

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (MD&A) reviews the financial condition and results of operations for EnGlobe Corp. ("EG" or the "Company") for the three and nine months ended September 30, 2008. This information is presented as of November 14, 2008.

The MD&A should be read in conjunction with our audited consolidated financial statements and the accompanying notes for the years ended December 31, 2007 and 2006. You are also encouraged to read the MD&A for the year ended December 31, 2007.

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). All amounts in this MD&A are in Canadian dollars, except as otherwise noted.

Throughout this MD&A, "we", "us", "our", "EG" and "the Company" refer to EnGlobe Corp. and its subsidiaries. More information is available about EG, including our Annual Information Form for the year ended December 31, 2007 and recent financial reports filed on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements about EG's objectives, strategies, financial condition, results of operations, cash flow and businesses. These statements are "forward-looking" because they are based on our current expectations, estimates and assumptions, including regarding the markets we operate in, the Canadian, U.S. and European economic environment, our ability to attract and retain customers, our relationships with our suppliers, availability and costs of fuels and utilities, the results of our ongoing efforts to improve cost effectiveness, changes in regulatory requirements affecting our business, and the availability and terms of financing.

Canadian Securities Laws contemplate that companies may disclose forward-looking information so that investors can get a better understanding of the Company's future prospects and make informed investment decisions. A statement is forward-looking when it uses what we know and expect today to make a statement about the future. Forward-looking statements may include words such as "anticipate", "believe", "could", "expect", "goal", "guidance", "intend", "may", "objective", "outlook", "plan", "seek", "strive", "target" and "will".

It is important to know that:

- Forward-looking statements in this MD&A describe our expectations as at November 14, 2008.
- Our actual results could be materially different from what we expect if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, you are cautioned not to place undue reliance on these forward-looking statements.
- Forward-looking statements do not take into account the effect of transactions, or non-recurring or other special items announced or occurring after the statements are made, may have on our business. For example, they do not include the effect of sales of assets,

mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after the forward-looking statements are made.

- We disclaim any intention and assume no obligation to update any of the forward-looking statements as a result of future events or for any other reason.
- The quarterly MD&A schedules have been prepared in thousands which may results in rounding differences when compared to the annual consolidated financial statements.

Risks that could cause our actual results to differ materially from our current expectations are discussed in this MD&A primarily in the *Risks That Could Affect Our Business* section.

NON-GAAP FINANCIAL MEASURES

EBITDA

EBITDA does not have any standardized meaning prescribed under GAAP and is therefore unlikely to be comparable to similar measures presented by other companies.

We use EBITDA, among other measures, to assess the operating performance of our ongoing businesses without the effects of depreciation of property, plant and equipment, loss (gain) on disposal of property, plant and equipment, amortization of intangibles, restructuring and other costs, stock-based compensation, interest and bank charges, unrealized loss (gain) on interest swap, foreign exchange loss (gain), other non-cash charges and income tax expenses (recovery). We exclude loss (gain) on disposal of property, plant and equipment, restructuring and other costs, unrealized loss (gain) on interest swap and foreign exchange loss (gain) because they are generally not part of our ongoing operations. We also exclude stock-based compensation and other non-cash charges because they all largely depend on the accounting methods and assumptions we use, along with non-operating factors, such as the historical cost of capital assets and the value of our common shares.

EBITDA allows us to compare our operating performance over time on a consistent basis. We believe that certain investors and analysts use EBITDA to measure a company's ability to service debt and to meet other payment obligations, or as a common valuation measurement in the environmental services industry. Readers are cautioned that EBITDA should not be confused with cash flow from operating activities. The most comparable GAAP financial measure is operating income, which is discussed in the *Results from Operations* section of the MD&A. The table below reconciles EBITDA to net earnings (loss) for the periods presented.

| \$000's (Unaudited) | Q3 2007 | Q4 2007 | Q1 2008 | Q2 2008 | Q3 2008 |
|--|--------------|--------------|----------------|-----------------|--------------|
| EBITDA | 5,357 | 3,818 | (1,192) | (4,001) | 6,387 |
| Depreciation of property, plant and equipment | 1,598 | 1,500 | 1,385 | 1,537 | 1,270 |
| Loss (gain) on disposal of property, plant and equipment | 5 | 38 | (8) | 186 | (90) |
| Earnings (loss) before the undemoted items | 3,754 | 2,280 | (2,569) | (5,724) | 5,207 |
| Amortization of intangibles | 629 | 655 | 640 | 1,274 | 991 |
| Restructuring and other costs | 932 | 1,616 | 912 | 1,725 | 934 |
| Stock-based compensation | 53 | 70 | 88 | 66 | 59 |
| Interest and bank charges | 1,403 | 1,808 | 1,453 | 1,975 | 2,560 |
| Unrealized loss (gain) on interest swap | 199 | 161 | 432 | (201) | 155 |
| Foreign exchange loss (gain) | 178 | 261 | (335) | 109 | (292) |
| Other non-cash charges | - | - | - | 9,553 | - |
| Income tax expense (recovery) | 268 | (1,299) | (1,823) | 2,324 | 695 |
| Net earnings (loss) | 92 | (992) | (3,936) | (22,549) | 105 |

ABOUT OUR BUSINESS

EnGlobe Corp. (EG) is a leading international integrated environmental services company specializing in the management of organic-based waste streams and contaminated soils, with an emphasis on beneficial reuse. EG offers cost-effective solutions to municipal, commercial and industrial clients in Canada, the north eastern United States, the United Kingdom and France through our subsidiaries Biogénie S.R.D.C. Inc. ("Biogénie"), Celtic Technologies Limited ("Celtic"), GSI Environment Inc. ("GSI") and Tanknology Canada Inc. ("Tanknology").

Site Assessment and Remediation

Biogénie and Celtic comprise the Site Assessment and Remediation ("SAR") business units of EnGlobe, specializing in environmental contracting, off-site treatment and recycling of contaminated soil as well as the remediation of contaminated or degraded sites. Our SAR division has operating locations in Canada, the United States, France and the United Kingdom including 14 off-site treatment facilities; eleven in Canada, two in the United Kingdom, and one in France as well as many on-site treatment units where almost one million metric tons of contaminated soils were treated in 2007. Celtic has three office locations in the United Kingdom which provide integrated services for the design and construction of sustainable remedial schemes for brownfield sites.

Organic Waste Management

GSI is the Organic Waste Management ("OWM") business unit for EnGlobe, providing environmental services such as composting, direct land application and biomass cogeneration, in addition to the commercialization of eco-products, in both bulk and bags. GSI has operating locations in Québec and Ontario including six composting and transfer facilities, all located in Québec. GSI manages almost one million metric tons of organic waste annually through its various beneficial reuse outlets.

Tank Testing and Calibration

Tanknology is the Tank Testing and Calibration business unit of EnGlobe. Its services, which are provided across Canada, include storage tank and line precision leak testing and statistical inventory reconciliation, compliance testing, meter calibration and facility compliance as well as tank system audits.

RESULTS OF OPERATIONS

Nine Months

Revenue

Revenue was \$108.3 million for the nine months ended September 30, 2008 compared with revenue of \$109.2 million for the nine months ended September 30, 2007, a decrease of \$0.9 million or 0.8% year to date. The Celtic acquisition on March 25, 2008 contributed \$11.5 million in SAR division revenue. This increase has been offset by lower revenue from existing operations mainly due to a reduction in revenue from the SAR United Kingdom markets and OWM Ontario and Quebec. The OWM division has lower revenues resulting mainly from a contract that was not renewed in 2008 and a decrease in compost sales resulting from a vigorous competitive market. Revenue for the Tank Testing & Calibration division was comparable to the same period in 2007.

| \$000's (Unaudited) | Nine months ended September 30, | |
|---------------------------------|---------------------------------|----------------|
| | 2008 | 2007 |
| Revenue | | |
| Site Assessment and Remediation | \$ 69,992 | \$ 64,242 |
| Organic Waste Management | 35,723 | 42,560 |
| Tank Testing & Calibration | 2,535 | 2,445 |
| Total | 108,250 | 109,247 |

Gross Profit

Gross profit for the nine months ended September 30, 2008 was \$23.0 million, compared to gross profit of \$31.6 million for the nine months ended September 30, 2007, a decrease of \$8.6 million or 27.2%. Gross profit for the nine months ended September 30, 2008 was 21.2% compared to 28.9% for the nine months ended September 30, 2007. The reduction in gross profit is primarily attributable to the OWM division, where treatment and disposal costs increased significantly, as well as the lower margin earned on compost sales due to the more competitive market. Further, the value of compost also significantly decreased during 2008. The Company recorded an inventory non-cash charges write-down of \$2.3 million during the second quarter. Two of the OWM division competitors went into bankruptcy in the Quebec marketplace during 2008. This unforeseen decrease has resulted in a change of management's estimate of the expected realizable value of its compost. In response to this unexpected turn of events, the Company is completing corrective actions in order to minimize this negative impact over the entire business and analyzing options to return to a profitable OWM business model in the near future. As part of this initiative, started in the third quarter, the Company has renegotiated certain contracts, reduced its compost sales to products that generate an acceptable contribution, and substantially reduced its fixed and variable staffing levels.

Selling, general and administrative (“SG&A”) expenses for the nine months ended September 30, 2008 were \$21.8 million compared with \$20.7 million for the nine months ended September 30, 2007 an increase of \$1.1 million or 5.3%. This increase is mainly due to additional operating expenses resulting from the Celtic acquisition. Beginning in the third quarter, the company implemented a restructuring plan to reduce the company’s SG&A and corporate costs. It is expected that the result of this initiative should be reflected in the following quarters.

EBITDA and earnings (loss) before the undernoted items

| \$000's (Unaudited) | Nine months ended September 30, | |
|--|---------------------------------|------------------|
| | 2008 | 2007 |
| Gross profit | \$ 22,989 | \$ 31,612 |
| Selling, general and administrative | 21,793 | 20,711 |
| EBITDA | 1,196 | 10,901 |
| Depreciation on property, plant, equipment | 4,192 | 4,628 |
| Loss on disposal of property, plant and equipment | 89 | 97 |
| Earnings (loss) before the undernoted items | (3,085) | 6,176 |

EBITDA for the nine months ended September 30, 2008 was \$1.2 million compared with \$10.9 million for the nine months ended September 30, 2007, a decrease of \$9.7 million. Year over year, the acquisition of Celtic generated EBITDA of \$2.0 million while the existing SAR operations realized lower EBITDA mainly due to a reduction in revenues, primarily in the U.K. market. All OWM activities have experienced a significant decline as described in the preceding section. Unsatisfied with these recent results, the Company is finalizing a detailed review of all operations of the Company to return to positive performance. This action plan may temporarily involve additional future non-recurring expenses.

Depreciation combined with the loss on disposal of property, plant and equipment for the nine months ended September 30, 2008 was \$4,3 million compared with \$4,7 million for the nine months ended September 30, 2007. The change includes a reduction in the carrying value of certain fixed assets in the OWM division, partially offset by the increase in the depreciation of the assets related to the acquisition of Celtic as well as an increase following additional acquisitions for the North-Territories projects.

Loss before the undernoted items for the nine months ended September 30, 2008 was \$3.1 million compared with an earnings income before the undernoted items of \$6.2 million for the nine months ended September 30, 2007, a decrease of \$9.3 million. This decrease is mainly due to the reduction in the OWM gross profit as explained above, while the SAR operation after including the new acquisition had a slightly negative impact.

Net Loss

| \$000's (Unaudited) | Nine months ended September 30, | |
|---|---------------------------------|-----------------|
| | 2008 | 2007 |
| Earnings (loss) before the undemoted items | \$ (3,085) | \$ 6,176 |
| Amortization of intangibles | 2,905 | 1,886 |
| Restructuring and other costs | 3,571 | 2,100 |
| Stock-based compensation | 212 | 358 |
| Interest and bank charges | 5,990 | 4,018 |
| Unrealized loss (gain) on interest swap | 386 | (158) |
| Loss (gain) on foreign exchange | (518) | 380 |
| Other non-cash charges | 9,553 | - |
| Income tax expense (recovery) | 1,196 | (422) |
| Net loss | (26,380) | (1,986) |

Amortization of intangibles for the nine months ended September 30, 2008 was \$2.9 million, an increase of \$1.0 million compared to the nine months ended September 30, 2007, mainly due to the Celtic acquisition. Restructuring and other costs for the nine months ended September 30, 2008 were \$3.6 million or \$1.5 million higher than the same period of last year, mainly due to the settlement of a litigation case and professional fees.

Interest and bank charges for the nine months ended September 30, 2008 were \$6.0 million compared with \$4.0 million for the nine months ended September 30, 2007, as a result of increased borrowings as well as an increase in interest rate.

The average cash cost of debt financing was 7.0% during the nine months ended September 30, 2008 and for the nine months ended September 30, 2007. In addition, deferred financing charges and the deemed interest rate on the convertible debentures increased the effective cost of debt financing to 9.9%, compared with 8.0% for the nine months ended September 30, 2007.

For income tax expense (recovery), since January 2008 a valuation allowance has been taken for the OWM operating losses. Also the goodwill impairment is not deductible for income tax purposes.

Other non-cash charges

During the second quarter of fiscal 2008, EG's management performed a comprehensive review of its current performance and the strategic orientation of its business units. This review revealed that, several factors have changed some of the key assumptions, which led to the review of the carrying amount of certain accounts including; property plant and equipment, intangible assets, goodwill, deferred revenue and accruals, primarily in the OWM segment.

Management performed a test of goodwill for its OWM business unit. The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3062, *Goodwill and Other Intangible Assets*, requires that goodwill is no longer amortized but instead, be tested for impairment at least once a year.

The impairment test for goodwill is a two-step process. Step one consists of a comparison of the fair value of a reporting unit with its carrying amount, including the goodwill allocated to the reporting unit. Measurement of the fair value of a reporting unit is based on one or more fair value measures including present value techniques of estimated future cash flows and estimated

amounts at which the unit as a whole could be bought or sold in a current transaction between willing parties. If the carrying amount of the reporting unit exceeds the fair value, step two requires the fair value of the reporting unit to be allocated to the underlying assets and liabilities of that reporting unit, resulting in an implied fair value of goodwill. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss equal to the excess is recorded in net earnings (loss).

In testing for impairment of long-lived assets, the company assessed recoverability of the carrying amounts by reference to expected undiscounted cash flows. An impairment charge is recognized when the carrying amount is not fully recoverable and when it exceeds the fair values determined by reference to discounted cash flows and independent appraisals.

Based on the above, the Company recorded a charge of \$9,553,399 in the second quarter, all related to its OWM segment, detailed as follows:

| \$000's (Unaudited) | Nine Months Ended | |
|-------------------------------|-------------------|----------|
| | September 30 | |
| | 2008 | 2007 |
| | \$ | \$ |
| Property, plant and equipment | 3,151 | - |
| Intangible assets | 1,258 | - |
| Goodwill | 5,144 | - |
| Total | 9,553 | - |

In addition, as a result of the review described above, and the associated uncertainties, the Company has recorded a valuation allowance of approximately \$6.6 million in respect of the operating losses incurred in 2008. The Company also, because of delays in its restructuring and integration plans, no longer expects to realize the benefit of the operating losses expiring in 2009 and 2010 and recorded a valuation allowance of \$0.3 million against these losses.

Third Quarter

Revenue

Revenue was \$45.8 million for the quarter ended September 30, 2008 compared with revenue of \$40.0 million for the quarter ended September 30, 2007 an increase of \$5.8 million or 14.5%. This significant growth in SAR division is attributable to Celtic acquisition for a total of \$5.8 million, and by an increase in revenue from a new major contract in the North-Territories. However, there was a decrease of revenue of 0.9 million in the OWM division, mainly explained by to one contract not renewed in 2008 and competitive conditions across the compost market. Revenue for the Tank Testing & Calibration division was comparable to the same period in 2007 with no significant difference in the level of activity.

| \$000's (Unaudited) | Three months ended September 30, | |
|---------------------------------|----------------------------------|---------------|
| | 2008 | 2007 |
| Revenue | | |
| Site Assessment and Remediation | \$ 32,844 | \$ 26,258 |
| Organic Waste Management | 11,884 | 12,800 |
| Tank Testing & Calibration | 1,032 | 899 |
| Total | 45,760 | 39,957 |

Gross Profit

Gross profit for the quarter ended September 30, 2008 was \$13.6 million compared with \$12.2 million for the quarter ended September 30, 2007, an increase of \$1.4 million or 11.5%. Gross profit for the quarter ended September 30, 2008 was 29.7% compared to 30.6% for the quarter ended September 30, 2007. The increase in gross profit is primarily attributable to the acquisition of Celtic and gross profit generated by a new major contract in the North-Territories. This increase in SAR was partially offset by a reduction of the Gross Profit of OWM, where treatment and disposal costs increased significantly, as well as the lower margin earned on sales of compost due to the more competitive market.

Selling, general and administrative ("SG&A") expenses for the quarter ended September 30, 2008 were \$7.2 million compared with \$6.9 million for the quarter ended September 30, 2007 an increase of \$0.3 million or 4.3% mainly due to Celtic acquisition which contributes to \$0.6 million of those costs. As previously mentioned, in the third quarter the company implemented a restructuring plan to reduce the Company's SG&A and corporate costs which explains a reduction of \$0.3 million compared to last year's existing operations.

EBITDA and earnings before the undernoted items

| \$000's (Unaudited) | Three months ended September 30, | |
|--|----------------------------------|------------------|
| | 2008 | 2007 |
| Gross profit | \$ 13,574 | \$ 12,244 |
| Selling, general and administrative | 7,186 | 6,887 |
| EBITDA | 6,388 | 5,357 |
| Depreciation on property, plant, equipment | 1,271 | 1,598 |
| Loss (gain) on disposal of property, plant and equipment | (90) | 5 |
| Earnings before the undernoted items | 5,207 | 3,754 |

EBITDA for the quarter ended September 30, 2008 was \$6.4 million compared with \$5.4 million for the quarter ended September 30, 2007, an increase of \$1.0 million. This increase in EBITDA is mainly attributable to Celtic's contribution of \$1.2 million.

Depreciation combined with the gain on disposal of property, plant and equipment for the quarter ended September 30, 2008 was \$1.2 million compared with \$1.6 million for the quarter ended September 30, 2007, a decrease of \$0.4 million. This results from the second quarter's reduction in the carrying value of certain fixed assets in the OWM division.

The earnings before the undernoted items for the quarter ended September 30, 2008 was \$5.2 million compared to \$3.8 million for the quarter ended September 30, 2007, an increase of \$1.4 million mostly attributable to Celtic activities which represents an additional \$1.0 million.

Net earnings

| \$000's (Unaudited) | Three months ended September 30, | |
|---|----------------------------------|-----------------|
| | 2008 | 2007 |
| Earnings before the undernoted items | \$ 5,207 | \$ 3,754 |
| Amortization of intangibles | 991 | 629 |
| Restructuring and other costs | 934 | 932 |
| Stock-based compensation | 59 | 53 |
| Interest and bank charges | 2,560 | 1,403 |
| Loss on Interest rate swap | 155 | 199 |
| Loss (gain) on foreign exchange | (292) | 178 |
| Income tax expense (recovery) | 695 | 268 |
| Net earnings | 105 | 92 |

Amortization of intangibles for the quarter ended September 30, 2008 was \$1.0 million, an increase of \$0.4 million compared to the quarter ended September 30, 2007, mainly due to the Celtic acquisition. Restructuring and other costs for the quarter ended September 30, 2008 were \$0.9 million, which is comparable with the same period of last year.

Interest and bank charges for the quarter ended September 30, 2008 were \$2.6 million compared with \$1.4 million for the quarter ended September 30, 2007. The increase in interest expense is the result of increased borrowings as well as an increase in the interest rate and additional bank charges related to a waiver obtained from the company's lenders.

For income tax expense (recovery), since January 2008 a valuation allowance has been taken for the OWM operating losses.

Stock Options, Tandem option and stock appreciation rights

During the three and nine month periods ended September 30, 2008, nil (2007 - 316,666) and 491,666 (2007 - 974,998) stock options were granted respectively under the Employee Stock Option Plan.

During the three and nine month periods ended September 30, 2008, 465,019 (2007 - 142,833) and 1,846,372 (2007 - 565,771) stock options were forfeited respectively.

During the three month period ended September 30, 2008, nil (2007 – nil) were exercised.

During the nine month period ending September 30, 2008, 45,000 options (2007 - 10,000) were exercised for proceeds of \$18,000 (2007 - \$4,000).

During the three and nine month periods ended September 30, 2008, nil (2007 – 2,000,000) and 5,000,000 Option and Stock Appreciation Rights ("OSARs") were granted (2007 – 4,000,000).

During the three and nine months periods ended September 30, 2008, nil (2007- nil) and 12,500,000 (2007 – 2,000,000) OSARs were forfeited respectively.

LIQUIDITY AND CAPITAL RESOURCES

During the nine month period ended September 30, 2008, there was a cash inflow of \$0.4 million generated by our operating, investing and financing activities compared to an outflow of \$4.1 million for the same period last year. For the nine month period which ended September 30, 2008, cash was primarily generated by our financing activities of \$19.0 million offset by \$13.4 million of cash used for investing activities, mainly for the Celtic acquisition and a property, plant and equipment, and \$5.2 million by our operating activities. For the nine month ended September 30, 2007, operating activities required \$5.9 million, regular investing activities \$10.1 million, while financing activities generated \$11.9 million.

During the first quarter of 2008, the Company raised a total of \$25.0 million in new funds, \$3.0 million through the issuance of preferred shares and \$22.0 million by way of a net increase in its long-term debt.

During the three month period ended September 30, 2008, there was a cash outflow of \$0.1 million generated by our operating, investing and financing activities which compared to an outflow of \$0.2 million for the same period last year. For the quarter ended September 30, 2008, cash was primarily generated by our financing activities of \$2.2 million, offset by operating activities of \$0.8 million and by investing activities for \$1.5 million. For the quarter ended September 30, 2007, the financing activities generated \$3.4 million while the investing activities required \$1.6 million and operating activities \$2.0 million.

The Company has access to a \$20.0 million revolver facility for the ongoing cash requirements of the business. This facility is used for, among other things, issuing letters of credit required for security for bonding or similar requirements for projects, in place of bonds or as cash security. As at September 30, 2008, \$5.2 million in letters of credit were outstanding and \$10.7 million of the revolver facilities was utilized to support working capital commitments.

As a result of the Company's delayed filing of the second quarter 2008 financial statements, and the Company's losses in the second quarter of 2008, the Company breached various financial and non-financial covenants under its credit agreement. The Company obtained waivers that waived the various breaches under the agreement until November 14, 2008. On November 14, 2008, the Company entered into a waiver and amendment agreement to its existing credit facility. The terms of this waiver and amendment are discussed in the subsequent event section. Until the fiscal quarter ending September 2009, the financial covenants will be suspended, but the Company shall maintain a minimum EBITDA. Subsequent to this period, a Senior Funded Debt to EBITDA ratio shall be maintained

At September 30, 2008, the Company breached certain covenants under the Class B debenture agreement. However, under an intercreditor agreement with the holders of the term loan, the term of the debentures cannot be accelerated until such time as the term loan is repaid. The Class B debentures are subordinate to the term loan.

An operating plan is under process in order to improve the profitability of the Company. The major actions are a rectification of business model in OWM division, right-sizing the corporate function and to facilitate growth in SAR division. Results are already promising.

CASH FLOW PROVIDED BY / USED IN OPERATING ACTIVITIES

For the nine month period ended September 30, 2008, cash used in operations was \$5.2 million compared with cash used in operations of \$5.9 million for the nine month period ended September 30, 2007. Cash used in operating activities reflected the change in non-cash working capital items that generated \$2.6 million, offset by \$7.9 million derived from our net loss, less items not affecting cash. In comparison, for the nine month period ended September 30 2007, the cash provided by continuing operations before working capital charges was \$3.3 million, offset by non-cash working capital items which used \$9.5 million.

For the three month period ended September 30, 2008, cash used in operations was \$0.8 million compared with cash used in operations of \$2.1 million for the three month period ended September 30, 2007. Cash used in operating activities reflects the change in non-cash working capital items for \$3.2 million partially offset by \$2.4 million generated by our net gain less items not affecting cash.

CASH FLOW PROVIDED BY / USED IN INVESTING ACTIVITIES

For the nine month period ended September 30, 2008, cash used in investing activities was \$13.4 million compared with cash used in investing activities of \$10.1 million for the nine month period ended September 30, 2007. The cash used in investing activities was mainly due to the Celtic acquisition for \$10.1 million and \$2.9 million for the purchase of property, plant and equipment. For the same period in 2007, the cash used for investing activities was attributable to the payment of \$4.8 million for regular purchases of property, plant and equipment, and \$5.4 million related to Biogenie's acquisition.

For the three month period ended September 30, 2008, cash used in investing activities was \$1.5 million compared with cash used in investing activities of \$1.6 million for the three month period ended September 30, 2007. The amount invested was mainly used for the purchase of property, plant and equipment related to North-Territories projects. For the same period in 2007, the amount invested was used for the improvement and the expansion of our soil treatment facilities and \$0.3 million was related to the Biogenie's acquisition.

CASH FLOW PROVIDED BY / USED IN FINANCING ACTIVITIES

For the nine month period ended September 30, 2008, cash provided by financing activities was \$19.0 million, compared with cash provided by financing activities of \$11.9 million for the nine month period ended September 30, 2007.

For the three month period ended September 30, 2008, cash provided by financing activities was \$2.2 million, compared with cash provided by financing activities of \$3.4 million for the three month period ended September 30, 2007, mainly due to the increase in bank indebtedness.

To raise funds, on March 25, 2008, the Company completed the following financing transactions which provided a total of \$25.0 million of funding. The amount raised was used in part to repay bank indebtedness and partially fund the acquisition of Celtic:

- the Company amended its credit agreement to arrange a new 5 year term loan of \$15.2 million, denominated in pounds sterling (£7.6M) which was used in part for the acquisition of Celtic and to increase its working capital. The Company also extended the maturity of its existing term loan to five years.
- the Company issued an amount of \$7.0 million in Class B Debentures, for net proceeds of \$6.4 million after deducting financing fees of \$0.6 million, including \$0.3 million in financing fees paid to the holders. The Class B Debentures have a term of 6 years. They are secured, non convertible and, subject to certain exceptions, bear interest on the principal amount at 15% per annum, compounded and payable quarterly with 3% per annum payable in cash on each applicable interest payment date and 12% per annum capitalized on each applicable interest payment date and added to the principal amount, all in accordance with the terms of such debentures. The Company may repay all or a portion of the principal amount of the Class B Debentures at any time without penalty after March 25, 2009. These debentures were issued to certain shareholders of the Company.
- the Company completed a private placement of 7,845,745 Series 2 Preferred Shares at \$0.40 per share, including 470,745 preferred shares issued in consideration for financing fees. Net proceeds received from the issuance of the preferred shares was \$2.9 million after deducting \$0.1 million in issuance costs and \$0.2 million in financing fees paid to the holders of the Series 2 Preferred Shares. The Series 2 Preferred Shares are voting and convertible at any time by the holders on the basis of one preferred share for each common share. Holders are entitled to receive, subject to certain exceptions, a fixed, cumulative dividend per preferred share equal to 3% of the issue price per annum and are redeemable by the Company, at its option, on or after March 31, 2014 at the issue price plus all accrued and unpaid dividends. These Preferred shares were issued to certain shareholders of the Company.

CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

Contractual obligations

The Company is currently required to make payments on its contractual obligations as follows:

| \$000's (Unaudited) | Remainder of | | | | balance after 2011 |
|--------------------------------------|---------------|--------------|--------------|--------------|-----------------------|
| | 2008 | 2009 | 2010 | 2011 | |
| Term loan | 11,111 | 4,229 | 6,343 | 6,343 | 21,464 |
| Debentures | - | - | - | - | 27,054 |
| Other long term obligations | 455 | 690 | 573 | 340 | 680 |
| Capital lease obligations | 139 | 448 | 225 | 16 | - |
| Operating leases | 728 | 2,807 | 2,277 | 1,863 | 4,044 |
| Total contractual obligations | 12,433 | 8,174 | 9,418 | 8,562 | 53,242 |

In second quarter, the Company recognized an asset retirement obligation of approximately \$1.7 million in respect of the expected costs to remediate one of its facilities.

Litigation

In the normal course of business we are party to a number of claims, which individually and in the aggregate, we believe to be immaterial to the financial position or ongoing operations of the business. We are also threatened from time to time with, or named as a defendant in, legal proceedings, including those relating to wrongful dismissal. Many claims are covered by the Company's insurance policies and none of the current claims are expected to have a material adverse effect on the Company.

- i) A statement of claim had been filed, on November 5, 2003, against Wasteco Environmental Services Ltd, ("WasteCo") a subsidiary of EnGlobe, currently discontinued, and other parties alleging damages of \$23.8 million. This claim was dismissed in August 2008, but the other parties decided to file an appeal.
- ii) During the quarter ended June 30, 2006, a former shareholder of GSI Environmental Inc., a wholly-owned subsidiary of the Company, commenced an action against the Company, its former President and CEO and the Company's current and former directors. This claim was settled in July 2008 under which, the Company would pay \$1,200,000 in accordance with the settlement between the parties. The insurance (AIG) disbursed \$500,000 on July 15, 2008 and the Company will pay \$350,000 on each of July 15, 2009 and July 15, 2010. These payment obligations, which have been recorded on a discounted basis, are secured by a general security agreement which is subordinated to the security held by the Company's secured lenders.
- iii) A statement of claim has been filed against the Company by a former President and CEO, a company and a trust controlled by a former President and CEO, alleging a conspiracy by the Company with a third party to the suit with the intention of fraudulently obtaining ownership of the shares owned or controlled by the plaintiff. The amount of the claim is for \$17 million. Management believes this claim is without merit and the final determination will not materially affect the financial position or results of the Company.

Environmental contingencies

The Company operates soil treatment facilities and also composting sites. As such, the Company is subject to environmental regulations and is required to operate its facilities within the conditions of permits, authorization certificates and other regulations. Failure to meet these conditions could result in financial penalties and/or site closure which could result in material charge against our operating results. Also, because of the nature of our operations, we are subject to third-party reclamations due to potential contamination of soils, underground water and processed water.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of selected consolidated financial information derived from our unaudited interim consolidated financial statements for each of the eight most recently completed quarters.

| \$ 000's except per share amounts | Third Quarter | | Second Quarter | | First Quarter | | Fourth Quarter | |
|--|---------------|---------|----------------|---------|---------------|---------|----------------|---------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2007 | 2006 |
| Revenue | 45,760 | 39,957 | 38,209 | 42,496 | 24,281 | 26,794 | 39,857 | 25,162 |
| Net earnings (loss) | 105 | 92 | (22,549) | (178) | (3,936) | (1,899) | (992) | 904 |
| Basic earnings (loss) per share | 0.00 | 0.00 | (0.26) | (0.00) | (0.05) | (0.02) | (0.01) | 0.02 |
| Diluted earnings (loss) per share | 0.00 | 0.00 | (0.26) | (0.00) | (0.05) | (0.02) | (0.01) | 0.01 |
| Total assets | 139,214 | 136,095 | 132,714 | 132,164 | 146,490 | 120,639 | 135,444 | 137,417 |
| Total long-term financial liabilities | 58,286 | 48,635 | 3,422 | 50,780 | 68,557 | 50,623 | 47,517 | 55,012 |
| Weighted Average number of shares (in 000's) | | | | | | | | |
| Basic | 86,711 | 78,705 | 86,711 | 78,599 | 79,271 | 78,570 | 78,705 | 54,764 |
| Diluted | 94,557 | 79,423 | 94,557 | 78,599 | 79,788 | 78,570 | 78,705 | 118,908 |

Results have fluctuated over the each of the quarters due to the seasonality of our business, new acquisitions in Q4 2006 and Q1 2008 and the major non-cash charges in Q2 2008. Due to the fact that our main business is soil remediation and organic waste management, it is quite common for our business to have decreased volumes and revenue in the winter months reflected mainly in the first quarter.

TRANSACTIONS WITH RELATED PARTIES

During the nine month period ended September 30, 2008, the Company completed financing operations with certain nominees of ONCAP Management Partners L.P. and its affiliates, a significant shareholder of the Company. The private placement financing, for an aggregate of \$9.725 million, was comprised of:

- The issuance of 7,375,000 Series 2 Preferred Shares of the Company at \$0.40 per share for gross proceeds of \$2,950,000;
- \$6,775,000 in Series B debentures.

Certain financing fees associated with the private placement were satisfied through the issuance of 470,745 preferred shares and \$271,000 added to the principal amount of the debentures.

The preferred shares are voting securities and convertible at any time by the holders thereof on the basis of one Series 2 Preferred Share for each common share. Holders of the Series 2 Preferred Shares are entitled to receive, subject to certain exceptions, a fixed, cumulative dividend per preferred shares equal to 3% of the issue price per annum and are redeemable by the Company, at its option, on or after March 31, 2014 at the issue price plus all accrued and unpaid dividends.

The Series B Debentures are secured, non convertible and, subject to certain exceptions, bear interest on the principal amount at 15% per annum, compounded and payable quarterly with 3% per annum payable in cash on each applicable interest payment date and 12% per annum capitalized on each applicable interest payment date and added to the principal amount, all in accordance with the terms of such debenture. The Company may repay all or a portion of the principal amount of the debenture at any time without penalty after the first anniversary of closing.

The proceeds from this financing were used to pay the acquisition of Celtic, to reduce the indebtedness and for working capital purposes.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with Generally Accepted Accounting Principles requires us to make estimates and assumptions that affect the reported amounts and disclosures made in the consolidated financial statements and accompanying notes. We continually evaluate the estimates and assumptions we use. These estimates and assumptions are based on our historical experience, knowledge of current events, and conditions and activities that we may undertake in the future. Actual results could differ from these estimates.

The estimates and assumptions described in this section depend upon subjective or complex judgments about matters that may be uncertain. Changes in these estimates and assumptions could materially affect the consolidated financial statements.

Goodwill and Intangible Assets

Goodwill is not amortized and is assessed for impairment at the business unit level at least annually. Comparing the fair value of a business unit/segment to its carrying value identifies any

potential goodwill impairment. If the fair value of the business unit exceeds its carrying value, goodwill is considered not to be impaired. If the carrying value of the business unit exceeds its fair value, this indicates potential goodwill impairment and must be quantified by comparing the estimated fair value of the business unit's goodwill to its carrying value. Any goodwill impairment will result in a reduction in the carrying value of goodwill on the consolidated balance sheet and in the recognition of a non-cash impairment charge in operating income.

We determine the fair value of our business units using a discounted cash flow model corroborated by other valuation techniques such as market multiples. The process of determining these fair values requires management to make estimates and assumptions including, but not limited to, projected future sales, earnings and capital investment, discount rates and terminal growth rates. Projected future sales, earnings and capital investment are consistent with strategic plans presented to our Board of Directors. Discount rates are based on an industry weighted average cost of capital. These estimates and assumptions may change in the future due to uncertain competitive and economic market conditions or changes in business strategies.

Income Taxes

Future income tax assets and liabilities are recognized for the future income tax consequences attributable to temporary differences between the financial statement carrying values of assets and liabilities and their respective income tax bases. Future income tax assets or liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to recover or settle.

Stock-Based Compensation

Stock-based compensation expenses are recognized based on numerous estimates. The aggregate amount of expense in a particular period is the proportion of the expense relating to that period based on the expected life of each stock-based instrument multiplied by the fair value of each instrument at the time of grant. The fair value of each instrument granted is estimated on the date of grant using the Black-Scholes model taking into consideration the estimated expected life, the estimated volatility rate and the estimated risk free interest rate and dividend yield.

Stock Appreciation Rights

Compensation expense is recognized for increases or decreases between the strike price of these options and the quoted market value of the Company's shares between the grant date and the reporting date, subject to the cumulative expense recognized not being less than zero.

Bad Debt Expense

We routinely review accounts receivable and set up a reserve for bad debts on a customer-by-customer basis. This is an estimate since some of the reserved accounts may be collected and we may subsequently find that some accounts currently deemed collectible become non-collectible.

Revenue Recognition

Revenue is generated under fee for services contracts, cost based contracts and fixed price contracts. For the fee for services contracts, revenue is recognized when the services are provided. For cost based contracts, revenue is recorded when costs are incurred. Fixed price contracts are recorded using the percentage-of-completion method. This requires an estimate of the amount of costs that are anticipated to be incurred as the services are performed. Some of these costs change due to the nature of the treatment or disposal of the residual products. The estimate of the costs and associated margins can change during the year.

CHANGES IN ACCOUNTING POLICIES

Except as follows, the accounting policies followed by the Company are the same as those followed in the Company's consolidated financial statements and notes thereto, for the year ended December 31, 2007.

a) Recently adopted accounting pronouncements

On January 1, 2008, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 1535 "Capital Disclosures", 3862 "Financial Instruments – Disclosures", 3863 "Financial Instruments – Presentation", and 3031 "Inventories".

CICA Handbook Section 1535 "Capital Disclosures" establishes standards for disclosing information about a Company's capital and how it is managed to enable users of the financial statements to evaluate the Company's objectives, policies and procedures for managing capital.

CICA Handbook Section 3862 "Financial Instruments – Disclosures" requires disclosures in the financial statements that will enable users to evaluate: the significance of financial instruments for the company's financial position and performance; and the nature and extent of risks arising from financial instruments to which the company is exposed during the period and at the balance sheet date, and how the company manages those risks.

CICA Handbook Section 3863 "Financial Instruments – Presentation" establishes standards for presentation of financial instruments and non-financial derivatives. This section compliments the existing CICA Handbook Section 3861 – Financial Instruments – Disclosure and Presentation.

CICA Handbook Section 3031 "Inventories" provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories. There was no material impact as a result of the adoption of this new policy.

b) Recently issued accounting pronouncements not yet adopted

Goodwill and Intangible assets

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets," which replaces Section 3062, "Goodwill and Other Intangible Assets." This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This accounting standard is effective for annual and interim periods beginning on or after October 1, 2008. The Company is currently evaluating the impact of adopting this standard.

International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") will be required for Canadian publicly

accountable enterprises for years beginning on or after January 1, 2011. The Company is currently evaluating the impact of adopting IFRS.

Financial instruments

Our activities expose us to a variety of financial risks, which include foreign exchange risk, interest rate risk, credit risk and liquidity risk.

Except for the following, we do not have a practice of trading derivatives. Our use of derivatives is based on established practices and parameters, which are subject to the oversight of the Board of Directors.

Interest swap agreement

The Company's principal exposure to interest rate fluctuations is limited to its long-term debt which bears interest at both fixed and floating interest rates, some of which are LIBOR-based, others are based on the Canadian Bankers' Acceptance Rate. The Company has an interest rate swap to mitigate the exposure to variable interest rates for an amount of \$17.3 million of its long-term debt with a fixed interest rate of 4.315% expiring on November 24, 2011.

NUMBER OF SHARES OUTSTANDING

Shares Outstanding

| Shares outstanding | November 14 2008 | September 30 2008 | December 31 2007 |
|---------------------------|---------------------|----------------------|---------------------|
| Common Shares | 86,710,805 | 86,710,805 | 78,705,160 |
| Series 1 Preferred Shares | 10,296,250 | 10,296,250 | 10,296,250 |
| Series 2 Preferred Shares | 7,845,745 | 7,845,745 | - |

Number os Options/SAR's outstanding

| | | | |
|-------------------|-----------|-----------|------------|
| Stock Option Plan | 2,818,427 | 2,818,427 | 4,218,133 |
| Option/SAR Plan | 7,000,000 | 7,000,000 | 14,500,000 |

Class A Debentures

The Company has \$19.6 million of Class A convertible debentures outstanding. The Class A Debentures was issued as a unit consisting of a \$950 debenture and 500 convertible preferred

shares. Each Class A Debenture has a term of 8 years (starting March 31, 2006), annual interest rate of 5%, paid yearly, and is convertible at \$0.323 per common share of the Company at the discretion of the debenture holders, if certain minimal earnings levels are achieved.

Certain events, such as litigation or damages arising after March 31, 2006 and before March 31, 2010 that have a financial impact on the Company, will result in an adjustment to the price at which the Class A debentures or preferred shares are converted. The adjustment will reduce the price by \$0.0263 for every \$1 million in excess of \$0.25 million.

Preferred Shares

The Series 1 Preferred Shares are convertible and redeemable at \$0.323 per common share, which will result in 3,187,693 common shares being issued upon conversion. The Series 1 Preferred Shares can be redeemed at the option of the holder after the Class A Debentures become due and payable or at the option of the holders and the Company if the Class A Debentures has been repaid.

The Series 2 Preferred Shares are voting securities and convertible at any time by the holders thereof on the basis of one Series 2 Preferred Shares for each common share. Holders of the Series 2 Preferred Shares are entitled to receive, subject to certain exceptions, a fixed, cumulative dividend per preferred share equal to 3% of the issue price per annum and are redeemable by the Company, at its option, on or after March 31, 2014 at the issue price plus all accrued and unpaid dividends.

Subsequent events

On November 14, 2008, the Corporation announced that it is proceeding with a nonbrokered, non-arms' length private placement (the "Offering") consisting of the issuance of Series 3 convertible preferred shares (the "Preferred Shares") to ONCAP II, L.P. and/or its affiliates (collectively "ONCAP") on a private placement basis. Although the final details of the Offering have not yet been confirmed, it is conceivable that Preferred Shares may also be issued to André Héroux, the President and Chief Executive Officer of the Corporation and Mario Saucier, the Chief Financial Officer of the Corporation (collectively, the "Management Purchasers"). ONCAP and the Management Purchasers are collectively referred to herein as the "Purchasers". The proceeds of the Offering will be used to repay existing indebtedness, to recapitalize the Corporation and to pay the costs associated with the Offering.

As previously announced, the Company's financial difficulties resulted in the breach of the Company's financial covenants in its senior credit agreement. The Company received two waivers of these breaches in order to provide the Company the required time to renegotiate its credit agreements. Following negotiations with its senior lenders, the Company has been requested to refinance its balance sheet with at least \$15,000,000 of additional capital. With this additional capital the Banks have agreed to suspend the Company's financial covenants until the third quarter of 2009 and adjust the financial covenants for the third and fourth quarter of 2009. Following this investment the prime loan shall be repaid by \$10,000,000 and the revolving activities shall be repaid by at least \$5,000,000. Until the fiscal quarter ending September 2009,

the financial covenants will be suspended, but the Company shall maintain a minimum EBITDA. Subsequent to this period, a Senior Funded Debt to EBITDA ratio shall be maintained.

To meet the additional capital required by the Company's senior lenders, the Corporation plans to issue to the Purchasers an aggregate maximum of \$18,000,000 of Preferred Shares. To the extent Preferred Shares are issued to Purchasers other than ONCAP, ONCAP will backstop the Offering with a minimum total investment of \$17,000,000. Preferred Shares will not be issued to non-insiders of the Corporation. The definitive terms of the Offering remain subject to negotiation and approval of the final form of Offering documentation.

As part of the refinancing for the next twelve months ONCAP has agreed to accept non-cash compensation instead of cash interest and dividends on its existing various investment securities in EnGlobe (consisting of (i) Units (Convertible Debentures and Series 1 Preferred Shares), (ii) Debentures and (iii) Series 2 Preferred Shares) as well as waive its previously contractually agreed right to increase the interest and dividend rates on its various existing securities in the Company. In addition, ONCAP has also agreed that the conversion price of its existing Unit investment from March 2006 will be fixed at the initial conversion price of \$0.323 per share (subject to customary anti-dilution adjustments) and that it will waive its previously contractually agreed right to reduce its conversion price as a result of an Indemnity Event as defined in the March 2006 Unit investment agreement.

The Preferred Shares will be non-voting securities and convertible at any time by the holders thereof on the basis of one Preferred Share for each common share of the Corporation ("Common Shares"). Holders of the Preferred Shares are entitled to receive, subject to certain exceptions, an annual dividend of 6% per annum calculated on a daily basis and payable quarterly at the Corporation's option in cash or additional equivalent value Preferred Shares. All Preferred Shares will be convertible at ONCAP's option at any time into freely tradable Common Shares at a conversion price of \$0.10 per Common Share (subject to customary anti-dilution adjustments)

The Offering will not materially affect control of the Corporation. ONCAP currently holds 24,636,937 Common Shares representing 28.4% of EnGlobe's currently issued and outstanding Common Shares. In addition, ONCAP currently holds series 1 convertible preferred shares, series 2 convertible preferred shares, Class A debentures and Class B debentures which, if converted, would entitle ONCAP to an additional 71,212,618 Common Shares (representing 60.5% on a fully diluted basis). As a result of the Offering, ONCAP will hold or be entitled to 276,649,555 Common Shares representing, approximately 79.2% of the issued and outstanding Common Shares.

André Héroux, the President and Chief Executive Officer of the Corporation, and Mario Saucier, the Chief Financial Officer of the Corporation, each currently hold no Common Shares.

The Offering is being made on a non-arms' length basis and will constitute a related party transaction under securities laws. ONCAP II, L.P., Mr. André Héroux, and Mr. Mario Saucier are

currently insiders of the Corporation. The Corporation does not intend to obtain a valuation or majority of the minority shareholder approval but will instead rely on exemptions from such requirements available under Multilateral Instrument 61-101 and from the security holder approval requirements of the TSX in Subsection 604(e) of the TSX Company Manual available in situations of financial hardship. In this regard, the Corporation's board of directors, and a committee of its independent directors, acting in good faith, have determined that (i) the Corporation is in serious financial difficulty; (ii) the proposed transaction has been designed to improve the Corporation's financial situation; (iii) the terms of the Offering are reasonable in the circumstances.

The TSX has accepted notice of this private placement subject to receiving customary documentation. The transaction is expected to close prior to December 31, 2008 but no sooner than ten days from dissemination of this press release. The securities issuable pursuant to the Offering will be subject to applicable regulatory hold periods.

RISKS THAT COULD AFFECT OUR BUSINESS

As stated above, risks that could cause our actual results to materially differ from our current expectations include, but are not limited to:

- Negotiating with the lenders of term loan modify its terms and covenants;
- General industry and economic conditions;
- Changes in our relationships with suppliers;
- Pricing pressures and other competitive factors;
- The availability and costs of fuels and utilities;
- The results of our ongoing efforts to improve cost effectiveness;
- Changes in legislative and regulatory requirements affecting our business;
- General uncertainty associated with operating in a highly regulated environment;
- Costs and risks associated with litigation;
- Potential changes to the mix of businesses we operate;
- Reliance on key personnel;
- The availability of future financing and the variability of interest rates, and
- Changes in exchange rates between the Canadian dollar, the U.S. dollar, British Sterling and the Euro.

Should one or more of these risks materialize, or should our underlying assumptions prove incorrect, our actual results may materially differ from our current expectations. Therefore, in evaluating forward-looking statements, readers should specifically consider the various factors that could cause our actual results to materially differ from such forward-looking statements. No change occurred during the period, please refer to the Risk Factors section of our Annual Information Form for the year ended December 31, 2007 for a more detailed description for risks that could affect our business.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure controls and procedures

Multilateral Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators ("CSA") requires Chief Executive Officers ("CEOs") and Chief Financial Officers ("CFOs") to certify that they are responsible for establishing and maintaining disclosure controls and procedures for the issuer, that disclosure controls and procedures have been designed to provide reasonable assurance that material information relating to the issuer is made known to them, and that their conclusions about the effectiveness of those disclosure controls and procedures at the end of the period covered by the relevant annual filings have been disclosed by the issuer.

EnGlobe's CEO and CFO has evaluated the effectiveness of the Company's disclosure controls and procedures as at September 30, 2008 and the current controls and procedures provide reasonable assurance that material information relating to the issuer is made known. The Company is also committed on a continuing basis to improve the design of its disclosure controls through the formalization of a disclosure policy that clarifies the authority, responsibility and accountability of all employees of the Company for various disclosures and reporting requirements. Other than this codification of practice, we have concluded that the Company's disclosure controls and procedures were designed effectively for the interim period then ended.

Internal controls over financial reporting

Multilateral Instrument 52-109 also requires CEOs and CFOs to certify that they are responsible for establishing and maintaining internal controls over financial reporting for the issuer, that those internal controls have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP, and that the issuer has disclosed any changes in its internal controls during its most recent interim period that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

The Company has experienced significant transformational changes during fiscal year 2007 and 2008. Since the acquisition of Biogénie in November 2006, the Company's finance area has been reorganized and the integration of financial reporting and transition to new systems has been ongoing. The OWM division, due to operational challenges it currently faces, will be subject to detailed review in the upcoming months to improve the effectiveness of the internal control. Through the transition, management has mitigated the risk, by parallel manual procedures and detective controls, weekly management meetings and monthly reviews of financial statements by the operating divisions.

Based upon the existing internal controls of the Company and evaluations conducted to date by the Company, the Company can provide reasonable assurance regarding the preparation of its financial statements in accordance with GAAP. The Company is committed to improving its internal control environment in line with its organizational changes

OTHER

Additional information relating to the Company financial statements is available in the Annual Information Form at www.sedar.com.