea	-	Vice-President, Finance and Administration
Hamid Najafi	Jim Burge	-	Vice-President, Sales and Marketing
Michael W. Brower	Cameron Olson	-	Vice-President, Financial Strategies
	Hamid Najafi	-	Chief Technology Officer
	Michael Brower	-	Senior Vice-President

Strategic Benefits and Post Acquisition Plans

CSI's acquisition of Wireless represents a strategic move by the Corporation into a broad range of wireless applications, to include fleet and asset management, fixed and mobile telemetry, and automotive and consumer telematics. The Acquisition provides significant strategic value for both CSI and Wireless, including but not limited to the following:

- accelerated market penetration;
- access to customers;
- integrated product offerings;
- research and development strength; and
- industry brand name recognition.

Management believes that the combined entity will have an opportunity to become a powerful force in a number of high growth market segments for wireless location products. The business combination of CSI and Wireless also represents additional opportunities for the integration of Wireless' core communications technology into CSI's vertical market products.

Selected Financial Information of Wireless Link Corporation

Attached to this Information Circular as Schedule “B” is certain financial information respecting Wireless Link Corporation.

Resolution for Consideration by Shareholders

At the Meeting, shareholders will be asked to consider and, if thought advisable, to approve an ordinary resolution approving the Acquisition, substantially in the following form:

“BE IT RESOLVED THAT:

1. subject to regulatory approval, the acquisition by the Corporation, directly or indirectly, of up to all of the issued and outstanding securities in the capital stock of Wireless Link Corporation (the “Acquisition”), as

more fully described in the Information Circular of CSI dated May 12, 2000, be and the same is hereby ratified, confirmed and approved, and any one director or officer of the Corporation be and is hereby authorized and directed to do and perform all such acts and things and to execute and deliver or cause to be executed and delivered, for, in the name of and on behalf of the Corporation (whether under the seal of the Corporation or otherwise) all such agreements, instruments and other documents as in such individual's opinion may be necessary or desirable to perform the terms of this resolution; and

2. Notwithstanding that this resolution has been duly passed by the holders of the common shares of CSI, the directors of CSI are hereby authorized and empowered, if they decide not to proceed with the Acquisition, to revoke this resolution at any time without further notice to or approval of the shareholders of CSI, if in the view of the Board of Directors, it is not in the best interests of the shareholders to proceed with the Acquisition."

For the Acquisition to be completed, the above-referenced resolution must be passed, with or without variation, by fifty (50%) percent plus one (1) vote of the votes cast with respect to the resolution by shareholders present in person or by proxy at the Meeting.

Use of Rights Offering Proceeds

On March 14, 2000 the Corporation successfully completed a rights offering (the "Rights Offering") pursuant to which the full subscription of 1,635,221 Common Shares were subscribed for at a price of $1.60 per share for gross proceeds to the Corporation of $2,616,354. The Rights Offering was conducted pursuant to the Corporation's rights offering circular dated January 31, 2000 (the "Rights Offering Circular"). The Rights Offering Circular indicated that the Corporation would use $1,100,000 (the "Rights Offering Proceeds") of the net proceeds of the Rights Offering to repay a portion of the subordinated debt (the "Satloc Debt") owing to the vendor of the assets of Satloc, Inc., which assets were acquired by the Corporation effective April 4, 1999. The Satloc Debt carries interest at a rate of fifteen (15%) percent per annum and becomes due on June 24, 2001. The Corporation is not required to make any monthly payments of principal or interest until such date.

As indicated in this Information Circular, the Wireless Acquisition Agreement provides that as a condition to closing of the Acquisition, CSI shall have raised on or prior to closing of the Acquisition additional equity capital or shall have accepted a commitment to finance CSI, for a minimum of U.S. $5,000,000 (the "Wireless Financing").

In order to achieve certain monetary and other business efficiencies, the Corporation wishes to forego repayment of the Satloc Debt for the time being and use the Rights Offering Proceeds for the Wireless Financing. Management of the Corporation believes that this alternative use of proceeds would constitute the most beneficial use of funds available to the Corporation at the present time. Accordingly, at the Meeting, shareholders will be asked to consider and, if thought advisable, to approve an ordinary resolution, substantially in the following form:

"BE IT RESOLVED THAT:

1. the Corporation is authorized to use $1,100,000 of the proceeds of its rights offering completed March 14, 2000 for purposes other than that set forth in the Corporation's rights offering circular, namely, for the purpose of working capital to be utilized for the integration of the Corporation's acquisition of Wireless Link Corporation, all as more particularly described in the Corporation's Information Circular - Proxy Statement dated May 12, 2000;

2. any director or officer of the Corporation be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution; and

3. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

The passing of this resolution is conditional upon the Acquisition being approved by the shareholders in the first instance.

Name Change

In connection with the Acquisition, the Corporation is proposing to effect a change of its corporate name from Communication Systems International Inc. to "CSI Wireless Inc." Accordingly, at the Meeting, shareholders will be asked to consider and, if thought advisable, to approve a special resolution, substantially in the following form:

"BE IT RESOLVED THAT:

1. the name of the Corporation be changed from Communication Systems International Inc. to "CSI Wireless Inc." (the "Name Change");

2. any director or officer of the Corporation be and is hereby authorized and directed to file Articles of Amendment to effect the Name Change with the Registrar appointed under the *Business Corporations Act* (Alberta) and to do all such other acts and things and to execute all such other documents necessary or desirable to carry out the terms of this resolution; and

3. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

To be approved, the special resolution approving the Name Change requires the approval of a majority of not less than two-thirds (66 2/3%) of the votes cast by shareholders present in person or by proxy at the Meeting.

The proposed Name Change is conditional upon the Acquisition being approved by the shareholders in the first instance.

Amendments to the Stock Option Plan

As at the date hereof, the Corporation's stock option plan, as amended (the "Plan"), as previously adopted by the board of directors of the Corporation (the "Board") and approved by its shareholders, provides that the aggregate number of Common Shares issuable under the Plan must not exceed 645,000 Common Shares.

As at the date hereof, options to purchase 2,080,475 Common Shares are presently outstanding under the Plan, which is in excess of the maximum number of Common Shares issuable under the Plan. Accordingly, the various option grants which the Corporation has recently effected, which includes an aggregate of 950,000 options being granted to directors, officers and employees of Wireless in connection with the Acquisition, require both TSE and requisite approval of the shareholders of the Corporation.

As the outstanding share capital of the Corporation will increase significantly with the completion of the Acquisition, the Board is proposing to increase the maximum number of shares which may, from time to time, be available for issuance under the Plan to 2,500,000 Common Shares, subject to regulatory and shareholder approval. This amendment will permit the grant of additional options to purchase 1,855,000 Common Shares. The Board has determined that the increase is necessary in order to ensure that a sufficient number of Common Shares are available under the Plan to both complete the Acquisition and to provide the Corporation with the ability to attract, retain and reward officers, directors and employees of the Corporation and its subsidiaries through the use of a competitive share compensation program.

In accordance with the policies of the TSE, the proposed amendment to the Plan must be approved by a majority of votes cast at the Meeting. Accordingly, at the Meeting, shareholders will be asked to consider and, if thought advisable, to approve an ordinary resolution, substantially in the following form:

"BE IT RESOLVED THAT:

1. the share option plan (the "Plan") of the Corporation be amended, by increasing the maximum number of Common Shares issuable thereunder to an aggregate of 2,500,000 Common Shares;

2. any director or officer of the Corporation be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution; and

3. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the proposed amendment to the Plan is conditional upon receipt of final approval from The Toronto Stock Exchange and the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

Advance Shareholder Approval for Private Placements

The Corporation from time to time investigates opportunities to raise financing on advantageous terms. While the Corporation has no specific plans at this time, it may undertake one or more financings over the next year that may be structured as private placements. Under the rules of The Toronto Stock Exchange (the "TSE"), the aggregate number of shares of a listed company which are issued or made subject to issuance (i.e., issuable under a share purchase warrant or option or other convertible security) by way of one or more private placement transactions during any particular six-month period must not exceed 25% of the number of shares outstanding (on a non-diluted basis) prior to giving effect to such transactions (the "TSE 25% Rule"), unless shareholder approval has been obtained for such transactions.

The application of the TSE 25% Rule may restrict the availability to the Corporation of funds which it may wish to raise in the future by private placement of its securities.

The TSE will accept advance approval by shareholders in anticipation of private placements that may exceed the TSE 25% Rule provided such private placements are completed within 12 months of the date such advance shareholder approval is given. Accordingly, the Corporation wishes to present to shareholders a proposal to proceed with additional private placements over the next twelve months in excess of the TSE 25% Rule.

The Corporation's issued and outstanding share capital is currently 8,349,406 Common Shares. Accordingly, the Corporation proposes that the maximum number of Common Shares which either would be issued or made subject to issuance under one or more private placements in the 12 month period commencing June 15, 2000 would not exceed 8,349,406 Common Shares in the aggregate, or approximately 100% of the Corporation's issued and outstanding Common Shares.

Any private placement proceeded with by the Corporation under the advance approval being sought at the meeting will be subject to the following additional restrictions:

1. it must be substantially with parties at arms' length to the Corporation;

2. it cannot materially affect the control of the Corporation;

3. it must be completed within a 12 month period following the date the shareholder approval is given; and

4. it must comply with the private placement pricing rules of the TSE, which currently require that the issued price per Common Shares must not be lower than the closing market price of the Common Shares on the TSE on the trading date prior to the date notice of the Private Placement is given to the TSE (the "Market Price"), less the applicable discount, as follows:

Market Price	Maximum Discount
$0.50 or less	25%
$0.51 to $2.00	20%
$2.00 and above	15%

(for these purposes, a private placement of unlisted convertible securities is deemed to be a private placement of the underlying listed securities at an issue price equal to the lowest price at which the securities are convertible by the holders thereof).

In any event, the TSE retains the discretion to decide whether or not a particular placement is "substantially" at arm's length or will materially affect control in which case specific shareholder approval may be required.

At the Meeting, shareholders will be asked to consider the following ordinary resolution (the "Private Placement Resolution"):

> "BE IT RESOLVED THAT the issuance by the Corporation in one or more private placements during the 12 month period commencing June 15, 2000 of up to 8,349,406 Common Shares, as more particularly described in and subject to the restrictions described in the Corporation's Information Circular - Proxy Statement dated May 12, 2000, be and is hereby approved."

In order to approve the ordinary resolution, a majority of the votes cast, in person or by proxy, at the Meeting on the Private Placement Resolution must be voted in favour thereof. In the event that the resolution is not passed, the TSE will not approve any private placements that result in the issuance or possible issuance of the number of shares which exceed the TSE 25% Rule, without specific shareholder approval. Such restriction could impede the Corporation's timely access to required funds on favourable terms and thus affect the ability of the Corporation to capitalize on opportunities that may arise.

PART IV - INFORMATION CONCERNING THE CORPORATION

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized share capital of the Corporation consists of an unlimited number of Common Shares, an unlimited number of First Preferred Shares and an unlimited number of Second Preferred Shares, both of which are issuable in series. At the close of business on May 10, 2000, there were 8,349,406 Common Shares issued and outstanding. Two persons present in person and holding or representing not less than five (5%) percent of the Common Shares entitled to vote thereat will constitute a quorum at the Meeting.

The holders of Common Shares are entitled to receive notice of all shareholders meetings (other than meetings of a class or series of shares of the Corporation other than the Common Shares) and to one (1) vote thereat for each share held. The holders of the Common Shares are entitled to receive such dividends as are declared by the board of directors of the Corporation on the Common Shares as a class, subject to prior satisfaction of all preferential rights to dividends attached to all shares of the Corporation ranking in priority to the Common Shares, and in respect of return of capital, the holders of Common Shares are entitled to share pro rata together with the holders of any other classes of shares ranking equally with the Common Shares in such assets of the Corporation as are available for distribution.

The Corporation has authorized the first series of First Preferred Shares, being the Series 1 First Preferred Shares, of which 1,550,000 have been authorized for issuance in connection with the acquisition of the business and assets of Satloc Inc., which acquisition closed effective April 4, 1999. As of the date hereof, an aggregate of 350,000 Series 1 First Preferred Shares are issued and outstanding.

To the knowledge of the directors or senior officers of the Corporation, no person beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than ten (10%) percent of the voting rights attached to any class of voting securities of the Corporation as at the date hereof, and both before and after giving effect to the Acquisition, other than as set forth below:

Name and Address	Type of Ownership	Number of Common Shares Owned, Controlled or Directed Before Giving Effect to the Acquisition	Percentage of Outstanding Common Shares Before Giving Effect to the Acquisition	Number of Common Shares Owned, Controlled or Directed After Giving Effect to the Acquisition	Percentage of Outstanding Common Shares After Giving Effect to the Acquisition
Dr. Hamid Najafi Milpitas, California	Direct	Nil	Nil	2,000,000(1)	14.5%
Michael W. McCullagh Calgary, Alberta	Direct and Indirect	754,893(2)	9%	754,893	5.5%

Notes:

(1) Represents common shares of CSI to be received by Mr. Najafi in exchange for all of the securities owned by Mr. Najafi in Wireless Link Corporation pursuant to the Wireless Acquisition Agreement. In addition, Mr. Najafi is expected to receive 50,000 Incentive Shares and an aggregate of 200,000 options to purchase common shares of CSI at an exercise price of $3.90 per share, subject to TSE approval.

(2) The majority of these shares are owned by 718563 Alberta Ltd., a company controlled by Mr. McCullagh. An additional 161,720 common shares are owned by Mr. McCullagh's spouse.

EXECUTIVE COMPENSATION

Cash and Other Compensation

The information provided below relates to remuneration paid to the Corporation's executive officers during the financial years ended December 31, 1999, December 31, 1998 and December 31, 1997 (the "Named Executive Officers") whose compensation exceeded $100,000.

Summary Compensation Table

Name and Principal Position	Annual Compensation: Year	Annual Compensation: Salary ($)	Annual Compensation: Bonus ($)	Annual Compensation: Other Annual Compen-sation ($)	Long-Term Compensation: Stock Options Granted	All Other Compensation($)
Stephen A. Verhoeff,	1999	155,402	21,025(3)	Nil	Nil	6,750(1)
Chairman and Chief	1998	83,922	23,000	Nil	Nil	9,000(1)
Executive Officer	1997	99,490	Nil	4,000(2)	50,000	9,000(1)
Michael W. McCullagh	1999	118,952	13,500(3)	Nil	Nil	9,000(1)
Senior Vice President,	1998	81,488	22,000	Nil	Nil	9,000(1)
Manufacturing	1997	98,657	Nil	4,000(2)	50,000	9,000(1)
Operations						
Brian J. Hamilton	1999	120,925	14,500(3)	20,000(6)	Nil	12,996(1)
Chief Financial Officer	1998	102,150	22,000	26,500(6)	25,000	13,000(1)
	1997	100,510	Nil	4,258(6)	25,000	13,000(1)
Jim Burge(4)	1999	96,456	10,000(3)	Nil	Nil	9,000(1)
Vice-President, Sales &	1998	88,269	17,000	Nil	25,000	9,000(1)
Marketing	1997	18,525	Nil	Nil	35,000	Nil
Pierre Rouleau(5)	1999	148,000	Nil	Nil	20,000	Nil
Vice-President, Sales &						
Marketing of subsidiary,						
Satloc (1999) Inc.						

Notes:

(1) Each of the Named Executive Officers, except for Mr. Rouleau, receives a car allowance of $750 per month and Mr. Hamilton also receives a computer allowance of $333 per month.

(2) These amounts are comprised of loan guarantee fees of $1,000 per month which ceased shortly after the Corporation completed its initial public offering in March, 1997.

(3) This amount represents bonus earned in 1999 and paid in 2000.

(4) Mr. Burge joined the Corporation on October 1, 1997 as Vice-President, Sales and Marketing.

(5) Mr. Rouleau was appointed as the Vice-President, Sales & Marketing of the Corporation's subsidiary, Satloc (1999) Inc. ("Satloc") upon acquisition by the Corporation of Satloc effective April 4, 1999. Mr. Rouleau's salary is quoted in CDN dollars based upon an exchange rate of 1.48.

(6) This amount represents the imputed interest benefit and forgiveness of debt from a loan provided to Mr. Hamilton by CSI in connection with the exercise of options held by him. See "Indebtedness of Directors and Officers".

(7) There are presently seven executive officers of the Corporation. In respect of the financial year ended December 31, 1999, the seven executive officers received, in the aggregate, cash remuneration of $981,161.

Option Grants

The Corporation has from time to time, issued options to directors, officers, key employees and others who are in a position to contribute to the future success and growth of the Corporation and its subsidiaries. Pursuant to the Corporation's stock option plan, options may be granted to purchase Common Shares of the Corporation up to a number not exceeding the maximum number of shares permitted under the rules of any stock exchange or other regulatory body having jurisdiction. The exercise price of such options cannot be less than the market price of the Common Shares on the stock exchange on which such shares are then traded.

The following table details the grants of options to purchase Common Shares of the Corporation to the Named Executive Officers and other senior officers during the financial year ended December 31, 1999.

Name	Securities Under Options Granted #	% of Total Options Granted to Employees in Financial Year[(1)]	Exercise Price ($/share)	Market Value of Securities Underlying Options on the Date of Grant[(2)] ($/share)	Expiry Date
Pierre Rouleau	20,000	29%	$1.00	$1.06	June 17, 2004
Theresa Lea	10,000	15%	$1.00	$1.06	June 17, 2004
Walter Feller	20,000	29%	$1.00	$1.06	June 17, 2004

Notes:

(1) During the financial year ended December 31, 1999 a total of 69,000 options to purchase Common Shares were granted, 19,000 of which were granted to employees of the Corporation and 50,000 of which were granted to senior officers. A total of 411,125 options expired, unexercised or were canceled during such financial year. As at May 12, 2000, there were options to purchase an aggregate of 2,080,475 Common Shares of the Corporation issued and outstanding.

(2) Based on the closing price of the Common Shares on The Toronto Stock Exchange on the date of grant.

Option Exercises

The following table sets forth information with respect to options exercised by the Named Executive Officers during the most recently completed financial year and their respective option positions as at December 31, 1999. The value of unexercised in-the-money options at year end is based on the closing price of the Corporation's Common Shares on The Toronto Stock Exchange on December 31, 1999, which was $1.30.

Name	Options Exercised (#)	Aggregate Value Realized ($)	Unexercised Options at Year End Exercisable/ Unexercisable (#)	Value of Unexercised in-the-money Options at Year End[(1)] Exercisable/ Unexercisable ($)
Stephen A. Verhoeff	Nil	Nil	25,000/Nil	13,750/Nil
Michael W. McCullagh	Nil	Nil	25,000/Nil	13,750/Nil
Brian J. Hamilton	Nil	Nil	22,917/2,083	12,604/1,146
Jim Burge	Nil	Nil	60,000/Nil	33,700/Nil
Pierre Rouleau	Nil	Nil	3,333/16,667	1,000/5,000

Notes:

(1) Closing Price on December 31, 1999 of $1.30, less exercise price.

Compensation Committee

To ensure compliance with regulations announced in October 1993 under the *Securities Act* (Ontario) amending the standards of disclosure with respect to executive compensation, the directors of the Corporation elected a compensation committee (the "Committee") in May, 1996. The Committee is currently comprised of Michael J. Lang, Howard W. Yenke and Sharon A. Jones. None of these directors are officers of the Corporation and all are "unrelated" for the purposes of the TSE Report, as described under "Corporate Governance".

The Committee is charged with the periodic review of the Corporation's compensation policies and is to make recommendations with respect to the compensation of the Named Executive Officers to the board of directors, which gives final approval on compensation matters.

Report of Compensation Committee

TO: The Shareholders of Communication Systems International Inc.

Executive Compensation Strategy

The Corporation's executive compensation program is comprised of three components: salary, bonus plan and stock options. The objectives of the program are to attract and retain high quality employees, and to motivate performance by tying total compensation to improvement in the Corporation's long term financial success, measured in terms of share value.

Base Salaries

Salaries of the executive officers are reviewed annually based on individual performance, responsibility and experience. The Corporation participates in industry salary surveys, if necessary, to ensure that salaries offered to executives are competitive among industry peer companies of similar size. The Corporation's policy is that the salaries for the executive officers shall not be below the median of such salary surveys under normal circumstances.

Bonus Plan

Each of the Corporation's seven executive officers are eligible to receive bonuses pursuant to the Corporation's bonus plan. The payment of bonuses is based and dependent upon the financial performance of the Corporation exceeding the budget established for the year, and the amount of any bonus payable is dependent upon such factors as the revenues and net income (after bonuses and before taxes) of the Corporation. For the financial year ending December 31, 1999, bonuses of $75,525 in aggregate were accrued, which were paid in 2000 to the Corporation's executive officers.

Long Term Stock Options

Upon the recommendation of the Committee and approval by the board of directors, stock options are granted under the Corporation's stock option plan (the "Plan"), approved at the Special Meeting of the shareholders held in December, 1996 (and as amended in June, 1997 and December, 1997), to directors, officers and key employees and consultants, usually upon their commencement of employment with or retention by the Corporation and its subsidiaries. Additional grants are made periodically to recognize the exemplary performance of, or the special contribution by, eligible individuals. An annual grant may be made to eligible individuals based on the performance of the Corporation during the most recently completed financial year in relation to performance targets established by the Chief Executive Officer and in relation to performance achieved by industry peer corporations during the comparable period.

The Plan is designed to motivate employees, directors and executives to focus on the long term interests of the Corporation and its shareholders. Options are granted at the market price in effect on the date of grant and the realizable value of the executives' option grants is entirely dependent on the appreciation in the market price of the Common Shares. Where the Committee deems it appropriate, it may, from time to time, recommend to the board of directors that the exercise price of previously granted options be repriced to reflect the current market price of the Corporation's Common Shares. Options generally become exercisable over four years and generally expire after five years.

Total option grants are presently limited to a number of shares permitted under the rules of The Toronto Stock Exchange. Grant sizes are, therefore, determined by factors including the number of eligible individuals currently under the option plan and future hiring plans of the Corporation.

Summary

The Committee believes that long term shareholder value is enhanced by compensation based upon individual and corporate performance achievements. Through the plans described above, a significant portion of the Corporation's executive compensation is based on individual and corporate performance, as well as industry-competitive pay practices.

Committee Members: Sharon A. Jones
Michael J. Lang
Howard W. Yenke

Executive Employment Contracts and Termination of Employment

During the financial year ended December 31, 1999, the Corporation had employment agreements with each of Stephen A. Verhoeff, Michael McCullagh, Brian J. Hamilton, Jim Burge, Theresa Lea, Walter Feller and Pierre Rouleau. The aggregate annual salary payable to CSI's executive officers under such employment agreements totaled approximately $925,250. Such annual salaries are subject to annual review and approval by the Compensation Committee. In addition, Messrs. Verhoeff, McCullagh, Hamilton and Burge are entitled to participate in a bonus plan established for senior officers of CSI (see “Bonus Plan”). Certain of the executive officers are also entitled to monthly car allowances and Mr. Hamilton receives a monthly computer equipment allowance. Each of the employees are also entitled to participate in the Corporation's stock option plan as described under “Stock Option Plan”.

If Messrs. Verhoeff, McCullagh or Hamilton's employment is terminated for any reason except for cause, including a change of control of the Corporation, the employee is entitled to a termination payment equal to $2,000 per month of service from June 1, 1990 in the case of Mr. Verhoeff, $2,000 per month of service from March 1, 1991 in the case of Mr. McCullagh and $1,500 per month of service from October 1, 1995 in the case of Mr. Hamilton, to the date of such termination, up to a maximum of one year's salary.

Stock Option Plan

Pursuant to the Corporation's stock option plan, as amended (the “Plan”), the board of directors (the “Board”) may allocate non-assignable options to purchase Common Shares of the Corporation to directors, officers, employees of and service providers to the Corporation and its subsidiaries. Options granted pursuant to the Plan are exercisable at the closing price per share on The Toronto Stock Exchange on the last trading date preceding the date of grant. The maximum number of Common Shares which may be reserved for issuance to any one person under the Plan is five (5%) percent of the Common Shares outstanding at the time of grant. The number of Common Shares reserved for issuance, or issuable within one (1) year, pursuant to the Plan and all other established or proposed share compensation arrangements of the Corporation, to insiders shall not exceed ten (10%) percent of the outstanding Common Shares and the number of Common Shares issuable within one (1) year, pursuant to the Plan and all other established or proposed share compensation arrangements of the Corporation, to any one (1) insider and such insiders' associates shall not exceed five (5%) percent of the outstanding Common Shares. Options granted under the Plan may be exercised during a period not exceeding ten (10) years, subject to earlier termination upon the termination of the optionee's employment, upon the optionee ceasing to be an employee, senior officer, director or service provider of the Corporation or any of its subsidiaries, as applicable, or upon the optionee retiring or dying. The Plan contains provisions for adjustment in the number of shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the Common Shares, a merger or other relevant changes in the Corporation's capitalization. The Plan provides for an acceleration of one-half of all unvested options in the event of a take-over bid (to allow an optionee to tender into such takeover bid) or in the event of termination of employment of an optionee following a "change of control" of the Corporation. Alternatively, in the event of a take-over bid, the Corporation may be permitted, at its option, to satisfy any obligations to any optionees in respect of any options not exercised by paying the optionee, in cash, the difference between the exercise price of all unexercised options granted and the fair market value of the securities to which the optionee would be entitled upon exercise of all unexercised options on such date and, upon such payment, the option agreement would terminate, such that the optionee would cease to have any rights thereunder. The Board may from time to time amend or revise the terms of the Plan. The Plan does not contain any provision for financial assistance by the Corporation in respect of the options granted thereunder.

The maximum number of shares which may, from time to time, be issuable pursuant to the Plan is currently set at 645,000 Common Shares. The Corporation, in contemplation of the completion of the Acquisition, has proposed to amend the Plan so as to increase the maximum number to an aggregate of 2,500,000 Common Shares, which proposed amendment is subject to shareholder approval at the Meeting. See "Matters to be Acted upon at the Meeting - Amendments to the Stock Option Plan".

As at the date hereof, there are options to purchase an aggregate of 2,080,475 Common Shares issued and outstanding. Details of the stock options currently outstanding to officers, directors and employees are set forth below.

Group (Number in Group)	**Aggregate shares under option**	**Date(s) of Grant**	**Expiry Date(s)**	**Exercise Price(s) ($)**
Executive Officers (7)	618,800	May 12, 1997 - April 17, 2000	May 12, 2002 - April 17, 2005	0.73 - 6.95
Directors (who are not Executive Officers) (4)	29,750	June 15, 1998 - March 13, 2000	June 15, 2003 - March 13, 2005	0.80 - 6.95
Employees/Consultants (125) [(1)]	1,431,925	April 1, 1996 - April 17, 2000	April 1, 2001 - April 17, 2005	0.73 - 6.95
Total Stock Options	2,080,475			

Notes:

(1) Employees/consultants who are not currently Executive Officers or Directors. Includes options being granted to new directors, officers and employees of the Corporation or its subsidiaries in connection with the Acquisition, assuming successful completion of the same.

(2) Certain of the foregoing option grants will result in the issuance of options to acquire Common Shares in excess of the Common Shares which are presently available for grant under the Plan (by an excess of 1,435,475 Common Shares). Accordingly, the Corporation has made application to the TSE to amend the terms of the Plan to set the maximum number of Common Shares issuable thereunder at an aggregate of 2,500,000 Common Shares and is seeking shareholder approval for the same. See "Matters to be Acted upon at the Meeting - Amendments to the Stock Option Plan."

Compensation of Directors

Directors who are also executive officers of CSI do not receive compensation for acting in their capacities as directors. Directors of the Corporation who are not executive officers may receive compensation for serving in their capacity as such or such other compensation as determined by the Compensation Committee. During the last completed financial year, Messrs. Yenke and Camwell and Ms. Jones each received annual compensation of $10,000 for serving as directors of CSI and Mr. Ken Hardesty received $3,790. All directors of the Corporation are reimbursed for out-of-pocket expenses incurred in connection with the performance of their duties as directors. A total of $33,790 was paid to directors (who are not executive officers) for services in that capacity during the financial year ended December 31, 1999. In addition, see "Indebtedness of Directors and Officers".

INDEBTEDNESS OF DIRECTORS AND OFFICERS

As at March 31, 2000 there was no indebtedness by any current and former officers, directors and employees of the Corporation. Details with respect to outstanding indebtedness during the last completed financial year is set forth below:

Name and Principal Occupation	Involvement of the Corporation	Largest Amount Outstanding During Last Completed Financial Year[(1)] ($)	Amount Outstanding at March 31, 2000 ($)	Financially Assisted Securities Purchases from January 1, 1999 to December 31, 1999 (#)	Security for Indebtedness
Brian J. Hamilton Chief Financial Officer	Lender	$40,000[(2)]	Nil	Nil	Security on the Common Shares issued and bonus payments
Michael J. Lang, Director	Lender	$23,000[(3)]	Nil	Nil	Security on the Common Shares issued and bonus payments

Notes:

(1) All amounts are limited recourse loans which were advanced as an incentive for the exercise of options to purchase Common Shares. The Corporation's only recourse in respect of such loans is to realize upon the security interests granted by the borrowers (i) on the Common Shares issued upon exercise of the options; and (ii) on the bonus payments to be made to the borrowers.

(2) $20,000 of this amount was forgiven on January 5, 1999, with the balance of $20,000 being forgiven on January 5, 2000 (rather than Mr. Hamilton receiving a bonus to repay such amount).

(3) $11,000 of such amount was forgiven on January 5, 1999, with the balance of $12,000 being forgiven on January 5, 2000 (rather than Mr. Lang receiving a bonus to repay such amount).

PRICE RANGE AND TRADING VOLUME OF COMMON SHARES

The Common Shares of CSI have been listed and posted for trading on the TSE under the symbol "CSY" since March 12, 1997. The following table sets out the high and low price for board lot trades and the volume of trading of the Common Shares as reported by the TSE for the periods indicated:

	Price Range ($)		
	High	Low	Trading Volume
1999			
First Quarter	1.15	0.60	1,112,987
April	1.00	0.72	263,235
May	1.00	0.76	193,600
June	1.15	0.78	280,062
July	1.59	1.05	522,787
August	1.44	1.10	151,400
September	1.49	1.05	237,885
October	1.57	1.21	85,500
November	1.46	1.25	106,150
December	1.45	1.17	145,000
2000			
January	2.60	1.25	889,266
February	11.50	1.70	5,359,602
March	8.30	4.00	1,460,279
April	6.65	3.30	1,388,211

May (1-9)	5.75	4.50	273,215

The closing price of the Common Shares on the TSE on April 17, 2000, the last trading day prior to announcing the Acquisition was $4.20 per share. On May 10, 2000, the closing trading price of the Common Shares on the TSE, as reported by such exchange was $4.50 per share.

CORPORATE GOVERNANCE

In 1995, The Toronto Stock Exchange (the "TSE") adopted a set of guidelines which were revised in 1999 (the "Guidelines") relating to corporate governance matters. The Guidelines address such matters as the constitution and independence of boards of directors, the functions to be performed by boards and their committees, and the relationship among a corporation's board, management and shareholders. All corporations listed on the TSE must now annually disclose their approach to corporate governance with specific reference to each of the fourteen specific Guidelines. The Corporation's disclosure with respect to the Guidelines follows:

1. **The Board shall explicitly assume responsibility for the stewardship of the Company, in**:

a. *the adoption of a strategic planning process;*

The Board participates, on an on-going basis, in the review of, and provides guidance to the Corporation's senior executives on, the development of the Corporation's strategic plans and strategies.

b. *the identification of the principal risks of the Company's business and the implementation of appropriate systems to manage these risks;*

The Board has identified the principal risks of the Corporation's business and works with management on an on-going basis to assess and review the management of such risks.

c. *succession planning, including appointing, training and monitoring senior management;*

The Board takes ultimate responsibility for the appointment and monitoring of the Corporation's senior management. No formal system of succession planning has been developed. The Board reviews the performance of the senior executives on an on-going basis.

d. *the Company's communications policy; and*

The Corporation currently communicates with its shareholders and other stakeholders through various channels including annual and quarterly reports, news releases, statutory filings and an investor relations firm. The Board has delegated shareholder relations responsibilities to management, who have in turn retained E-Vestor Communications Inc. of Toronto, Ontario to provide investor relations services. Shareholder communications are generally handled by E-Vestor Communications Inc. as well as by the Chief Executive Officer and the Chief Financial Officer of the Corporation.

e. *the integrity of the Company's internal control and management information systems.*

The Board, both directly and through the Audit Committee and the external auditors, assesses the integrity of the Corporation's internal control and management information systems on an on-going basis.

2. **The Board should be constituted with a majority of individuals who qualify as unrelated directors (i.e. free from conflicting interest).**

Four of the seven current members of the Board are "unrelated" directors as defined by the TSE, being a director who is independent of management and is free from any interest in any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from shareholding.

3. **The analysis of the application of the principles supporting the conclusion in paragraph 2 above.**

The Board currently consists of seven members, only three of whom, being Messrs. Verhoeff, McCullagh and Hamilton, are members of management and are, thereby, considered "related" directors as such term is defined by the TSE. The remaining four directors are "unrelated" directors.

4. **The Board should appoint a committee of directors composed exclusively of outside, i.e., non-management directors, a majority of whom are unrelated directors, with the responsibility for proposing to the full Board new nominees to the Board and for assessing directors on an ongoing basis.**

Both historically and currently, the full Board has performed the function of a nominating committee with the responsibility for the appointment and assessment of new directors. Nominations have generally been the result of recruitment efforts by the Chief Executive Officer and the Chief Financial Officer and informal discussions with other Board members.

5. **The Board should implement a process to be carried out by the Nominating Committee or other appropriate committee for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors.**

The Board as a whole is responsible for the assessment of the effectiveness of the Board as a whole, the committees of the Board, the appointments to those committees and the mandates thereof, as well as the contribution of individual directors on an on-going basis. The Board as a whole periodically reviews the contributions of individual Board members through informal discussion and evaluation of members' contributions.

6. **The existence of an orientation and education program for new recruits.**

While the Corporation does not currently have a formal orientation and education program for new recruits to the Board, the Corporation has historically provided such orientation and education on an *ad hoc* and informal basis. The Board believes that these procedures have proved to be a practical and effective approach in light of the Corporation's particular circumstances, including the size of the Corporation, limited turnover of the directors, the nature and scope of the Corporation's business and operations and the experience and expertise of Board members.

7. **The size of the Board and the impact of the number of directors upon the Board's effectiveness.**

The Board considers that six to nine members is currently an appropriate number of directors having regard to the size of the Corporation, the nature of its business and operations and the experience and expertise required to carry out their duties effectively while maintaining a diversity of view and experience.

8. **The adequacy and form of the compensation of directors should realistically reflect the responsibilities and risk involved in being an effective director.**

The Board has appointed a Compensation Committee comprised of Mr. Michael J. Lang, Mr. Howard W. Yenke and Ms. Sharon A. Jones, all of whom are outside directors. The mandate of the Compensation Committee is to formulate and to make recommendations to the Board in respect of compensation issues relating to directors, senior management and the staff of the Corporation. The Board believes that the compensation currently offered to directors, in form and in amount, adequately reflects the responsibilities and risk assumed by each member.

9. **Committees of the Board should generally be composed of outside directors, a majority of whom are unrelated directors.**

The Board has constituted two committees: the Audit Committee and the Compensation Committee. All of the members of the Compensation Committee and two of the three members of the Audit Committee are "outside" directors.

10. **The Board's responsibility for (or a committee of the Board's general responsibility for) developing the Company's approach to governance issues.**

Due to the relatively small size of the Board, a separate Corporate Governance Committee has not been established to date. The Board as a whole is responsible for continued development of the Corporation's approach to the TSE Guidelines.

11. **The Board has developed:**

a. *position descriptions for the Board and for the CEO, involving the definition of the limits to management's responsibilities; and*

To date, the Board has not developed specific position descriptions for its members since the Board, acting together, exercises plenary power. The Board retains all powers not delegated by the Board to management or Board Committees. The Chief Executive Officer is accountable to the Board for meeting corporate objectives and for managing the day-to-day business of the Corporation, subject to compliance with plans and objectives approved from time to time by the Board. The Board retains responsibility for significant changes in the Corporation's affairs such as approval of major expenditures, financing arrangements and significant acquisitions and divestitures.

b. *the corporate objectives for which the CEO is responsible for meeting.*

Corporate objectives for the Chief Executive Officer are developed from time to time and are communicated to the Chief Executive Officer.

12. **The structures and procedures for ensuring that the Board can function independently of management.**

The Board has implemented appropriate structures and procedures to ensure that it, and its committees function independently of management.

13.

a. *The Audit Committee of the Board should be composed only of outside directors and should have roles and responsibilities which are specifically defined.*

The Audit Committee is comprised of three members, two of whom are "outside" directors. The Audit Committee is responsible for reviewing audit functions and the preparation of financial statements and reviewing and recommending for approval to the Board all public disclosure information such as financial statements, quarterly reports, financial press releases and prospectuses. The Audit Committee also ensures that management has effective internal control systems and meets from time to time with external auditors without management present.

b. *The Audit Committee should have direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate.*

The Audit Committee has direct access to the external auditors of the Corporation and meets with the external auditors from time to time without any members of management present.

14. **The existence of a system which enables an individual director to engage an outside advisor at the expense of the Company in appropriate circumstances.**

The Corporation has no formal policy which allows outside directors to engage outside advisors at the Corporation's expense. However, if such an advisor were required by a board member, approval for the advisor would likely be obtained from the remaining Board members.

INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON AT THE MEETING

Management of the Corporation is not aware of any material interest of any director or nominee for director, or senior officer or anyone who has held office as such since the beginning of the Corporation's last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting, other than the election of directors or except as disclosed elsewhere in this Information Circular or as described below.

In the event the Acquisition is completed, the President and principal shareholder of Wireless, Dr. Hamid Najafi, and the Vice-President, Marketing & Business Development of Wireless, Michael Brower, will be appointed to the Board of Directors of CSI. As the largest shareholder of Wireless, Mr. Najafi is entitled to receive an aggregate of 2,000,000 common shares of CSI pursuant to the Wireless Acquisition Agreement. Accordingly, upon completion of the Acquisition, Mr. Najafi will own, directly or indirectly, or exercise control or direction over, an aggregate of 2,000,000 common shares of CSI, or approximately 14.5% of the issued and outstanding capital of CSI immediately following the Acquisition. In addition, Mr. Najafi is expected to be granted 50,000 Incentive Shares and 200,000 options to purchase common shares of CSI. Mr. Brower is expected to be granted 350,000 Incentive Shares and approximately 40,000 options to purchase common shares of CSI upon completion of the Acquisition.

INTERESTS OF INSIDERS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of directors and senior officers of the Corporation, 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 within the last financial year and in any proposed transaction which has materially affected or would materially affect the Corporation, other than as disclosed elsewhere herein.

RELIANCE BY THE BOARD OF DIRECTORS OF COMMUNICATION SYSTEMS INTERNATIONAL INC. ON THE REPRESENTATIVES OF WIRELESS LINK CORPORATION FOR INFORMATION IN RESPECT OF WIRELESS LINK CORPORATION

The Board of Directors of the Corporation has relied upon the officers, directors and the management of Wireless Link Corporation to provide the information relating to Wireless Link Corporation as set forth in Schedules "A" and "B" to this Information Circular and elsewhere in this Information Circular.

OTHER MATTERS

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Special and Annual Meeting of Shareholders. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

APPROVAL AND CERTIFICATION

The contents and the sending of this Information Circular have been approved by the board of directors of the Corporation.

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

DATED at Calgary, Alberta, this 12th day of May, 2000.

COMMUNICATION SYSTEMS INTERNATIONAL INC.

(signed) "Stephen A. Verhoeff" Chief Executive Officer	(signed) "Brian J. Hamilton" Chief Financial Officer

SCHEDULE “A”

INFORMATION CONCERNING WIRELESS LINK CORPORATION
(referred to in this Schedule “A” as “Wireless” or the “Company”)

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BUSINESS OF WIRELESS LINK CORPORATION

General - History and Technology

Wireless Link Corporation is a private company originally incorporated under the laws of the State of California, U.S.A. on July 21, 1987 under the name "Interonics Corporation". Pursuant to Articles of Amendment filed May 31, 1995, the Company changed its name to Wireless Link Corporation. The head office of Wireless is presently located at 1909 Milmont Drive, Milpitas, California 95035.

The Company was founded in 1987 by Dr. Hamid Najafi primarily to develop digital signal processing technology for manufacturers of cellular telephones. Initially founded as a research and development house, the Company holds a number of patents and intellectual property for various wireless data solutions. Wireless has developed and licensed several cellular products and technologies for some of the largest wireless equipment manufacturers in the industry and was the first to develop and market an Aeris MicroBurst™ compatible cellular/GPS tracking solution and original equipment manufacturer ("OEM") cellular modem module for use in connection with a variety of applications including automatic vehicle location ("AVL"), automatic meter reading ("AMR") and security system and equipment monitoring. Wireless' products allow companies to remotely monitor their assets using the existing nation-wide cellular network to send and receive business-critical data. Wireless offers a complete solution for remote mobile asset management and "drop-in" cellular modem modules for easy integration by OEM developers into existing mobile and fixed asset management applications. Customers of Wireless include large OEM's in the automotive, commercial trucking, heavy equipment, and rental car fleet and security equipment industries.

Wireless Link Products

Wireless uses the core communications technology it designs to build wireless hardware, software, and Internet-enabled data communications applications that allow enterprises (commercial applications) and individuals (consumer applications) to easily and economically maintain constant contact with their stationary or mobile assets using a variety of wireless infrastructure. Wireless' flag ship product line, AssetVision™, uses public networks to give enterprise management real time visibility to infrastructure, vehicles, cargo and people. It is a technologically integrated solution for mobile asset management, which combines cellular connectivity, Global Positioning and embedded intelligence to collect, process and deliver business-critical information to assist businesses involved in the management of mobile applications such as truck and trailer fleets, heavy equipment, vehicle rentals, high value cargo, armoured cars, service and delivery vehicles, taxis, limos and shuttles.

Wireless has also achieved commercial success with its 3-Watt cellular modem module designed to be used by OEM developers for a variety of applications including AVL, AMR, security system and equipment monitoring.

Table 1 below provides a list of the Land Mobile Public Networks and Location Networks around which the Company has and is developing products.

Table 1 - Wireless Link Core Technology

Air Interface	Network	Status
Aeris MicroBurst	AMPS Cellular Control Channel	In Production
Cellemetry	AMPS Cellular Control Channel	In Production
AMPS	AMPS Cellular	In Production
WIN4	AMPS Cellular	In Production
TDMA-DAMPS	800 Mhz Digital AMPS	In Beta
TDMA 800Mhz/1900Mhz/EDGE	AMPS/DAMPS/PCS	In Design
CDPD	AMPS CDPD	Pre-Development
GSM	GSM	In Development
SiRF GPS Receiver	Navstar GPS	In Production
SiRF Star II GPS Receiver	Navstar GPS	In Development
Bluetooth	ISA Band	Pre-Development

Table 2 below provides a summary of the Company's current product status.

Table 2 - Wireless Link Technology/Product Status

Technology	Status	Customer(s)
MB/Cell/Win4	In Production	Multiple
MB/Cell/WIN4 DSP	In Development	Telemetry Market/LJ/AVII
MB/Cell/WIN4/SiRF	In Production	Multiple
TDMA-DAMPS (WLL)	In Beta	Harris
TDMA-DAMPS Module	Planning	Bell South/Cellemetry/Market
TDMA - Dual Band	In Development	Telion
TDMA - Dual Band (OEM)	In Development	TDMA^{+Plus}
MB/SiRF Star II	In Development	LoJack
TDMA^{+Plus} CDPD	Planned	TDMA^{+Plus}
Bluetooth	Planned	TDMA^{+Plus}

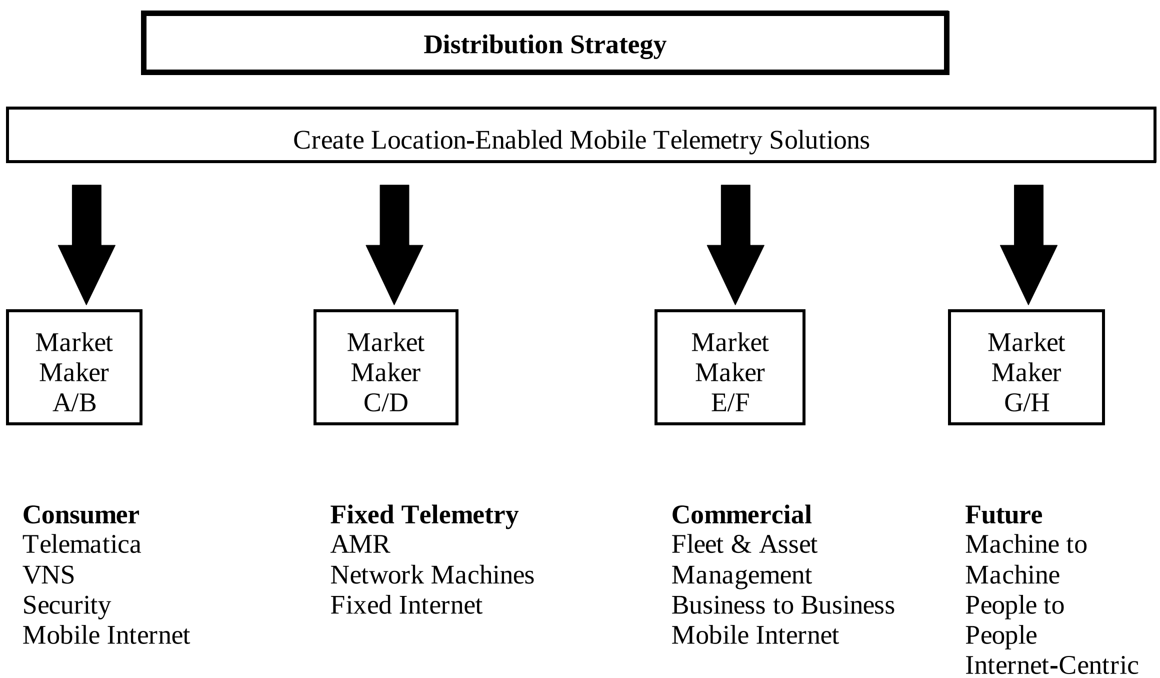
Business Strategy

Wireless is currently pursuing a technology development path that will create a single core wireless data product to solve the 'last mile' problem of machine-to-machine, people-to-machine, people-to-people remote asset management. There does not exist, nor will there in the foreseeable future, a perfect data network for mobile telemetry services. Infrastructure development costs added to ongoing operational costs demand that the number of mobile users to support any wireless network be in the tens of millions. Today those numbers of mobile telemetry users do not exist and when they do the same dynamics that constrain the deployment of wireless voice networks will also apply to data networks & telemetry applications. Wireless Link is creating a next generation communications product that embodies all of the features of its existing products. In addition the Company is creating a network 'middleware' designed to communicate with this next generation communications product. Adding to the Company's existing patent portfolio, Wireless Link has two patents in process on this communications product and Middleware.

This new technology core is DSP-based incorporating all of the Company's existing communications protocols. Because the core is DSP-based, management believes that it will be just as economical to manufacturer this new core as any future product based on any single existing protocol. This will allow the Company to manufacture one wireless communications core that can be distributed and integrated horizontally across all mobile and fixed telemetry market segments. The Company plans to then proceed to reduce the size, cost, and power consumption of this core, further extending its competitive advantage and market share.

Wireless uses its ownership of technology to design and manufacture products for near-term revenue opportunities. As strategic partners, Wireless picks market makers; companies with existing distribution into the wireless mobile data segment; companies that do not have the engineering tools to pave the way for their own technology future. Figure 1 below shows the Company's distribution strategy.

Figure 1



In reference to Figure 1 the Company has achieved distribution for its Trailer Tracking product with HighwayMaster. Although currently Motorola supplies HighwayMaster's series 5000 Driver Communications and Fleet Management product, management of the Company believes that its new communications core can become the standard for HighwayMaster's next generation Series 5000 in-cab driver communications products. In addition to HighwayMaster, AirIQ, and major construction equipment manufacturers all distribute the Company's AssetVision product to the commercial market segment.

Table 3 - Construction Equipment Manufacturers & Market Shares

Manufacturer	Market Share
Caterpillar	40%
Case Corporation	25%
John Deere	25%
Other	10%

Table 3 above shows the major manufacturers of construction equipment and a ROM (Rough Order Magnitude) market share. These companies are the gatekeepers to the addressable market for Mobile Asset Management solutions focused on high value construction machinery. The Company is currently pursuing development and distribution relationships with all three companies. All three companies have international distribution and the Company is developing a GSM-based AssetVision™ product to address the needs of these construction manufacturer's international partners. Management of the Company further believes that by giving these companies a single protocol (AssetVision PDI-Packet Data Interface) that operates over the AMPS cellular network in the U.S. and will also operate over the GSM networks of the world, that it significantly increases its ability to secure relationships with these market makers.

In the Consumer Market segment the Company recently announced a development/supply agreement with LoJack Corporation for an advanced low-cost telematics product. It is intended that Wireless and LoJack will team to define successive generations of Internet-enabled Telematics and vehicle security products to capitalize on LoJack's lucrative distribution channels. In addition to end-user products, the LoJack development will assist the Company in building its first Internet Gateway, the precursor to its TDMA^{+Plus} multi-mode data gateway.

Wireless's ultimate goal is to develop and own a key core for delivering low and high bandwidth data for all mobile and fixed telemetry applications, such as mobile computing (handheld and notebook PC's) and internet-in-the-vehicle. Much of the technology necessary for this core has already been developed by the Company and now resides in one or the other of its current products, only requiring the necessary time and financial investment to take it to the next level.

Wireless Customers

The Company does not sell directly to the end-users of its products. The Company's existing and potential customers are major manufacturers, systems integrators, and service providers, all focused on various mobile telemetry application segments. The Company's customers in turn develop end-to-end solutions and resell the Company's products to their customers. This multiplication factor allows the Company to address a much larger potential market without the capital investment necessary to develop literally hundreds of vertical markets.

The manufacturers represent a large and mature customer base, such as that of the construction equipment manufacturers mentioned previously. In essence these manufacturers are their own systems integrator, using the Company's products and software to build solutions for their customers. The Company's customer, AirIQ, is a systems integrator. They take the Company's AssetVision product and build it into a solution to provide fleet and asset management solutions for rental car companies. In that respect they are also a service provider. LoJack is a service provider to the consumer automotive aftermarket. They currently supply Stolen Vehicle Recovery services and with the Company's new AssetVision 'lite' they will also provide Telematics services through their existing distribution channel of approximately 6000 new car dealers.

Over the last two years Wireless has developed relationships with over 65 potential distribution partners. These manufacturers, systems integrators, and service providers have purchased the Company's Developers' Kit in order to integrate the Company's PDI protocol into their customer solutions which will in turn allow them to resell the Company's AssetVision™ or CVDM-3™ products. Companies that purchase the CVDM-3™ cellular modem either integrate it with their own GPS receiver (i.e., Axiom Navigation) or use it in a fixed telemetry application, such as

AMR or Home Security. Companies that purchase the AssetVision™ Developers' Kit pursue mobile telemetry applications, such as Fleet or Asset Management. Of these 65, over 40 are repetitive buyers of the Company's products, demonstrating the success of the Company's distribution strategy.

Facilities

Wireless currently leases approximately 9,000 square feet of warehouse space located in Milpitas, Santa Clara County, California. The building houses all of the Company's operations, including the Company's head office and research and development facilities. Although the Company uses contract manufacturing for its products, it occasionally performs final assembly testing in its California facility.

Human Resources

Wireless currently has 31 employees, 18 of whom have professional designations in research and engineering. Founder, and President and Chief Executive Officer of Wireless, Dr. Hamid Najafi, Ph.D., is a wireless pioneer and an international authority on data communications and digital signal processing (DSP) based cellular and data technologies for cellular phones, faxes and modems.

DESCRIPTION OF SHARE CAPITAL

General

The authorized capital of Wireless consists of 25,000,000 common shares (the "Common Shares") and 11,000,000 preferred shares, issuable in series. As at April 30, 2000, 10,056,250 Common Shares, 3,812,483 series A preferred shares, 2,346,041 series B preferred shares and 1,712,611 series C preferred shares (collectively, the "Preferred Shares") were issued and outstanding.

Pursuant to the Acquisition of Wireless by Communication Systems International Inc. (the "Acquisition"), it is contemplated that prior to closing of the Acquisition all of the issued and outstanding Preferred Shares will be converted into Common Shares of Wireless.

Common Shares

The holders of Common Shares are entitled to one (1) vote for each share held of record on all matters submitted to a vote of shareholders. The holders of Common Shares are entitled to receive rateably such dividends, if any, as may be declared from time to time by the Board of Directors out of funds legally available for the payment of dividends. All outstanding Common Shares are fully paid and non-assessable.

Preferred Shares

The Board of Directors of Wireless has the authority, without action by the shareholders, to designate and issue up to an aggregate of 11,000,000 Preferred Shares in one or more series and to designate the dividend rate, voting rights and other rights, preferences and restrictions of each series any or all of which may be greater than the rights of the Common Shares. While a number of series A, series B and series C preferred shares have been issued to date, as outlined above, it is contemplated that all of the issued and outstanding Preferred Shares will be converted to Common Shares of Wireless prior to closing of the Acquisition and, accordingly, immediately following the Acquisition the issued and outstanding capital of Wireless will consist solely of Common Shares, all of which shares will be owned by Communication Systems International Inc ("CSI").

CAPITALIZATION

The following table sets forth the capitalization of Wireless as at April 30 and May 10, 2000 both before and after the Acquisition:

	Authorized	Outstanding as at April 30, 2000[(1)]	Outstanding as at May 10, 2000 immediately after giving effect to the Acquisition[(2)]
Long-term debt	-	-	-
Common Shares	25,000,000	10,056,250	19,007,009
Series A Preferred Shares	3,812,483	3,812,483	nil
Series B Preferred Shares	4,692,082	2,346,041	nil
Series C Preferred Shares	1,759,532	1,712,611	nil

Notes:

1. Prior to giving effect to the conversion of Preferred Shares into Common Shares, which conversion is expected to occur in conjunction with the Acquisition.
2. After giving effect to the conversion of Preferred Shares and vested options into Common Shares, which conversion is expected to occur in conjunction with the Acquisition. Following the Acquisition, all of the Common Shares of Wireless will be owned by CSI.

DIRECTORS AND OFFICERS

The names, municipalities of residence, the offices held in Wireless and the principal occupation of the directors and officers of Wireless are set forth below.

Name and Municipality of Residence	Office Held	Principal Occupation
Dr. Hamid Najafi Los Altos Hills, CA	President, Chief Executive Officer and Director	President and CEO of Wireless
Stephen Fields Danville, CA	Director	Consultant
John Huyett Danville, CA	Director	President and CEO Magellan Corporation
Lawrence Qua Makati City, Philippines	Director	President and CEO Ionics Circuits
David R. Kinley Menlo Park, CA	Vice-President, Operations	Vice-President, Operations of Wireless
Michael W. Brower Felton, CA	Vice-President, Marketing & Business Development	Vice-President, Marketing & Business Development of Wireless
Daniel Goehl Oakland, CA	Director of Sales & Marketing	Director of Sales & Marketing of Wireless

Notes:

1. The Company does not presently have an Audit Committee, a Compensation Committee or an Executive Committee.

MANAGEMENT

Hamid Najafi, Ph.D., President, Chief Executive Officer and Founder

Hamid Najafi, Ph.D. founded Wireless Link Corporation in 1987 and currently serves as the President and CEO. He has been in the business of developing telecommunications products for over ten years. Prior to Wireless, Dr. Najafi was co-founder and Vice President of Engineering at TransTech International, a communications R&D company that developed products including cellular phones, pages, long-range spread spectrum cordless phones, high speed modems, cellular data products, satellite modems and voice response systems. Prior to this, he held engineering development positions at Advanced Micro Devices and Sierra Semiconductors.

Dr. Najafi received his Ph.D. in Electrical Engineering from Stanford University in 1984, and has taught courses a the University of Berkley Extension on ISDN< modem design, and digital telephony.

David R. Kinley, Vice President, Operations

David Kinley has over twenty years of experience in building world-class technology organizations. He is successful in leading operations through critical start-up, re-engineering and fast track growth. He combines strong technical and manufacturing expertise with executive level experience in strategic planning, P&L management, business development, cost reduction and revenue/profit growth. Mr. Kinley came to Wireless from Solectron where he held the position of Director Global Material Management. He has a B.S. degree in Mechanical Engineering from the University of Washington; he has completed graduate studies in Business & Economics from the University of Utah and has a MBA equivalent from Western Electric Company. He recently joined Wireless as its Vice President, Operations in January, 2000.

Michael W. Brower, Vice President, Marketing & Business Development

Mr. Brower has over 25 years experience in wireless telemetry and location-centric applications with intimate knowledge of all Wireless Location Technologies. Through the 1980s Mr. Brower designed and developed a series of data communications products that have in essence become the integration of GPS for mapping and tracking applications throughout the world. In 1990 Mr. Brower was recruited by Magellan Systems Corporation to build an OEM business from its core GPS technology. Mr. Brower married GPS technology to the wireless communications markets, giving wings to what are now GPS-based Automatic Vehicle Location (AVL) and Fleet Management. After building the Differential GPS market in Agriculture with DCI (Differential Corrections Incorporated, 1994-1996) and developing data applications for the Globalstar Mobile Satellite System (1996-1997) Mr. Brower founded Fall Creek Consultants and its wholly owned subsidiary Wireless Location News. Through Fall Creek Mr. Brower has created business strategy for LoJack Corporation, Spectrum Astro, Navox Corporation, Wireless Link, Trimble Navigation, Motorola, Snap Track, and Vectorlink (@ Road), just to name a few. Wireless Location News is an HTML e-newsletter, distributed daily, focusing on mobile and fixed telemetry and wireless location technologies and applications. Mr. Brower joined Wireless Link in January of 2000 and provides near and long term strategic direction for the Company focusing on its technology, market opportunities, and partnerships.

Daniel Goehl, Director of Sales & Marketing

Dan Goehl has over eight years experience in the cellular industry, including Vice President level sales and marketing positions with two cellular start-up companies - Meridian Wireless Technologies, Inc. and Omni Telecommunications, Inc. At these companies, Mr. Goehl's responsibilities involved defining new cellular products guiding product development, product market launches and executing overall strategic sales and marketing plans. Mr. Goehl has extensive, international experience from working and studying abroad. He has a B.A. degree in Economics from the University of Illinois and has completed language and business studies at Kansai Gaidai University in Osaka, Japan. He joined Wireless as Director of Sales & Marketing in January, 1998.

PRINCIPAL HOLDERS OF SECURITIES

As at the date hereof, no person or company owns of record or is known by Wireless to own beneficially, directly or indirectly, or to exercise control or direction over ten (10%) percent or more of any class of voting securities of Wireless except as set forth below:

Name and Municipality of Residence	Designation of Class	Type of Ownership	Number of Securities	Percentage of Class
Dr. Hamid Najafi	Common Shares	Beneficial and of Record	10,000,000	99%[(1)]
Ionics Circuits Incorporated	Series A Preferred	Beneficial and of Record	3,812,483[(2)]	100%
Magellan Corporation	Series B Preferred	Beneficial and of Record	2,346,041[(2)(3)]	100%
ICCP Ventures	Series C Preferred	Beneficial and of Record	1,173,021[(2)]	69%

Notes:

1. Percentage is based upon Common Shares issued and outstanding as at April 30, 2000 and prior to giving effect to the conversion of the Preferred Shares to Common Shares, which conversion is expected to occur prior to giving effect to the Acquisition. Following conversion, and immediately prior to completion of the Acquisition, Dr. Najafi will hold approximately 50.73% of the issued and outstanding Common Shares.
2. Preferred Shares issued and outstanding as at April 30, 2000. The Preferred Shares are to be converted into Common Shares of Wireless prior to completion of the Acquisition.
3. Magellan Corporation also held an aggregate of 2,346,041 Warrants to purchase Common Shares, each of which Warrant entitled the holder to acquire one (1) Common Share at an exercise price of US$0.8525 per share. All of these Warrants expired on January 3, 2000, unexercised.

As of the date hereof, the directors and officers of Wireless as a group, owned beneficially, directly or indirectly, or exercised control or direction over an aggregate of 10,541,490 Common Shares or approximately 53.48% percent of the issued and outstanding Common Shares (on a fully diluted basis), following conversion of the Preferred Shares to Common Shares.

EXECUTIVE COMPENSATION

The following table sets forth information as to compensation paid or accrued by Wireless for the year ended December 31, 1999 to its Chief Executive Officer and certain other senior officers of Wireless (the "Named Executive Officers") in all capacities for the year ended December 31, 1999. No other executive officer of the Company had an aggregate annual salary and bonus of greater than CDN $100,000 during such periods.

	Annual Compensation		
Name and Principal Position	**Year**	**Salary ($)[(1)]**	**All Other Compensation ($)[(1)]**
Dr. Hamid Najafi President and Chief Executive Officer	1999	$208,500	Nil
Daniel Goehl Director, Sales & Marketing	1999	$75,000	$5,000[(2)]

Notes:

1. All figures in U.S. funds.
2. Performance Bonus

Long Term Incentive Plans

The Company has not implemented a long-term incentive plan in respect of any of its executive officers.

Stock Option Plan

Wireless has adopted a stock option plan (the "Plan") for officers, employees and other service providers of the Company and its subsidiaries, which permits the granting of options to purchase up to an aggregate maximum number of common shares of Wireless as provided for in the Plan. The number of options granted and the exercise prices thereof are set by the Board of Directors of Wireless in their sole discretion at the time of grant, provided the exercise price shall not be less than the fair market value, as determined by the Board of Directors, of a common share on the date of grant. The options granted under the Plan may be exercisable for a period not exceeding seven (7) years.

There are currently an aggregate of 1,784,624 options issued and outstanding under the Plan, 1,079,624 of which have vested and 705,000 of which are currently unvested. Pursuant to the Wireless Acquisition Agreement, those options which are vested are to be exercised and converted into common shares of Wireless ("Wireless Shares") prior to the closing of the Acquisition, such that those optionees who have converted their options to Wireless Shares shall be entitled to exchange those Wireless Shares for common shares of CSI ("CSI Shares") pro rata to their aggregate interest in the Wireless Shares being transferred to CSI. The existing Wireless options that are not vested will be replaced with options of CSI based upon the same exchange ratio as that which has been agreed to in respect of the exchange of Wireless Shares for CSI Shares under the Acquisition. The price of the unvested Wireless options will be multiplied by the exchange ratio to determine the exercise price of the CSI options to be issued.

Compensation of Directors

As a rule, the directors of the Company are not paid for acting in their capacities as such, but are reimbursed for miscellaneous out-of-pocket expenses in carrying out their duties as directors. However, one director, Stephen Fields, was compensated with 5,000 options to acquire shares of Wireless at an exercise price of $0.20 per share.

Employment and Change in Control Agreements

The Company does not have any written employment agreements or "change in control" agreements with any of its executive officers.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

Management of Wireless is not aware of any indebtedness outstanding by directors or senior officers of the Company at any time since the commencement of the last completed financial year of the Company.

DIVIDEND RECORD AND POLICY

To date, Wireless has not paid any dividends on its outstanding common shares. The future payment of dividends, if any, will be dependent upon the financial requirements of the Company to fund further growth, the operating results and financial condition of the Company, and other factors which the board of directors of the Company may consider under the circumstances. It is not contemplated that any dividends will be paid in the immediate or foreseeable future.

MATERIAL CONTRACTS

Except for contracts entered into by Wireless in the ordinary course of business, the only material contracts entered into by Wireless within two (2) years immediately prior to the date hereof which can reasonably be regarded as being presently material are the following:

1. The letter agreement dated March 31, 2000, as amended (the "Letter of Intent") among Wireless, CSI and the principal shareholder of Wireless providing for the acquisition of up to all of the issued and outstanding capital of the Company from the holders thereof by Communication Systems International Inc.

Copies of each of the above contracts may be inspected during normal business hours at the head office of Communication Systems International Inc. in Calgary, Alberta at any time until the Meeting date and for a period of thirty (30) days thereafter.

RISK FACTORS

Wireless faces certain risks in relation to its current suppliers, products, customers, and plans for the development of new wireless technology which include, but are not restricted to, the following.

Currently Wireless relies on GPS chipsets from SiRF Technologies. The GPS market has not quite reached the high volume necessary to make SiRF and other GPS companies financially secure. If SiRF is not able to execute on its business strategy Wireless may be forced to locate other GPS suppliers. There can be no guarantee that Wireless will be able to integrate other GPS technology into its products in a time effective manner.

Although Wireless owns its own wireless and asset management technology and is not aware of any patent or other infringements on other companies' products or technology, there can be no guarantee that the Company is free of any such infringements. In the event that the Company becomes the subject of litigation for its products or technology there is no guarantee that it will be successful in defending its position nor that the Company will have the necessary resources to defend itself.

Wireless is involved in developing GPS/wireless markets that do not exist in the mainstream. Wireless' customers are creating new services for their customers and there is neither guarantee that these customers will find these services itself nor that Wireless' customers will be successful in selling these new services. Wireless' revenue is based in great part on these new services and if unsuccessful Wireless cannot ensure that it will be able to find other revenue to replace failed revenue.

Wireless' long-term strategy relies on being able to build new wireless technology based on its current technology portfolio. There can be no guarantee that it will be successful in creating this new technology nor once created that the Company can successfully market this technology to its customers. Wireless is in the process of filing new patents to protect its technology. There can be no guarantee that these patents do not infringe on existing patents nor that these new patents will be granted.

LEGAL PROCEEDINGS

The Company is presently not subject to any existing legal proceedings.

Trimble Navigation Limited ("Trimble") had commenced a civil action against Wireless in the United States District Court for the northern district of California, Oakland division, Case No. C99 02658 SBA ENE for alleged infringement of certain patents claimed to be owned by Trimble (the "Trimble Litigation"). Wireless asserted counterclaims against Trimble in that action. The parties to the Trimble Litigation have entered into a Settlement Agreement dated effective March 24, 2000 (the "Settlement Agreement"), pursuant to which the parties have settled all claims between and among them pursuant to the terms and conditions contained within the Settlement Agreement.

The Company has a development and supply agreement with Harris Corporation (“Harris”) of Calgary, Alberta, Canada to develop certain TDMA products. Harris had originally placed a purchase order with the Company for an aggregate of 20,000 RSF units. Due to a dispute between Harris and the Company, Harris cancelled the order in or about February, 2000. As a result of Harris’ cancellation of this order, the Company’s Korean subcontractor has yet to be paid for approximately U.S. $667,000 of inventory they have on hand. As of the date hereof, Harris and the Company have not resolved this dispute. However, a number of discussions have taken place and negotiations are continuing. Management of the Company anticipates that the Company will resolve the dispute with Harris with no material adverse effect being sustained on the ongoing business and affairs of the Company. If a resolution cannot be achieved to the satisfaction of the parties, while the Company may be subject to a claim by its Korean subcontractor for an undetermined amount, management is of the view that any such claim would not have a material adverse effect on the Company.

AUDITORS

The Company had not previously retained auditors. However, in conjunction with the Acquisition, the Company has retained KPMG, LLP, Chartered Accountants to serve as auditors of the Company.

FINANCIAL STATEMENTS

Certain financial information is provided in respect of Wireless and is attached to this Information Circular as Schedule “B”:

SCHEDULE “B”
FINANCIAL STATEMENTS OF WIRELESS LINK CORPORATION

kpmg

Financial Statements of

WIRELESS LINK CORPORATION

Years ended December 31, 1999, 1998 and 1997
with unaudited financial statements as at March 31, 2000
and for each of the three month periods ended
March 31, 2000 and 1999

(Amounts in United States dollars)

AUDITORS' REPORT TO THE DIRECTORS

We have audited the balance sheets of Wireless Link Corporation as at December 31, 1999, 1998 and 1997 and the statements of operations and retained earnings (deficit) and cash flows for each of the years in the three year period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as explained in the following paragraph, we conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Since this is our initial engagement as auditors of the Company, we were not present at the physical inventory takings as at December 31, 1999, 1998, and 1997 and we have not been able to satisfy ourselves as to inventory quantities at these dates by other auditing procedures. Accordingly, we were unable to determine whether adjustments to cost of sales and net loss for the three year period ended December 31, 1999 might be necessary.

In our opinion, except for the effect of adjustments, if any, which might have been determined to be necessary had we been able to observe the physical inventory takings at December 31, 1999, 1998, and 1997, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1999, 1998 and 1997 and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 1999 in accordance with Canadian generally accepted accounting principles.

Signed "**KPMG LLP**"

Chartered Accountants

Calgary, Canada
April 29, 2000

WIRELESS LINK CORPORATION

Balance Sheets

(Expressed in United States dollars)

	March 31, 2000	December 31, 1999	1998	1997
	(unaudited)			
Assets				
Current assets:				
Cash and term deposits	$ 920,421	$ 450,930	$ 889,383	$ 30,485
Accounts receivable	2,027,485	1,060,754	198,805	230,601
Inventories	796,799	875,540	92,459	6,906
Prepaid expenses and deposits	75,018	55,714	10,199	13,508
Short-term investments	–	–	–	70,091
	3,819,723	2,442,938	1,190,846	351,591
Capital assets (note 3)	672,500	657,604	321,219	30,226
Trademark	8,000	8,000	–	–
	$ 4,500,223	$ 3,108,542	$ 1,512,065	$ 381,817
Liabilities and Shareholders' Equity				
Current liabilities:				
Bank indebtedness (note 4)	$ 98,000	$ 80,000	$ 60,317	$ –
Accounts payable and accrued liabilities	3,889,469	1,439,213	83,076	250,657
Deferred revenue	455,071	329,460	–	–
	4,442,540	1,848,673	143,393	250,657
Shareholders' equity:				
Share capital (note 5)	5,638,323	5,638,323	2,267,309	27,936
Retained earnings (deficit)	(5,580,640)	(4,378,454)	(898,637)	103,224
	57,683	1,259,869	1,368,672	131,160
Future operations (note 1)				
Commitments (note 8)				
	$ 4,500,223	$ 3,108,542	$ 1,512,065	$ 381,817

See accompanying notes to financial statements.

Approved by the Board:

Signed "Hamid Najafi" Director

Signed "Stephen Fields" Director

WIRELESS LINK CORPORATION

Statements of Operations and Retained Earnings (Deficit)

(Expressed in United States dollars)

	Three months ended March 31, 2000	Three months ended March 31, 1999	Years ended December 31, 1999	Years ended December 31, 1998	Years ended December 31, 1997
	(Unaudited)	(Unaudited)			
Revenues:					
Product sales	$ 3,102,469	$ 60,822	$ 1,358,354	$ 893,979	$ 109,545
License and contract	227,800	55,209	510,099	861,614	1,641,204
Royalty and other income	1,539	5,799	65,947	326,659	47,091
	3,331,808	121,830	1,934,400	2,082,252	1,797,840
Cost of product sales	3,104,689	47,977	1,532,829	777,634	257,356
	227,119	73,853	401,571	1,304,618	1,540,484
Expenses:					
Selling	78,282	50,147	247,925	131,931	14,035
General and administrative	809,799	312,021	1,594,174	969,707	1,043,813
Depreciation	51,305	23,454	160,756	65,307	13,487
	939,386	385,622	2,002,855	1,166,945	1,071,335
Earnings (loss) before undernoted item	(712,267)	(311,769)	(1,601,284)	137,673	469,149
Research and development costs	489,919	365,103	1,878,533	1,139,534	639,628
Net loss	(1,202,186)	(676,872)	(3,479,817)	(1,001,861)	(170,479)
Retained earnings (deficit), beginning of period	(4,378,454)	(898,637)	(898,637)	103,224	273,703
Retained earnings (deficit), end of period	$ (5,580,640)	$ (1,575,509)	$ (4,378,454)	$ (898,637)	$ 103,224

See accompanying notes to financial statements.

WIRELESS LINK CORPORATION

Statements of Cash Flows

(Expressed in United States dollars)

	Three months ended March 31, 2000	Three months ended March 31, 1999	Years ended December 31, 1999	Years ended December 31, 1998	Years ended December 31, 1997
	(Unaudited)				
Cash flows from (used in) operating activities:					
Net loss	$ (1,202,186)	$ (676,872)	$ (3,479,817)	$ (1,001,861)	$ (170,479)
Items not involving cash:					
Depreciation	51,305	23,454	160,756	65,307	13,487
Loss on sale of short-term investments	–	–	–	–	7,342
	(1,150,881)	(653,418)	(3,319,061)	(936,554)	(149,650)
Change in non-cash operating working capital:					
Accounts receivable	(966,731)	92,827	(861,949)	31,796	148,960
Inventories	78,741	(15,021)	(783,081)	(85,553)	(6,906)
Prepaid expenses and deposits	(19,304)	(3,430)	(45,515)	3,309	(5,534)
Short-term investments	–	–	–	70,091	(70,091)
Accounts payable and accrued liabilities	2,450,256	52,967	1,356,137	(167,581)	204,272
Deferred revenue	125,611	276,769	329,460	–	–
	517,692	(249,306)	(3,324,009)	(1,084,492)	121,051
Cash flows from financing activities:					
Issue of share capital, net of share issue costs	–	–	3,371,014	2,239,373	–
Cash flows used in investing activities:					
Purchase of capital assets	(66,201)	(31,590)	(497,141)	(356,300)	(32,659)
Purchase of trademarks	–	–	(8,000)	–	–
	(66,201)	(31,590)	(505,141)	(356,300)	(32,659)
Increase (decrease) in cash position	451,491	(280,896)	(458,136)	798,581	88,392
Cash position, beginning of period	370,930	829,066	829,066	30,485	(57,907)
Cash position, end of period	$ 822,421	$ 548,170	$ 370,930	$ 829,066	$ 30,485
Cash	$ 920,421	$ 604,937	$ 450,930	$ 889,383	$ 30,485
Bank indebtedness	(98,000)	(56,767)	(80,000)	(60,317)	–
Cash position, end of period	$ 822,421	$ 548,170	$ 370,930	$ 829,066	$ 30,485

See accompanying notes to financial statements.

Wireless Link Corporation (the "Company") was incorporated under the laws of the state of California on July 21, 1987. The Company is engaged in the business of developing, manufacturing, licensing and selling technology and products associated with wireless data communication applications.

1. Future operations:

The Company is in the early stage of the commercialization of its initial products, has a working capital deficiency and has no established history of generating positive cashflow. Having recently completed the development and testing stage of its initial products, the Company has now actively begun the marketing and sales efforts so as to achieve a commercial level of operations. There can be no assurance that the present and longer-term cash requirements of the Company will be satisfied either from revenues from operations or from future financings. If the Company is unable to successfully secure adequate or satisfactory financing as required, there is the possibility that the Company may be unable to continue to realize on its assets and to discharge its liabilities in the normal course of business.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will be able to secure adequate financing as required and realize its assets and discharge its obligations in the normal course of operations. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, and in the balance sheet classifications used.

2. Significant accounting policies:

(a) Revenue recognition:

Revenue from product sales is recognized when goods are shipped. Revenue from licensing of technology is recognized when the Company has completed or fulfilled the terms of the licensing agreement including delivery, acceptance and any elements that are essential to the functionality of the technology. Contract revenue is recognized following the percentage of completion method using contract milestones as a measure of work accomplished.

(b) Inventories:

Inventories consist of finished goods and component parts and are valued at the lower of cost and market with cost determined on an actual cost basis and market determined at net realizable value for finished goods and replacement cost for component parts.

(c) Short-term investments:

Investments are recorded at the lower of cost or market.

2. Significant accounting policies (continued):

(d) Capital assets:

Capital assets are recorded at cost. Depreciation is provided at the following annual rates:

Computer equipment and software	declining balance	30%
Office and production equipment	declining balance	20% - 30%
Automobile	declining balance	30%
Leasehold improvements	straight-line	5 years

Depreciation is charged at one half of the annual rate in the year of acquisition of an asset.

(e) Research and development costs:

Research and development costs are expensed as incurred except if the development costs are recoverable and directly related to the development of new products. To date no development costs have been capitalized.

(f) Measurement uncertainty:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(g) Stock-based compensation plans:

The Company has a stock-based compensation plan, which is described in Note 5(d). No compensation expense is recognized for this plan when stock options are issued. Any consideration paid on exercise of stock options is credited to share capital.

(h) Income taxes:

The Company has adopted the liability method of accounting for income taxes. Under this method, future income tax liabilities and future income tax assets are recorded based on temporary differences - the difference between the carrying amount of an asset and liability in the balance sheet and its tax basis.

Effective, January 1, 2000 the Company adopted the liability method relating to accounting for income taxes. Previously the Company followed the deferral method. The new policy has been applied retroactively without restatement and there has been no change in opening retained earnings as a result. Comparative financial statements have not been restated.

(Expressed in United States dollars)

3. Capital assets:

March 31, 2000	Cost	Accumulated depreciation	Net book value
Computer equipment and software	$ 172,346	$ 79,952	$ 92,394
Office and production equipment	695,023	219,567	475,456
Automobile	34,094	27,048	7,046
Leasehold improvements	162,674	65,070	97,604
	$ 1,064,137	$ 391,637	$ 672,500

December 31, 1999	Cost	Accumulated depreciation	Net book value
Computer equipment and software	$ 158,374	$ 72,469	$ 85,905
Office and production equipment	642,794	184,451	458,343
Automobile	34,094	26,476	7,618
Leasehold improvements	162,674	56,936	105,738
	$ 997,936	$ 340,332	$ 657,604

December 31, 1998	Cost	Accumulated depreciation	Net book value
Computer equipment and software	$ 86,721	$ 48,055	$ 38,666
Office and production equipment	217,306	83,908	133,398
Automobile	34,094	23,212	10,882
Leasehold improvements	162,674	24,401	138,273
	$ 500,795	$ 179,576	$ 321,219

December 31, 1997	Cost	Accumulated depreciation	Net book value
Computer equipment and software	$ 47,353	$ 36,968	$ 10,385
Office and production equipment	63,048	58,753	4,295
Automobile	34,094	18,548	15,546
	$ 144,495	$ 114,269	$ 30,226

(Expressed in United States dollars)

4. Bank indebtedness:

The Company has a revolving note to a maximum amount of $250,000 which bears interest at the bank's prime rate plus 2%. This note is secured by a certificate of deposit in the amount of $250,000. This facility was drawn down $80,000 at March 31, 2000 (December 31, 1999 - $80,000; December 31, 1998 - $60,317; December 31, 1997 - $nil).

The Company has an operating line of credit to a maximum amount of $250,000 which bears interest at the bank's prime rate plus 1%. This line of credit is secured by a general security agreement covering all assets of the Company. This facility was drawn down $18,000 at March 31, 2000 and $nil at December 31,1999, 1998 and 1997.

The Company has a second operating line of credit to a maximum amount of $250,000 which bears interest at the bank's prime rate plus 1%. This line of credit is secured by a general security agreement covering all assets of the Company. This facility was not drawn at March 31, 2000 or December 31, 1999, 1998 and 1997.

5. Share capital:

(a) Authorized:
25,000,000 common shares
11,000,000 preferred shares issuable in series

(b) Common shares issued:

	Number of Shares	Amount
Balance, December 31, 1999, 1998 and 1997	10,056,250	$ 27,936

(c) Preferred shares issued:

	Number of shares	Amount
Balance, December 31, 1997	–	$ –
Series A shares issued for cash	3,812,483	2,250,000
Issue costs		(10,627)
Balance, December 31, 1998	3,812,483	2,239,373
Series B shares issued for cash	2,346,041	2,000,000
Series C shares issued for cash	1,712,611	1,459,980
Issue costs	–	(88,966)
Balance, December 31, 1999 and March 31, 2000	7,871,135	$ 5,610,387

5. Share capital (continued):

(c) Preferred shares issued (continued):

All preferred shares are convertible into common shares on a one for one basis for no additional consideration.

(d) Stock options:

The Company has a stock option plan, whereby options to purchase common shares may be issued to directors, officers and employees, of the Company subject to certain terms and conditions. Stock options granted vest over a period of four years and expire at various dates through 2005. At March 31, 2000, there were 1,784,624 stock options outstanding (December 31,1999 - 1,784,624) with exercise prices of $0.05 to $0.30 per common share. At March 31, 2000 1,079,624 of the stock options were exerciseable.

6. Income taxes:

As at March 31, 2000, the Company has Federal and State net operating losses for income tax purposes of approximately, $5,280,000 and $2,640,000 respectively which may be used to reduce future years' taxable income. These losses begin expiring in 2003. In addition, the Company has assets for which income tax deductions available in future years exceed the recorded net book values by $132,959. These financial statements do not reflect the potential benefit of these future tax assets.

7. Financial instruments:

The carrying values of cash and term deposits, accounts receivable, short-term investments, bank indebtedness, accounts payable and accrued liabilities, approximate their fair value due to the relatively short periods to maturity of these instruments.

(Expressed in United States dollars)

8. Commitments:

(a) The Company is committed to annual minimum lease payments, excluding tenant operating costs of:

2000	$ 147,539
2001	143,898
2002	151,998
2003	48,588
2004	3,228

(b) Effective March 24, 2000 the Company committed to pay royalties on certain product sales up to a maximum of $400,000 as follows:

$3 for each unit sold for the first 50,000 units sold
$1 for each unit sold for the next 50,000 units sold
$0.50 for each unit sold thereafter for the next 400,000 units sold

9. Related party transactions:

	Three months ended March 31,		Years ended December 31,		
	2000	1999	1999	1998	1997
	(Unaudited)				
Product revenue (a)	$ 287,362	$ –	$ 605,392	$ –	$ –
Building rent (b)	38,340	36,450	151,470	109,350	–
Cost of product sales (b)	2,170,547	19,076	1,082,935	36,618	–

(a) Relates to products sold by the Company to a corporate shareholder who owns all 2,346,041 of the issued Series B Preferred Shares. At March 31, 2000, an amount of $195,157 (December 31, 1999, $190,360) was outstanding and included within accounts receivable.

(b) Relates to manufacturing services provided to the Company by a corporate shareholder who owns all 3,812,483 of the issued Series A Preferred Shares. At March 31, 2000, an amount of $2,743,939 (December 31, 1999 - $711,382; December 31, 1998 - $4,579) was outstanding and is included within accounts payable and accrued liabilities.

Effective, April 1, 1998, the Company entered into sub-lease agreement with this corporate shareholder for the rental of office space. Monthly rental payments are $12,150 for the first year of the agreement rising annually to $15,120 in year five. No amount was outstanding at the period ends.

SCHEDULE “C”
FINANCIAL STATEMENTS OF COMMUNICATION SYSTEMS INTERNATIONAL INC.

kpmg

Consolidated Financial Statements of

COMMUNICATION SYSTEMS INTERNATIONAL INC.

Years ended December 31, 1999 and 1998
with unaudited financial statements as at
March 31, 2000 and for each of the
three month periods ended March 31, 2000 and 1999

AUDITORS' REPORT TO THE DIRECTORS

We have audited the consolidated balance sheets of Communication Systems International Inc. as at December 31, 1999 and 1998 and the consolidated statements of operations and retained earnings (deficit) and cash flows for each of the years in the three year period ended December 31, 1999. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1999 and 1998 and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 1999 in accordance with Canadian generally accepted accounting principles.

Signed "**KPMG LLP**"

Chartered Accountants

Calgary, Canada
February 4, 2000,
except as to note 15 which is as of May 12, 2000

COMMUNICATION SYSTEMS INTERNATIONAL INC.

Consolidated Balance Sheets

	March 31, 2000	December 31, 1999	December 31, 1998
	(Unaudited)		
Assets			
Current assets:			
Cash and cash equivalents	$ 3,128,121	$ 455,207	$ 1,186,032
Accounts receivable	3,704,225	2,221,937	1,428,230
Income taxes recoverable	11,317	38,967	38,967
Inventories	4,655,551	4,008,731	726,057
Prepaid expenses and deposits	157,472	317,736	38,912
	11,656,686	7,042,578	3,418,198
Capital assets (note 3)	1,583,209	1,524,045	987,045
Deferred development costs (note 4)	414,572	405,224	223,207
Goodwill	3,246,846	2,829,441	6,659
	$16,901,313	$11,801,288	$ 4,635,109
Liabilities and Shareholders' Equity			
Current liabilities:			
Bank indebtedness (note 6)	$ 1,956,645	$ 392,431	$ –
Accounts payable and accrued liabilities	2,732,635	3,720,903	1,109,674
Current portion of senior long-term debt (note 8)	556,332	292,329	–
	5,245,612	4,405,663	1,109,674
Subordinated debt (note 7)	2,428,750	2,335,856	–
Senior long-term debt (note 8)	1,808,078	1,023,210	–
Shareholders' equity:			
Share capital (note 9)	9,739,736	6,620,362	6,708,429
Deficit	(2,320,863)	(2,551,803)	(3,119,994)
	7,418,873	4,068,559	3,588,435
Due from shareholders (note 10)	–	(32,000)	(63,000)
	7,418,873	4,036,559	3,525,435
Commitments (note 14)			
Subsequent event (note 15)			
	$16,901,313	$11,801,288	$ 4,635,109

See accompanying notes to consolidated financial statements.

Approved by the Board:

Signed "Stephen A. Verhoeff" Director

Signed "Brian J. Hamilton" Director

COMMUNICATION SYSTEMS INTERNATIONAL INC.

Consolidated Statements of Operations and Retained Earnings (Deficit)

	Three months ended March 31,		Years ended December 31,		
	2000	1999	1999	1998	1997
	(Unaudited)				
Sales	$ 5,080,381	$ 2,245,773	$16,359,809	$ 8,349,778	$ 4,405,123
Cost of sales	2,746,712	1,353,659	9,440,730	4,742,816	4,101,629
	2,333,669	892,114	6,919,079	3,606,962	303,494
Expenses:					
Selling	817,243	289,602	2,481,788	1,214,442	1,459,575
General and administrative	461,520	251,929	1,646,185	1,165,235	1,269,101
Interest on long-term debt	118,961	–	251,279	–	–
Depreciation and amortization	252,736	91,259	710,783	293,784	490,913
	1,650,460	632,790	5,090,035	2,673,461	3,219,589
Earnings (loss) before undernoted item	683,209	259,324	1,829,044	933,501	(2,916,095)
Research and development costs	452,269	153,928	1,260,853	509,827	879,938
Write-down of deferred development costs	–	–	–	–	162,519
Earnings (loss) before income taxes	230,940	105,396	568,191	423,674	(3,958,552)
Income taxes (note 11)	–	–	–	–	(38,967)
Net earnings (loss)	230,940	105,396	568,191	423,674	(3,919,585)
Retained earnings (deficit), beginning of period	(2,551,803)	(3,119,994)	(3,119,994)	(3,543,668)	375,917
Deficit, end of period	$(2,320,863)	$(3,014,598)	$(2,551,803)	$(3,119,994)	$(3,543,668)
Earnings (loss) per common share:					
Basic	$ 0.03	$ 0.02	$ 0.09	$ 0.07	$ (0.65)
Fully diluted	$ 0.03	$ 0.02	$ 0.09	$ 0.07	$ (0.65)

See accompanying notes to consolidated financial statements.

COMMUNICATION SYSTEMS INTERNATIONAL INC.

Consolidated Statements of Cash Flows

	Three months ended March 31,		Years ended December 31,		
	2000	1999	1999	1998	1997
	(Unaudited)				
Cash flows from (used in) operating activities:					
Net earnings (loss)	$ 230,940	$ 105,396	$ 568,191	$ 423,674	$(3,919,585)
Items not involving cash:					
Depreciation and amortization	252,736	91,259	710,783	293,784	490,913
Foreign exchange loss	11,332	–	(93,604)	–	–
Write-down of deferred development costs	–	–	–	–	162,519
	495,008	196,655	1,185,370	717,458	(3,266,153)
Change in non-cash operating working capital:					
Accounts receivable	(1,482,288)	453,201	1,287,938	(915,509)	271,119
Income taxes recoverable	27,650	(4,712)	–	140,388	(3,737)
Inventories	(646,820)	(358,811)	(1,045,988)	606,625	(36,051)
Prepaid expenses and deposits	160,264	1,197	(178,948)	3,404	44,419
Accounts payable and accrued liabilities	(988,268)	(129,424)	501,306	77,026	561,343
	(2,434,454)	158,106	1,749,678	629,392	(2,429,060)
Cash flows from (used in) financing activities:					
Repurchase of common shares	–	(18,190)	(73,077)	(34,433)	–
Senior long-term debt	1,048,871	–	1,349,439	–	–
Subordinated debt	81,562	–	175,560	–	–
Issue of share capital, net of share issue costs	2,643,874	(589)	16,010	11,000	5,413,090
Reduction in long-term debt	–	–	–	–	(394,487)
	3,774,307	(18,779)	1,467,932	(23,433)	5,018,603
Cash flows from (used in) investing activities:					
Purchase of capital assets	(159,655)	(58,638)	(180,241)	(221,345)	(704,017)
Deferred development costs, net of incentives and grants	(71,498)	–	(310,998)	(150,000)	(161,950)
(Increase) decrease in note receivable	–	–	–	125,000	(125,000)
Acquisitions (note 5)	–	–	(3,849,627)	–	(130,000)
	(231,153)	(58,638)	(4,340,866)	(246,345)	(1,120,967)
Increase (decrease) in cash position	1,108,700	80,689	(1,123,256)	359,614	1,468,576
Cash position, beginning of period	62,776	1,186,032	1,186,032	826,418	(642,158)
Cash position, end of period	$ 1,171,476	$ 1,266,721	$ 62,776	$ 1,186,032	$ 826,418
Cash	$ 3,128,121	$ 581,654	$ 455,207	$ 1,186,032	$ 101,418
Bank indebtedness	(1,956,645)	–	(392,431)	–	(375,000)
Term deposit	–	685,067	–	–	1,100,000

Cash position, end of period	$ 1,171,476	$ 1,266,721	$ 62,776	$ 1,186,032	$ 826,418
Supplemental disclosure: Interest paid	$ 47,535	$ –	$ 139,993	$ 24,161	$ –

See accompanying notes to consolidated financial statements.

Communication Systems International Inc. (the "Company") was incorporated under the laws of the Province of Alberta. The Company designs and manufactures products that use differential global positioning technology in various applications.

1. Significant accounting policies:

(a) Principles of consolidation:

These consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned.

(b) Inventories:

Inventories are valued at the lower of cost and market with cost determined on an average-cost basis and market determined at net realizable value for finished goods and work in progress, and replacement cost for component parts.

(c) Capital assets:

Capital assets are recorded at cost. Depreciation is provided at the following annual rates:

Computer equipment and software	declining balance	30%
Office and production equipment	declining balance	20% - 30%
Leasehold improvements	straight-line	5 years
Licenses and other assets	straight-line	3 to 10 years

Depreciation is charged at one half of the annual rate in the year of acquisition of an asset.

(d) Deferred development costs:

The Company is actively engaged in developing new technology and products in the differential global positioning system industry. Development costs related to a specific product or process that is proven to be technically and economically feasible are capitalized. Deferred development costs are amortized on a straight-line basis against future revenues over the period of expected benefit. If, at any time, the benefits of any costs capitalized are determined to no longer be of any value, such costs are written off in full. Any incentives or grants, received or receivable, which relate to the development activities of the Company are deducted from the capitalized amount in the period.

(e) Research costs:

Ongoing research costs, net of related incentives and grants, are charged to earnings in the current period.

1. Significant accounting policies (continued):

(f) Goodwill:

Goodwill which represents the portion of the excess purchase price paid on the acquisition of businesses in excess of the value assigned to identifiable net assets acquired is amortized on a straight-line basis over a ten year period from the acquisition date. The value of goodwill is periodically evaluated and where there is considered to be an impairment in the estimated net recoverable amount of the goodwill, based upon expected cash flows, the goodwill is written down to its estimated value. Amortization for the three months ended March 31, 2000 amounted to $90,095 (March 31, 1999 - $1,665) and for the year ended December 31, 1999 amounted to $232,415 (December 31, 1998 - $6,660; December 31, 1997 - $6,660).

(g) Measurement uncertainty:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(h) Earnings per share:

Basic earnings per share has been calculated using the weighted average number of common shares outstanding during the year. Fully diluted earnings per share reflects the exercise of stock options as if issued at the beginning of the year.

(i) Foreign currency translation:

Foreign currency balances of the Company's foreign subsidiary, which is considered to be integrated, are translated on the following basis:

- monetary assets and liabilities are translated at the rates of exchange prevailing at the balance sheet dates.
- non-monetary assets, liabilities and related depreciation expense are translated at historical rates.
- sales and expenses are translated at the average rate of exchange during the month in which they are recognized.

Any resulting foreign exchange gains and losses are included in earnings.

(j) Stock-based compensation plans:

The Company has a stock-based compensation plan, which is described in Note 9(d). No compensation expense is recognized for this plan when stock options are issued. Any consideration paid on exercise of stock options is credited to share capital.

1. Significant accounting policies (continued):

(k) Income taxes:

The Company follows the liability method of accounting for income taxes (note 2). Under this method, future income tax liabilities and future income tax assets are recorded based on temporary differences - the difference between the carrying amount of an asset and liability in the consolidated balance sheet and its tax basis.

2. Change in accounting policy:

Effective, January 1, 2000 the Company adopted the liability method relating to accounting for income taxes. Previously the Company followed the deferral method. The new policy has been applied retroactively and there has been no change in opening retained earnings. Comparative financial statements have not been restated.

3. Capital assets:

March 31, 2000	Cost	Accumulated depreciation	Net book value
Computer equipment and software	$ 885,772	$ 376,892	$ 508,880
Office and production equipment	1,135,707	470,360	665,347
Leasehold improvements	181,221	56,899	124,322
Licenses and other assets	420,600	135,940	284,660
	$ 2,623,300	$ 1,040,091	$ 1,583,209

December 31, 1999	Cost	Accumulated depreciation	Net book value
Computer equipment and software	$ 726,903	$ 321,017	$ 405,886
Office and production equipment	1,158,757	444,293	714,464
Leasehold improvements	157,385	48,865	108,520
Licenses and other assets	420,600	125,425	295,175
	$ 2,463,645	$ 939,600	$ 1,524,045

December 31, 1998	Cost	Accumulated depreciation	Net book value
Computer equipment and software	$ 453,628	$ 224,955	$ 228,673
Office and production equipment	635,221	259,506	375,715
Leasehold improvements	67,809	22,387	45,422
Licenses and other assets	420,600	83,365	337,235

	$ 1,577,258	$ 590,213	$ 987,045

4. Deferred development costs:

	March 31, 2000 (Unaudited)	December 31, 1999	December 31, 1998
Deferred development costs, net of incentives and grants	$ 1,234,304	$ 1,162,806	$ 851,808
Accumulated amortization	(819,732)	(757,582)	(628,601)
	$ 414,572	$ 405,224	$ 223,207

5. Acquisitions:

(a) Effective April 4, 1999, the Company acquired certain assets of Satloc Inc., a company in the business of supplying differential global positioning systems in the United States. Total consideration paid was $6,069,627, consisting of subordinated debt of $2,220,000, Senior term loan of $1,499,190 and cash of $2,350,437. Acquisition costs relating to the transaction amounted to $318,824. The acquisition was accounted for using the purchase method with the results of operations included from the date of acquisition. The cost of the net assets acquired at assigned values consisted of:

Working capital	$ 2,422,140
Capital assets	592,290
Goodwill	3,055,197
	$ 6,069,627

Pursuant to the asset purchase agreement, contingent consideration in the form of a maximum of 1,550,000 convertible preferred shares, at U.S. $1.00 per share, is payable to the vendor over a five year period ending January 1, 2004. The contingent consideration to be paid is dependent upon sales levels of the Satloc business and will be accounted for as additional goodwill. Additional consideration has been paid since the date of acquisition of 350,000 preferred shares, with an issue price of $507,500. The preferred shares accrue dividends at the rate of 10% per annum, however, no dividends will be paid until the preferred shares are converted or redeemed. The preferred shares are convertible into common shares at the greater of $1.00 per preferred share or the 30-day average trading price prior to April 1, 2004. The preferred shares are redeemable at the request of the vendor on or after April 1, 2004 and by the Company after April 1, 2007.

5. Acquisitions (continued):

(b) On June 1, 1997, the Company purchased all the outstanding shares of Leading Edge Technologies Ltd. ('Leading Edge"),a manufacturer of a variety of cables, including those which are used by the Company. The Company purchased the shares for cash consideration of $130,000. The acquisition was accounted for using the purchase method with the results of operations being included in these financial statements from the date of acquisition. The cost of the net assets acquired at assigned values consisted of:

Capital assets	$ 106,936
Goodwill	19,979
Working capital	3,085
	$ 130,000

Pursuant to the share purchase agreement, certain contingent consideration, in the form of shares of the Company or cash, is payable to the vendor in the three year period following June 1, 1997. Any additional consideration paid under the terms of the agreement, will be accounted for as additional goodwill. To March 31, 2000 no additional consideration has been paid.

6. Bank indebtedness:

The Company has an operating line of credit to a maximum amount of $2,000,000 which bears interest at the bank prime rate plus 0.75% to 1.25%. This line of credit is secured by a general security agreement covering all assets of the Company. This facility was drawn $1,956,645 at March 31, 2000 (December 31, 1999 - $392,431, December 31, 1998 - $nil).

7. Subordinated debt:

The subordinated debt which arose on the acquisition of certain of the assets of Satloc Inc. (note 5) is comprised of a U.S. $1,500,000 unsecured promissory note bearing interest at 15% compounded annually and payable to the vendor on April 4, 2001. At March 31, 2000, unpaid interest of U.S. $175,000 (December 31, 1999 - $118,750) is included within the subordinated debt.

8. Senior long-term debt:

	March 31, 2000	December 31, 1999	December 31, 1998
	(Unaudited)		
Loan payable, requiring monthly payments of $46,361 plus interest at the bank's prime rate plus 1.75% per annum, due July 1, 2004, secured by a general security agreement covering all assets of the Company	$ 2,364,410	$ 1,315,539	$ –
Less current portion	556,332	292,329	–
	$ 1,808,078	$ 1,023,210	$ –

Principal payments due over the next five years are as follows:

2000	$ 417,249
2001	556,332
2002	556,332
2003	556,332
2004	278,165

9. Share capital:

(a) Authorized:
- Unlimited number of common shares
- Unlimited number of first preferred shares
- Unlimited number of second preferred shares

(b) Issued:

	Number of Shares	Amount
Common shares issued:		
Balance, December 31, 1997	6,475,600	$ 6,767,862
Repurchase under normal course issuer bid	(50,000)	(34,433)
Share issue costs recovered	–	11,000
Forgiveness of shareholder loan (note 10)	–	(36,000)
Balance, December 31, 1998	6,425,600	6,708,429
Issued on exercise of stock options	21,875	16,010
Repurchase under normal course issuer bid	(85,100)	(73,077)
Forgiveness of shareholders loan (note 10)	–	(31,000)
Balance, December 31, 1999	6,362,375	6,620,362

Issued on exercise of stock options	350,310	272,544
Forgiveness of shareholders loan (note 10)	–	(32,000)
Rights offering	1,635,221	2,616,354
Share issue costs	–	(245,024)
Balance, March 31, 2000	8,347,906	$ 9,232,236

9. Share capital (continued):

(b) Issued (continued):

	Number of Shares	Amount
Preferred shares issued:		
Balance December 31, 1999 and 1998	–	$ –
Issued per asset purchase agreement (note 5)	350,000	507,500
Balance, March 31, 2000	350,000	$ 507,500

(c) Normal course issuer bid:

During 1998, the Company received approval to repurchase up to 300,000 common shares on the open market of the Toronto Stock Exchange. Total repurchases of 135,100 common shares were made between October 30, 1998 and the termination of the issuer bid on October 29, 1999.

(d) Stock options:

The Company has a stock option plan, whereby options to purchase common shares may be issued to directors, officers, employees, key consultants and agents of the Company subject to certain terms and conditions. Stock options granted vest over a period of two to four years and expire at various dates through 2005. At December 31, 1999, the exercise price of outstanding stock options was $0.73 to $1.05 per common share.

Changes in the number of options, with their weighted average exercise prices, are summarized below:

	March 31, 2000		December 31, 1999		December 31, 1998	
	Number of options	Weighted average exercise price	Number of options	Weighed average exercise price	Number of options	Weighted average exercise price
Stock options outstanding, beginning of period	482,750	$ 0.80	846,750	$ 1.49	846,500	$ 1.90
Granted	460,500	4.99	69,000	0.99	213,750	0.78
Exercised	(350,310)	0.78	(21,875)	0.73	–	–
Cancelled/Expired	(7,215)	0.74	(411,125)	2.26	(213,500)	2.41
Stock options outstanding, end of period	585,725	$ 4.11	482,750	$ 0.80	846,750	$ 1.49
Exercisable at period end	56,647	$ 0.93	382,865	$ 0.78	663,938	$ 1.65

9. Share capital (continued):

(d) Stock options (continued):

	Options Outstanding			Options Exercisable	
Range of Exercise Price Outstanding	Number outstanding at March 31, 2000	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at March 31, 2000	Weighted Average Exercise Price
		(months)			
$ 0.00 to 1.00	120,225	40	$ 0.86	50,643	$ 0.79
1.01 to 2.00	5,000	52	1.05	1,250	1.05
2.01 to 3.00	196,500	58	2.35	4,753	2.35
3.01 to 6.95	264,000	60	6.95	–	–
	585,725			56,647	

(e) Share purchase warrants:

There was a common share purchase warrant outstanding entitling the holder to acquire 130,000 (December 31, 1998 - 130,000) common shares. The warrant, exercisable at $1.00 per common share, expired on October 27, 1999.

10. Due from shareholders:

The amounts due from shareholders are limited recourse loans which were advanced, prior to the Company's initial public offering, as an incentive for the exercise of options to purchase 216,500 common shares. These loans are repayable in annual instalments which commenced on January 5, 1998 with final payments due on January 5, 2000. The Company agreed to pay each of these shareholders a bonus on the dates the loan amounts are due which will be used to satisfy the indebtedness. The Company's only recourse in respect of such loans is to realize upon the security interests granted by the borrowers; (i) on the common shares issued upon exercise of the options; and (ii) on the bonus payments to be made to the borrowers. The loans have been presented as a deduction from shareholders' equity. During 2000, $32,000 (1999 - $31,000; 1998 - $36,000) of the loans were forgiven.

11. Income taxes:

Income tax expense varies from the amount that would be computed by applying the combined Federal and Provincial income tax rate of 44.6% before income tax as follows:

	Three months ended March 31, 2000	Three months ended March 31, 1999	Year ended December 31, 1999	Year ended December 31, 1998	Year ended December 31, 1997
	(Unaudited)				
Basic rate of 44.6% applied to earnings (loss) before income tax	$ 102,000	$ 47,007	$ 253,413	$ 188,959	$ (1,765,500)
Increase (decrease) resulting from:					
Utilization of previously unrecognized losses	(87,240)	(31,722)	(192,273)	(126,687)	–
Loss for which tax benefit is not recognized	–	–	–	–	1,719,133
Other	7,630	2,578	10,314	9,182	7,400
Share issue costs	(22,390)	(17,863)	(71,454)	(71,454)	–
Income tax expense	$ –	$ –	$ –	$ –	$ (38,967)

The components of the Company's net future income tax asset at March 31, 2000, no portion of which has been recorded in these financial statements, are as follows:

	Asset (Liability) Canada	United States	Total
Non-capital/net operating losses	$ 477,609	$ 21,623	$ 499,232
Research and development income tax pools	918,087	–	918,087
Capital assets	(52,870)	70,431	17,561
Share issue costs	193,900	–	193,900
Inventory	–	118,659	118,659
Other	–	(62,860)	(62,860)
	$ 1,536,726	$ 147,853	$ 1,684,579

The non-capital and net operating loss carry-forwards reflected above expire as follows:

Canada	Non-capital losses
2005	$ 1,026,992
2007	43,880

United States	Net operating losses
2021	$ 55,047

12. Segmented information:

(a) Operating segments:

The Company's method for determining what information to report about operating segments is based on the way that management organizes the operating segments within the Company for making operating decisions and assessing financial performance.

The Company's chief operating decision maker is considered to be the Company's President and CEO. The President and CEO reviews financial information presented on a divisional basis being the CSI division in Canada which manufactures and distributes DGPS devices and the Satloc division in the United States which is a supplier of precision guidance systems for purposes of making operating decisions and assessing financial performance.

(i) Year ended December 31:

	CSI		Satloc		Total	
	1999	1998	1999	1998	1999	1998
Sales	$ 9,804,384	$ 8,349,778	$ 6,555,425	$ –	$ 16,359,809	$ 8,349,778
Interest expense	75,591	–	175,688	–	251,279	–
Depreciation and amortization	374,601	293,784	336,182	–	710,783	293,784
Net earnings	557,022	423,674	11,169	–	568,191	423,674
Capital assets and goodwill	1,006,467	993,704	3,347,020	–	4,353,487	993,704
Total assets	6,454,220	4,635,109	5,347,068	–	11,801,288	4,635,109
Capital expenditures excluding acquisition	258,383	221,345	35,714	–	294,097	221,345

(ii) Three months ended March 31 (unaudited):

	CSI		Satloc		Total	
	2000	1999	2000	1999	2000	1999
Sales	$ 3,138,873	$ 2,245,773	$ 1,941,508	$ –	$ 5,080,381	$ 2,245,773
Interest expense	36,540	–	82,421	–	118,961	–
Depreciation and amortization	113,382	91,259	139,354	–	252,736	91,259
Net earnings	405,021	105,396	(174,081)	–	230,940	105,396
Capital assets and goodwill	1,030,709	993,329	3,799,346	–	4,830,055	993,329
Total assets	12,808,126	4,592,302	4,093,187	–	16,901,313	4,592,302
Capital expenditures excluding acquisition	89,068	58,638	70,587	–	159,655	58,638

For the years ended December 31, 1998 and 1997 and the three months ended March 31, 1999, the Company had only one operating segment being the CSI division in Canada.

12. Segmented information (continued):

(b) Sales by geographic segment:

	Three months ended March 31, 2000	Three months ended March 31, 1999	Year ended December 31, 1999	Year ended December 31, 1998	Year ended December 31, 1997
	(Unaudited)				
U.S.A.	$ 2,098,461	$ 888,890	$ 7,972,000	$ 3,542,000	$ 2,965,000
Europe	1,627,664	882,085	3,820,000	3,420,000	763,000
Other	860,131	203,368	3,514,000	662,000	320,000
Canada	494,125	271,430	1,054,000	726,000	357,000

Sales are attributed to geographic segments based on the location of the customer.

(c) Major customers:

Of the Company’s sales for the three months ended March 31, 2000, 26% (1999 - 45%) was to three customers.

Of the Company’s sales for the year ended December 31, 1999, 22% (1998 - 43%; 1997 - 28%) was to three customers.

13. Financial instruments:

The carrying values of cash and cash equivalents, accounts receivable, income taxes recoverable, bank indebtedness and accounts payable and accrued liabilities, approximate their fair value due to the relatively short periods to maturity of these instruments. All long-term debt with variable interest rates is assumed to already be at fair value and therefore is not revalued. The fair value of the Company's vendor subordinated debt could not be determined because no market exists for this instrument.

14. Commitments:

The Company is committed to annual minimum lease payments, excluding tenant operating costs of:

2000	$ 346,500
2001	460,000
2002	315,000
2003	324,000
2004	4,000

15. Subsequent event:

Pursuant to a letter of Intent dated March 31, 2000 between the Company, Wireless Link Corporation ("Wireless") and the principal shareholder of Wireless, the Company has agreed to acquire up to all of the issued and outstanding share capital of Wireless on a fully-diluted basis in exchange for 4,400,000 common shares of the Company at an ascribed value of $3.90 per common share. In addition, the Company will issue, over a three year period, a further 1,000,000 common shares of the Company for no additional consideration as incentive shares for the benefit of management and employees of Wireless. These 1,000,000 incentive shares will be accounted for as additional purchase consideration at the time of issuance. The Company has also agreed, subject to regulatory approval, to make available to management and employees of Wireless up to 950,000 options to purchase common shares of the Company.

Wireless is a privately-held company based in the United States and is engaged in the business of developing, manufacturing, licensing and selling technology and products associated with wireless data communications applications.

The acquisition of Wireless is subject to regulatory and shareholder approval, the ability to raise a minimum of U.S. $5,000,000 and satisfaction of certain other conditions, covenants, representations and warranties.

SCHEDULE "D"
PRO FORMA FINANCIAL STATEMENTS

COMPILATION REPORT

To the Board of Directors of Communication Systems International Inc.

We have reviewed, as to compilation only, the accompanying unaudited pro forma consolidated balance sheet of Communication Systems International Inc. as at March 31, 2000 and the pro forma consolidated statements of operations for the three months ended March 31, 2000 and the year ended December 31, 1999. The pro forma financial statements have been prepared for inclusion in the Information Circular – Proxy Statement with respect to the Special and Annual General Meeting of shareholders of Communication Systems International Inc. to be held June 15, 2000.

In our opinion, the unaudited pro forma consolidated balance sheets and consolidated statements of operations have been properly compiled to give effect to the assumptions and adjustments described in the notes thereto.

Signed "**KPMG LLP**"

Chartered Accountants

Calgary, Canada
May 12, 2000

COMMUNICATION SYSTEMS INTERNATIONAL INC.

Pro Forma Consolidated Balance Sheet

As at March 31, 2000
(Unaudited)

	Communication Systems International Inc.	Wireless Link Corporation	Adjustments	Pro Forma Consolidated
	(unaudited)	(unaudited)	(note 2)	(unaudited)
Assets				
Current assets:				
Cash and cash equivalents	$ 3,128,121	$ 1,337,832	$ –	$ 4,465,953
Accounts receivable	3,704,225	2,946,949	–	6,651,174
Income taxes recoverable	11,317	–	–	11,317
Inventories	4,655,551	1,158,148	–	5,813,699
Prepaid expenses and deposits	157,472	109,039	–	266,511
	11,656,686	5,551,968	–	17,208,654
Capital assets	1,583,209	977,479	–	2,560,688
Deferred development costs	414,572	–	–	414,572
Goodwill	3,246,846	–	17,076,156	20,323,002
Trademark	–	11,628	–	11,628
	$16,901,313	$ 6,541,075	$ 17,076,156	$ 40,518,544

Liabilities and Shareholders' Equity

	Communication Systems International Inc.	Wireless Link Corporation	Adjustments	Pro Forma Consolidated
Current liabilities:				
Bank indebtedness	$ 1,956,645	$ 142,443	$ –	$ 2,099,088
Accounts payable and accrued liabilities	2,732,635	5,653,343	–	8,385,978
Deferred revenue	–	661,445	–	661,445
Current portion of senior long-term debt	556,332	–	–	556,332
	5,245,612	6,457,231	–	11,702,843
Subordinated debt	2,428,750	–	–	2,428,750
Senior long-term debt	1,808,078	–	–	1,808,078
Shareholders' equity:				
Share capital	9,739,736	8,195,302	8,964,698	26,899,736
Deficit	(2,320,863)	(8,111,458)	8,111,458	(2,320,863)
	7,418,873	83,844	17,076,156	24,578,873
	$16,901,313	$ 6,541,075	$17,076,156	$ 40,518,544

See accompanying notes to pro forma consolidated financial statements.

COMMUNICATION SYSTEMS INTERNATIONAL INC.

Pro Forma Consolidated Statement of Operations

Three months ended March 31, 2000
(Unaudited)

	Communication Systems International Inc.	Wireless Link Corporation	Adjustments	Pro Forma Consolidated
	(unaudited)	(unaudited)	(note 2)	(unaudited)
Sales	$ 5,080,381	$ 4,842,783	$ –	$ 9,923,164
Cost of sales	2,746,712	4,512,665	–	7,259,377
	2,333,669	330,118	–	2,663,787
Expenses:				
Selling	817,243	113,783	–	931,026
General and administrative	461,520	1,177,043	–	1,638,563
Interest on long-term debt	118,961	–	–	118,961
Depreciation and amortization	252,736	74,572	426,904	754,212
	1,650,460	1,365,398	426,904	3,442,762
Earnings (loss) before undernoted items	683,209	(1,035,280)	(426,904)	(778,975)
Research and development costs	452,269	712,097	–	1,164,366
Earnings (loss) before income taxes	230,940	(1,747,377)	(426,904)	(1,943,341)
Income taxes	–	–	–	–
Net earnings (loss)	$ 230,940	$(1,747,377)	$ (426,904)	$(1,943,341)
Pro forma loss per share, basic				$ (0.15)

See accompanying notes to pro forma consolidated financial statements.

COMMUNICATION SYSTEMS INTERNATIONAL INC.

Pro Forma Consolidated Statement of Operations

Year ended December 31, 1999
(Unaudited)

	Communication Systems International Inc.	Wireless Link Corporation	Adjustments	Pro Forma Consolidated
	(unaudited)	(unaudited)	(note 2)	(unaudited)
Sales	$16,359,809	$ 2,873,551	$ –	$19,233,360
Cost of sales	9,440,730	2,277,018	–	11,717,748
	6,919,079	596,533	–	7,515,612
Expenses:				
Selling	2,481,788	368,292	–	2,850,080
General and administrative	1,646,185	2,368,146	–	4,014,331
Interest on long-term debt	251,279	–	–	251,279
Depreciation and amortization	710,783	238,803	1,707,616	2,657,202
	5,090,035	2,975,241	1,707,616	9,772,892
Earnings (loss) before undernoted items	1,829,044	(2,378,708)	(1,707,616)	(2,257,280)
Research and development costs	1,260,853	2,790,561	–	4,051,414
Earnings (loss) before income taxes	568,191	(5,169,269)	(1,707,616)	(6,308,694)
Income taxes	–	–	–	–
Net earnings (loss)	$ 568,191	$(5,169,269)	$(1,707,616)	$(6,308,694)
Pro forma loss per share, basic				$ (0.59)

See accompanying notes to pro forma consolidated financial statements.

COMMUNICATION SYSTEMS INTERNATIONAL INC.

Notes to Pro Forma Consolidated Financial Statements

March 31, 2000 and December 31, 1999
(Unaudited)

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1. Basis of presentation:

The accompanying unaudited pro forma consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

The unaudited pro forma consolidated balance sheet as at March 31, 2000 has been prepared from the unaudited consolidated balance sheets of Communication Systems International Inc. ("CSI") and Wireless Link Corporation ("Wireless") at March 31, 2000. The unaudited pro forma consolidated statement of operations for the three months ended March 31, 2000 has been prepared from the unaudited statement of operations for CSI and Wireless for the three months ended March 31, 2000. The unaudited pro forma consolidated statement of operations for the year ended December 31, 1999 has been prepared from the audited statement of operations for CSI and Wireless for the year ended December 31, 1999.

CSI proposes to enter into share purchase agreements to acquire all of the outstanding share capital of Wireless in consideration for the issuance of an aggregate of 4,400,000 common shares of CSI. The agreements will also provide that CSI will issue an additional 1,000,000 common shares of CSI, for no additional consideration, as incentive shares for the benefit of management and employees of Wireless.

These pro forma financial statements may not be indicative either of results that actually would have occurred if the events reflected herein had been in effect on the dates indicated or of the results which may be obtained in the future.

These pro forma financial statements should be read in conjunction with the audited financial statements and notes thereto for each of CSI and Wireless for the year ended December 31, 1999 and in conjunction with the unaudited financial statements for each of CSI and Wireless for the three months ended March 31, 2000.

2. Pro forma assumptions and adjustments relating to Wireless:

The pro forma consolidated balance sheet gives effect to the proposed acquisition as at March 31, 2000. The pro forma consolidated statements of operations gives effect to the proposed acquisition at the beginning of the period commencing January 1, 1999 and January 1, 2000 respectively.

Accounting policies used in the preparation of the pro forma financial statements are in accordance with those disclosed in CSI's financial statements at December 31, 1999.

2. Pro forma assumptions and adjustments relating to Wireless (continued):

(a) Translation of Wireless:

The translation of the financial statements of Wireless from U.S. dollars into Canadian dollars was performed using the following rates:

		March 31, 2000	December 31, 1999
Balance sheet	Closing Rate	1.4535	1.4433
Statement of operations	Average Rate	1.4535	1.4855

(b) Acquisition of Wireless:

The acquisition of Wireless has been accounted for using the purchase method. The cost of the net assets acquired at assigned values consisted of:

Working capital	$ (905,263)
Capital assets	989,107
Goodwill	17,076,156
	$17,160,000
Consideration paid:	
4,400,000 Common shares of CSI, at an ascribed value of $3.90 per share	$17,160,000

(c) Amortization of goodwill:

Additional goodwill amortization expense of $1,707,616 for the year ended December 31, 1999 and $426,904 for the three months ended March 31, 2000 is recorded to reflect a ten year amortization period beginning January 1, 1999 and January 1, 2000 respectively.

(d) Additional consideration:

The 1,000,000 incentive shares to be issued by CSI will be accounted for as additional purchase consideration at the time of issuance.

2. Pro forma assumptions and adjustments relating to Wireless (continued):

(e) Pro forma loss per share:

Pro forma loss per share is calculated using CSI's basic and fully diluted weighted average outstanding common shares as follows:

	March 31, 2000	December 31, 1999
Basic weighted average common shares outstanding	12,747,906	10,762,375
Fully diluted number of common shares outstanding	14,333,631	12,245,125

These weighted average outstanding common shares have been adjusted by assuming that 4,400,000 common shares were issued as consideration for Wireless. In addition, the fully diluted number of common shares outstanding assumes the issuance of the 1,000,000 incentive common shares.

Fully diluted earnings per share amounts have not been disclosed as the result is anti-dilutive.