PLEASE READ THIS MATERIAL CAREFULLY AS YOU ARE REQUIRED TO MAKE A DECISION PRIOR TO 4:00 P.M. (TORONTO TIME) ON OCTOBER 28, 2004.

This offering of securities is made in the provinces of British Columbia, Alberta, Ontario and Quebec and certain jurisdictions outside of Canada, but not the United States of America. The offering is not, and under no circumstances is it to be construed as, an offering of any securities for sale anywhere other than British Columbia, Alberta, Ontario and Quebec and those jurisdictions where it can lawfully be made or a solicitation therein of any offer to buy any securities of Intrinsyc Software International, Inc. The tradeability of the securities and any securities into which such securities may be converted into is subject to the securities legislation in effect in the jurisdiction where the holder is resident. The registered and head office of Intrinsyc Software International, Inc. is located at 700 West Pender Street, 10th Floor, Vancouver, BC, V6C 1G8, Tel: (604) 801-6461, Fax: (604) 801-6417.

These securities have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the "U.S. Securities Act") or any state securities law and may not be offered or sold in the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available and this Circular does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States.

Rights Offering Circular **September 23, 2004**

INTRINSYC SOFTWARE INTERNATIONAL, INC.

OFFER OF RIGHTS TO SUBSCRIBE FOR COMMON SHARES

SUMMARY OF RIGHTS OFFERING

The following is a summary of certain information contained in this Circular and is qualified in its entirety by the more detailed information contained elsewhere in the Circular. Capitalized terms used and not defined herein have the meanings ascribed to such terms elsewhere in the Circular.

OFFERING:	44,986,975 Rights
NUMBER OF RIGHTS:	One Right for each Common Share held on the Record Date.
SUBSCRIPTION PRICE:	$0.50 per Common Share
BASIC SUBSCRIPTION PRIVILEGE:	Subject to the terms hereof each holder of record of Common Shares, at the close of business on the Record Date, is entitled to receive one Right for each Common Share then held. Four (4) Rights will entitle the holder to subscribe for one (1) Common Share at the Subscription Price.
ADDITIONAL SUBSCRIPTION PRIVILEGE:	Each holder of a Rights Certificate who exercises all of the Rights evidenced by such certificate may subscribe, at the Subscription Price, for additional Common Shares, if any, available as a result of unexercised Rights (see "Details of the Offering – Additional Subscription Privilege").
RECORD DATE:	October 5, 2004
TIME AND DATE OF EXPIRY:	4:00 p.m. (Toronto time) on October 28, 2004.
MAXIMUM NUMBER OF COMMON SHARES ISSUABLE:	11,246,743 Common Shares (subject to adjustment for rounding).

PROCEEDS:	Assuming full exercise of the Rights, the gross proceeds of this offering will be approximately $5,623,371 before deducting expenses of the offering of approximately $600,000. The net proceeds of this offering will be used to supplement general working capital and fund operating activities including ongoing development and production of the Corporation's products. There is no minimum offering size.
LISTING:	The rights are listed on The Toronto Stock Exchange and will be posted for trading until 12:00 noon (Toronto time) on October 28, 2004. The Toronto Stock Exchange has approved the listing of the Common Shares issuable on the exercise of the Rights.
SOLICITING DEALER:	The Corporation has retained Standard Securities Capital Corporation (the "Soliciting Dealer") to form and manage a soliciting dealer group to solicit subscriptions for Common Shares pursuant to the exercise of Rights. The Corporation will pay to the Soliciting Dealer at the Expiry Time a management fee of $200,000, a solicitation fee of $0.015 for each Common Share, including Additional Common Shares issued, for which a subscription from the Rights holder is procured, less a solicitation fee of $0.0075 for each Common Share for which a subscription for Rights is procured by members of the soliciting dealer group, which amount shall be paid to such dealers, subject to a minimum fee of $50 in respect of each such Rights holder.

TO THE HOLDERS OF COMMON SHARES OF INTRINSYC SOFTWARE INTERNATIONAL, INC.:

Intrinsyc Software International, Inc. ("Intrinsyc" or the "Corporation") is issuing rights (the "Rights") to the holders of record (the "Shareholders") of its outstanding common shares (the "Common Shares") at the close of business on October 5, 2004 (the "Record Date"). Each holder of a Common Share has been issued one Right for each Common Share held at the close of business on the Record Date. Four (4) Rights entitle the holder to subscribe for one Common Share at a price of $0.50 per Common Share (the "Basic Subscription Privilege"). Fractional Common Shares will not be issued. Holders of Rights that exercise their Rights in full are entitled to subscribe for additional Common Shares ("Additional Shares") pursuant to the Additional Subscription Privilege described in this Circular (see "Details of the Offering - Additional Subscription Privilege"). The Rights expire at 4:00 p.m.(Toronto time) on October 28, 2004 (the "Expiry Time"). A transferable certificate (the "Rights Certificate") evidencing the total number of Rights to which a shareholder is entitled has been sent with this Circular to each shareholder resident in British Columbia, Alberta, Ontario and Quebec, (the "Qualifying Jurisdictions"), and certain other jurisdictions outside of Canada, excluding the United States. To subscribe for Common Shares, a completed Rights Certificate and payment in full of the Subscription Price must be received by Computershare Trust Company of Canada (the "Subscription Agent") prior to the Expiry Time. **Rights not exercised prior to the Expiry Time will be void and of no value.**

Rights Certificates will not be sent to shareholders who are residents of any jurisdiction other than Qualifying Jurisdictions and certain other jurisdictions outside of Canada, excluding the United States. The Rights which these Shareholders resident outside of the Qualifying Jurisdictions would otherwise be entitled to receive will be sold on the open market to the extent possible and the net proceeds thereof will be forwarded to such Shareholders (see "Details of the Offering - Non-Participating Shareholders").

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY SECURITIES COMMISSION OR SIMILAR REGULATORY AUTHORITY IN CANADA OR THE UNITED STATES. ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

IF A SHAREHOLDER ELECTS NOT TO EXERCISE ITS RIGHTS, THE VALUE OF THE COMMON SHARES HELD BY IT AS OF THE DATE HEREOF MAY BE DILUTED AS A RESULT OF THE EXERCISE OF RIGHTS BY OTHER SHAREHOLDERS.

Inquiries relating to the Offering should be addressed to:

Intrinsyc Software International, Inc.
10th Floor, 700 West Pender Street
Vancouver, B.C.
V6C 1G8

Telephone:	(604) 801-6461
Attention:	Andrew Morden
(e-mail:	invest@intrinsyc.com)

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DETAILS OF THE OFFERING

Rights and Certificates

Each registered holder of outstanding common shares of the Corporation (the "Common Shares") is entitled to one Right for each Common Share held at the close of business on the Record Date. Four Rights entitle the holder thereof to purchase one Common Share at the price of $0.50, subject to the terms set out in this Circular. Accordingly, an aggregate of 44,986,975 Rights will be issued to the holders of the Common Shares, which Rights will be exercisable into an aggregate of 11,246,743 Common Shares. Fractional Common Shares will not be issued upon the exercise of Rights. Each registered holder of a Rights Certificate which evidences a number of rights not evenly divisible by four will be entitled to subscribe for the next lowest whole number of Common Shares.

Rights are evidenced by fully transferable certificates (the "Rights Certificates"). A Rights Certificate evidencing the total number of Rights to which a shareholder is entitled has been delivered with a copy of this Circular to each Shareholder resident in the Qualifying Jurisdictions. A Rights Certificate will be sent to certain shareholders resident outside of the Qualifying Jurisdictions if such Shareholder provides evidence satisfactory to the Corporation in its sole discretion that the issuance of the Rights and the Common Shares issuable upon exercise of the Rights complies with laws applicable to such Shareholder (see "Details of the Offering – Non-Participating Shareholder"). Shareholders will be presumed to be resident in the place of their registered address unless the contrary is shown to the satisfaction of the Corporation. Holders of Rights Certificates who exercise their Rights in full are also entitled to subscribe for Additional Shares (see "Details of the Offering - Additional Subscription Privilege"). **Subscriptions will only be accepted from shareholders who are resident in the Qualifying Jurisdictions and those jurisdictions where the Offering can lawfully be made**. Shareholders resident outside the Qualifying Jurisdictions should see "Details of the Offering - Non-Participating Shareholders" for the process to participate in the Offering. No minimum level of exercise of Rights is required. A Right does not entitle the Rights holder to any rights whatsoever as a shareholder of the Corporation.

Purchase and Sale of Rights

The Rights are listed on The Toronto Stock Exchange (the "TSX"). Trading in the Rights on the TSX will terminate at 12:00 noon (Toronto time) on October 28, 2004. The Rights evidenced by Rights Certificates may be transferred to others by delivery of such Rights Certificates, provided that the assignment form (Form 3) on the face of the Rights Certificate has been duly executed by the registered holder (see "How to Use the Rights Certificate - To Sell or Transfer Rights - Form 3"). Rights may be bought or sold through any registered investment dealer or broker in the Qualifying Jurisdictions.

Payment of any service charge, commission or other fee payable in connection with the exercise or trade of Rights (other than the fee for the services to be performed by the Subscription Agent referred to under "Details of the Offering - Subscription Agent and Subscription Office" and the fee to be paid by the Corporation described under "Soliciting Dealer") shall be the responsibility of the Rights holder.

Expiry of Rights

The Rights will expire at 4:00 p.m. (Toronto time) on October 28, 2004 (such time on such date being herein referred to as the "Expiry Time"). **Rights not exercised prior to the Expiry Time will be void and of no value.**

Additional Subscription Privilege

A Shareholder that exercises all of its Rights may be able to purchase more Common Shares in respect of Rights that are not exercised by other Shareholders. A Rights Certificate holder who has fully exercised his or her Rights (by subscribing for all of the Common Shares to which such Rights Certificate entitles him or her) may subscribe for additional Common Shares at a subscription price of $0.50 per Common Share (the "Additional Subscription Privilege") to be allotted from the Common Shares, if any, not subscribed for by other Shareholders pursuant to the Basic Subscription Privilege.

The number of Common Shares available for the Additional Subscription Privilege will be the difference, if any, between the total number of Common Shares available pursuant to the Basic Subscription Privilege (**[11,246,743]** Common Shares), and the total number of Common Shares subscribed for pursuant to the Basic Subscription Privilege.

If the aggregate number of Additional Common Shares subscribed for pursuant to the Additional Subscription Privilege exceeds the number of available Additional Common Shares, each subscriber will receive their pro rata share of the Additional Common Shares, unless they subscribed for fewer shares.

The pro-rata allocation of Additional Common Shares will be computed as follows. The number of Additional Common Shares allocated to each subscriber under the Additional Subscription Privilege will be the lesser of:

(i) the number of Common Shares subscribed for by the holder under the Additional Subscription Privilege; and

(ii) the product (disregarding fractions) obtained by multiplying the aggregate number of Common Shares available through unexercised Rights by a fraction, the numerator of which is the number of Rights previously exercised by the holder and the denominator of which is the aggregate number of Rights previously exercised by all of the holders of Rights who have subscribed for Common Shares under the Additional Subscription Privilege.

Any unexercised Rights shall be allocated on a pro rata basis to holders who subscribe for Additional Common Shares based on the Additional Subscription Privilege up to the number of Additional Common Shares subscribed for by a particular holder.

Subscription funds in respect of the Additional Subscription Privilege received by the Subscription Agent or the Corporation will be placed in a segregated account pending allocation of the Additional Common Shares, if any, in the manner described above, and any subscription funds in excess of the aggregate Subscription Price of such additional allocations shall be returned by mail without interest or deduction. As soon as practicable after the Expiry Date, the Subscription Agent will send to each subscriber under the Additional Subscription Privilege a notice specifying the number of Additional Common Shares which such subscriber has purchased and the aggregate subscription price of such Additional Common Shares. At the same time, the Subscription Agent will return to the subscriber any excess subscription funds paid by the subscriber in respect of the Additional Subscription Privilege.

Non-Participating Shareholders

The Rights are being offered only in the provinces of British Columbia, Alberta, Ontario and Quebec and those jurisdictions where this offering can lawfully be made. The issue of the Rights is not qualified under the securities laws of any jurisdiction other than the Qualifying Jurisdictions. The securities of the Corporation, including the Rights, the Common Shares issuable on the exercise of the Rights, and the Rights Certificates, are not registered under the Securities Act of 1933, as amended, of the United States. This offering is not being made in the United States nor in any province or territory of Canada other than the Qualifying Jurisdictions and under no circumstances is it to be construed as an offering of any securities for sale in or to a national or resident of the United States or any such province or territory or a solicitation therein of an offer to buy any securities. Accordingly, subject to the exception described below, Rights Certificates may not be held directly by, and subscriptions for Common Shares will not be accepted from or on behalf of, Shareholders whose addresses of record are in the United States or any jurisdiction other than a Qualifying Jurisdiction, or other persons who the Corporation or the Subscription Agent referred to below has reason to believe are nationals or residents of the United States or any jurisdiction other than a Qualifying Jurisdiction (collectively, “Non-Participating Shareholders”).

Notwithstanding the foregoing, Shareholders who are not resident in British Columbia, Alberta, Ontario or Quebec who provide an opinion from counsel and in a form satisfactory to the Corporation, or other evidence satisfactory to the Corporation, in each case in the Corporation’s sole discretion, that the receipt by such Shareholder and the issuance to them of Common Shares upon the exercise of the Rights will not be in violation of the laws of their jurisdiction of residence will receive a Rights Certificate and will be allowed to exercise the Rights (the “Qualified Shareholders”).

Rights Certificates will not be sent to Non-Participating Shareholders other than the Qualified Shareholders. Instead, the Non-Participating Shareholders will be sent a letter advising them that their Rights Certificates will be issued to and held by the Subscription Agent, who will hold the same and the Rights evidenced thereby as agent for the benefit of all Non-Participating Shareholders. Instructions as to the sale, transfer or exercise of such Rights Certificates will not be accepted from such Shareholders, however if a Non-Participating Shareholder does not wish its Rights to be sold it may advise the Subscription Agent, in writing, and provided such instructions are received prior to the sale of such Rights, such Rights will not be sold and will instead expire, unexercised and be void and of no value. The Rights evidenced by such Rights Certificates will be sold by the Subscription Agent, on behalf of all such respective holders. The Subscription Agent will act in its capacity as agent of the Non-Participating Shareholders on a best efforts basis only and neither the Corporation nor the Subscription Agent will accept responsibility for the price obtained on the sale or the inability to sell the Rights on behalf of any Non-Participating Shareholder.

A registered shareholder whose address of record is outside the Qualifying Jurisdictions but who holds Common Shares on behalf of a holder who is eligible to participate in this Rights Offering must notify the Corporation, in writing, if such beneficial holder wishes to participate in this Rights Offering. The Subscription Agent will hold the Rights until October 20, 2004, in order to give Shareholders an opportunity to provide written notice to the Corporation showing that such Shareholders are not Non-Participating Shareholders, and to claim their Rights from the Subscription Agent.

After October 20, 2004, the Subscription Agent will attempt to sell prior to the Expiry Time all Rights held for the benefit of the Shareholders on such date or dates and at such price or prices as the Subscription Agent determines in its sole discretion. The Subscription Agent's ability to sell such Rights, and the price obtained therefore, are dependent on market conditions. The Subscription Agent shall not be subject to any liability for failure to sell any Rights of Non-Participating Shareholders at a particular price, or on a particular day, or at all.

The net proceeds received by the Subscription Agent from the sale of such Rights will, subject to certain limitations discussed below, be divided among the Non-Participating Shareholders pro rata according to the number of Rights to which they would have otherwise been entitled to receive on the Record Date. The Subscription Agent will mail cheques therefore in Canadian funds after the expiry of the Rights in an amount equal to the proceeds of such sale (net of reasonable expenses) to the Non-Participating Shareholders at their addresses appearing on the records of the Corporation.

The Subscription Agent will mail cheques to such Non-Participating Shareholders at their addresses appearing on the records of the Corporation as soon as is reasonably possible after the Expiry Date, provided that the Subscription Agent shall not be required to make payment to any Non-Participating Shareholder in the event that the amount owing to such Non-Participating Shareholder is less than $25.00, in which event such amount shall be used by the Corporation to offset a portion of the remuneration of the Subscription Agent for its services. There is a risk that the proceeds received from the sale of the Rights will not exceed the brokerage commissions. In such event, no cheques will be mailed to the Non-Participating Shareholders on whose behalf the Subscription Agent sold Rights.

Registration and Delivery of Certificates Evidencing Common Shares

Common Shares acquired through the exercise of Rights will be registered in the name of the person to whom the Rights Certificate was issued or to whom the Rights are transferred in accordance herewith. Certificates evidencing such Common Shares will be mailed as soon as practicable after the Expiry Time (or, in the case of Additional Common Shares, after payment is received) to such persons who have exercised their Rights at the address specified on the Rights Certificate.

Transfer of Rights

The Rights are transferable in accordance with applicable securities legislation by all Shareholders who are not Non-Participating Shareholders, on or prior to the Expiry Time (see "Resale Restrictions"). The transfer of the Rights may be effected through the usual investment channels, such as investment dealers and brokers. Holders of Rights Certificates may transfer their Rights by duly completing and executing the transfer (see "How to Use the Rights Certificate – To Sell or Transfer Rights").

The tradeability of the Rights and any securities into which such Rights may be converted into is subject to the securities legislation in effect in the jurisdiction where the Shareholder is resident.

Validity and Rejection of Subscription

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any subscription will be determined by the Corporation in its sole discretion, whose determination shall be final and binding. All subscriptions are irrevocable. The Corporation reserves the absolute right to reject any subscription if such subscription is not in proper form or if the acceptance thereof or the issuance of Common Shares pursuant thereto could be deemed unlawful. The Corporation also reserves the right to waive any defect with regard to any particular subscription. Neither the Corporation nor the Subscription Agent will be under any duty to give any notification of any defect or irregularity in such subscriptions nor shall either of them incur any liability for failure to give such notification.

Subscription Agent and Subscription Office

Computershare Trust Company of Canada at its offices located at 9th Floor, 100 University Ave. Toronto ON, M5J 2&1 Att: Corporate Actions (the "Subscription Office") has been appointed as the Corporation's subscription agent (the "Subscription Agent") to receive subscriptions and payments from holders of Rights Certificates and to perform the services relating to the exercise of the Rights, including the issuing of certificates evidencing Common Shares for which subscriptions have been received. The Corporation will pay for all such services of the Subscription Agent.

Computershare Trust Company of Canada at its offices located in Vancouver and Toronto is the registrar and transfer agent of the Corporation's Common Shares issuable upon exercise of the Rights.

Dividing Rights

Rights Certificates evidencing two or more Rights may be divided by delivering them with the division form (Form 4) on the face of the Rights Certificate duly executed to the Subscription Office (see "How to Use the Rights Certificate - To Divide or Combine the Rights Certificate - Form 4"). The Subscription Agent will subsequently issue new Rights Certificates representing the same aggregate number of Rights, divided as the holder has requested. These requests should be made before the Expiry Time to allow new Rights Certificates to be issued before the Rights expire.

Resale Restrictions

Securities legislation in the Qualifying Jurisdictions in Canada restricts the ability of a holder to trade the Rights and Common Shares issued on exercise of the Rights (collectively, the "Securities"), without certain conditions having been fulfilled or applicable prospectus requirements having been complied with. The following is a general summary of the foregoing provisions governing the first trades in the Securities in the jurisdictions in Canada in which this offering is being made. Additional restrictions apply to "insiders" of the Corporation and holders of securities who are "control persons" or the equivalent or who are deemed to be part of what is commonly referred to as a "control block" in respect of the Corporation for purposes of applicable securities legislation. **However, each holder is urged to consult his professional advisors to determine the exact conditions and restrictions applicable to such right to trade in Securities.**

Generally, the first trade in the securities issued in reliance upon the prospectus exemptions of applicable Canadian securities legislation is exempt from the prospectus requirements of such legislation if: (a) the corporation is and has been a "reporting issuer" in a jurisdiction of Canada for the four months immediately preceding the trade; (b) the trade is not a distribution from the holdings of a "control person" of the corporation as defined in applicable securities legislation; (c) no unusual effort is made to prepare the market or to create a demand for the securities; (d) no extraordinary commission or consideration is paid in respect of such trade; and (e) if the seller is an insider or officer of the corporation, the seller has no reasonable grounds to believe that the corporation is in default of applicable securities legislation. The Corporation has been a reporting issuer for more than four months in the provinces of British Columbia, Alberta and Ontario. Holders of the Securities issued in reliance upon applicable exemptions from prospectus requirements in the Qualifying

Jurisdictions in Canada will be permitted to freely trade their Securities so long as the foregoing conditions are met or must rely on other exemptions under applicable securities legislation in order to effect trades of the Securities.

In Quebec, pursuant to local securities legislation, the alienation of the Rights or the Common Shares issued upon the exercise of the Rights may occur if: (a) the corporation is a "reporting issuer" in Quebec and has complied with the applicable reporting issuer requirements for the twelve months immediately preceding the alienation; and (b) no effort is made to prepare the market or to create a demand for the Securities. The Corporation has been a reporting issuer for more than twelve months in the province of Quebec. Holders of the Securities issued in reliance upon the exemption from prospectus requirements in Quebec will be permitted to freely trade their Securities so long as the foregoing conditions are met or must rely on other exemptions under applicable securities legislation in order to effect trades of the Securities.

Neither the Rights nor the Common Shares issuable on exercise of the Rights have been and nor will they be registered under the *United States Securities Act of 1933*, as amended, and they may not be offered or re-offered or sold or re-sold within the United States except pursuant to an exemption from the registration requirements of the *United States Securities Act of 1933*, as amended.

Rights offered within a jurisdiction other than British Columbia, Alberta, Ontario, and Quebec as well as the Common Shares issuable on exercise of such Rights, may be subject to hold period restrictions and/or other requirements of applicable securities legislation in such jurisdiction.

Shareholders who are residents of jurisdiction other than British Columbia, Alberta, Ontario and Quebec should seek independent legal advice with respect to the hold period restrictions and/or other requirements of the applicable securities legislation in their jurisdiction of residence.

Enquiries

Enquiries relating to this offering should be directed to Mike Bignell, at Standard Securities Capital Corporation, on behalf of the Soliciting Dealer, telephone (416) 515-0505.

HOW TO USE THE RIGHTS CERTIFICATE

General

By completing the appropriate form on the Rights Certificate in accordance with the instructions outlined below and on the Rights Certificate, a holder may:

(a) subscribe for Common Shares (Form 1);
(b) subscribe for Additional Common Shares (Form 2);
(c) sell or transfer Rights (Form 3); and/or
(d) divide or combine the Rights Certificate (Form 4).

Unexercised Rights

A Rights Certificate holder that completes Form 1 so as to exercise some but not all of the Rights evidenced by such Rights Certificate shall be deemed to have elected not to exercise the balance of such Rights and such balance shall be void and of no value. If a Rights Certificate holder fails to surrender his or her Rights Certificate to the Subscription Agent prior to the Expiry Time as described above, surrenders his or her Rights Certificate but fails to complete Form 1 or Form 2 on the Rights Certificate, or fails to make payment of the Subscription Price as described above in respect of any Common Shares for which he or she elects to subscribe, such holder will be deemed to have elected to waive the Rights represented by such Rights Certificate (or such portion thereof in respect of which he or she has failed to make payment) and such Rights will be void and of no value.

Signatures

When one or more of the forms on the Rights Certificate is signed by the original holder, the signature must correspond exactly with the name of the holder shown on the face of the Rights Certificate. If a form is signed by a trustee, executor, administrator or officer of a corporation or any person acting in a fiduciary or representative capacity, the Rights Certificate must be accompanied by evidence of authority to so sign satisfactory to the Subscription Agent.

To Subscribe for Common Shares - Form 1

Four (4) Rights and the Subscription Price are required to subscribe for one Share (the "Basic Subscription Privilege"). The holder of a Rights Certificate may subscribe for all or any lesser number of Common Shares to which the Rights Certificate entitles such holder by completing Form 1 and delivering the Rights Certificate and the Subscription Price for such Common Shares to the Subscription Agent at the Subscription Office described under "Subscription Agent and Subscription Office". The Subscription Price is payable in Canadian funds by certified cheque, bank draft or money order payable to the order of Computershare Trust Company of Canada. All payments, together with the duly completed Rights Certificate, must be delivered to the Subscription Agent prior to the Expiry Time. **The method of delivery of a subscription is at each holder's discretion and risk. Delivery to the Subscription Agent will only be effective when the subscription is actually received by the Subscription Agent at the Subscription Office.** If mail is used for delivery of a subscription, sufficient time must be allowed to avoid late delivery, and registered mail is suggested. **Completion of Form 1 constitutes a representation that the Rights Certificate holder is not a Non-Participating Shareholder or the agent of any such person.**

To Apply for Additional Common Shares - Form 2

A Rights Certificate holder who subscribes for all of the Common Shares to which a Rights Certificate entitles such holder, pursuant to the Basic Subscription Privilege, may subscribe for Additional Common Shares (at the Subscription Price) by completing Form 2 specifying the number of additional Common Shares desired. If there should be insufficient Common Shares available to satisfy the subscriptions for Additional Common Shares, the number of Common Shares, if any, available to an applicant for Additional Common Shares will be equal to the lesser of (a) the number of Common Shares which the applicant has subscribed for under the Additional Subscription Privilege, and (b) the number (disregarding fractions) obtained by multiplying the number of Additional Common Shares by a fraction the numerator of which is the number of Common Shares to which such holder's Rights Certificate relates and the denominator of which is the aggregate number of Rights exercised under the Basic Subscription Privilege by all participants in the Additional Subscription Privilege.

Rights holders are to forward payment in full for Additional Common Shares subscribed for in Form 2 with the completed Rights Certificates to the Subscription Agent at the Subscription Office. The Subscription Price for Additional Common Shares is payable in Canadian funds by certified cheque, bank draft or money order payable to the order of Computershare Trust Company of Canada. All payments together with the duly completed Rights Certificate must be delivered to the Subscription Agent prior to the Expiry Time.

If there should be insufficient Common Shares available to satisfy the subscriptions for Additional Common Shares then, the excess Subscription Price delivered with respect to Common Shares that are unavailable shall be returned, without interest, to Rights holders as soon as practicable after the Expiry Time.

To Sell or Transfer Rights - Form 3

A Rights Certificate holder may, rather than exercising such holder's Rights to subscribe for Common Shares, sell or transfer such Rights personally or through registered dealers by completing the transfer on Form 3 on the face of the Rights Certificate and delivering the Rights Certificate to a purchaser (the "Transferee"). The Transferee may exercise all the Rights of such a holder without obtaining a new Rights Certificate. If a Rights Certificate is transferred in blank, the Corporation and the Subscription Agent may thereafter treat the bearer as the absolute owner of such Rights Certificate for all purposes and neither the Corporation nor the Subscription Agent shall be affected by any notice to the contrary.

The signature of the transferring Rights Certificate holder on Form 3 must be guaranteed by a Canadian bank or trust company or a Medallion Signature Guarantee by a member of a recognized Medallion Signature Guarantee program or otherwise to the satisfaction of the Subscription Agent. The signature of the Transferee on any one or more of the forms on the Rights Certificate must correspond exactly with the name of the Transferee shown on Form 3.

If less than all of the Rights evidenced by a Rights Certificate are to be sold or transferred, Form 4 should be completed and the Rights Certificate divided accordingly (see "To Divide or Combine the Rights Certificate - Form 4").

To Divide or Combine the Rights Certificate - Form 4

A Rights Certificate may be divided or combined with other Rights Certificates by completing Form 4 and delivering the Rights Certificate to the Subscription Agent. The Subscription Agent will then issue new Rights Certificates in such denominations (totalling the same number of Rights as evidenced by the Rights Certificate being divided or combined, less any Rights which are being exercised by the holder as evidenced by a completed Form 1) as are requested by the holder. Rights Certificates must be surrendered for division or combination so as to permit the new Rights Certificates to be issued to and used by the holder prior to the Expiry Time.

Registration and Delivery of Share Certificates

Common Shares acquired through the exercise of Rights, including Additional Common Shares, will be registered in the name of the person to whom the Rights Certificate was issued or such holder's Transferee, if any, indicated on the Rights Certificate. Certificates evidencing Common Shares will be mailed as soon as practicable after the Expiry Time to such person or Transferee at the address specified on the Rights Certificate.

MANAGING AND SOLICITING DEALER

Pursuant to the terms of a rights offering solicitation agreement (the "Solicitation Agreement") dated as of September 22, 2004 between the Corporation and Standard Securities Capital Corporation (the "Manager"), the Manager has agreed to act as soliciting dealer for the purpose of soliciting the exercise of Rights in the Qualified Jurisdictions. The Corporation will pay to the Manager a work fee of $200,000 and a cash fee equal to 3% of the aggregate gross proceeds from the exercise of Rights, less the aggregate amount paid by the Corporation to the members of the soliciting dealer group other than the Manager. The Manager will also be reimbursed for its reasonable costs and expenses incurred in connection with the services provided by it under the Solicitation Agreement.

The Manager has the right to form a soliciting dealer group consisting of other registered securities dealers. The Corporation will pay to the members of the soliciting dealer group (excluding the Manager) a commission of $0.0075 for each Common Share issued pursuant to the exercise of Rights for which a subscription is procured by them. No commission will be payable in respect of the exercise of Rights for less than 6,667 Common Shares by or on behalf, or for the account of any beneficial holder.

INTENTIONS OF INSIDERS OF INTRINSYC

As at the date of this circular to the knowledge of the Corporation no shareholder, directly or indirectly owns or controls greater than 10% of the issued and outstanding shares. The Directors and Officers of the Corporation directly and indirectly own 746,790 common shares or approximately 1.7% of the shares issued and outstanding as at September 22, 2004. In response to the Corporation's inquiries, these insiders have expressed the intent to exercise the Rights attached to 514,400 of these shares.

USE OF PROCEEDS

Assuming full exercise of the Rights, the gross proceeds of this offering will be approximately $5,623,371 before deducting expenses of the offering of approximately $600,000. The Company intends to use the net proceeds of the offering to supplement general working capital and fund operating activities including ongoing development and production of new products, or new versions of existing products, in the mobility and inter-operability market segment. There is no minimum number of subscriptions required to complete this offering.

INCOME TAX CONSIDERATIONS

The income tax consequences of acquiring, holding or disposing of a Right, or the Common Shares acquired upon exercise of a Right, may vary according to the status of the investor, the jurisdiction in which he or she resides or carries on business, and his or her own particular circumstances.

Each Shareholder should seek independent advice regarding the tax consequences of acquiring, holding and disposing of Rights, or the Common Shares acquired upon the exercise of a Right, based on his or her own particular circumstances.

INTRINSYC SOFTWARE INTERNATIONAL, INC.

Business of the Corporation

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

The Corporation

The Corporation engineers products, software and solutions that allow customers to create, link and manage pervasive networks of specialized intelligent devices. The Corporation utilizes its diverse knowledge and intellectual property base to build enterprise-to-device connectivity and data processing solutions for Original Equipment Manufacturers ("OEMs"), Wireless Device manufacturers and network operators and providers of networked enterprise applications. Sample customers and markets include: vendors of industrial and building automation and security and surveillance applications; telecom/data-com providers; mobile phone manufacturers and network operators; financial institutions; software developers and application service providers; medical device and consumer electronic manufacturers and other OEMs. The Corporation's products and services help bring new Internet-enabled specialized intelligent devices and their applications to market in a timely fashion. The Corporation has commercialized product and service offerings that support processors from Intel Corporation, Motorola, Inc., IBM, Texas Instruments and Hitachi America, Ltd. The Corporation supports multiple embedded operating systems including Linux, Symbian as well as Microsoft Corporation operating systems, including Windows CE, .NET, Pocket PC Smartphone edition and Embedded Windows NT.

Specialized intelligent devices are an emerging class of products with sophisticated processing power that are designed for specific computing and communications applications, leveraging the use of wireline and wireless Internet/intranet networks. Embedded computers, intelligent devices, smart phones and Personal Digital Assistants, (PDA's), are all electronic systems technically similar to general-purpose computers, but developed and deployed for use in more specific applications or environments. Intrinsyc not only develops specialized embedded computers for customers, but also networks them to one another, the Internet and enterprise computing systems as well as providing provisioning and management software to service providers. Compared to traditional PC-based computers, these new specialized intelligent devices are often less expensive and more adaptable in terms of their size, weight and shape, while still providing sophisticated computing and Internet based communications capabilities, through wired or wireless telecommunications systems. Embedded computers are being developed in response to the growing use of the Internet as a medium for communicating and transacting business, and to meet the demands of businesses and consumers for smaller and more mobile computing devices.

Many of the Corporation's products and services were initially developed for the industrial automation market which requires robust and sophisticated communications. Since many of the other Internet-enabled computing device market segments which are now developing have similar needs to the industrial automation market, the Corporation's target market has expanded to include building automation, consumer electronics, telecom/datacom, medical devices and software tool developers.

The shift towards special purpose intelligent devices, the maturation of the Internet as an everyday tool of business, the decreasing cost of 32-bit processors and memory, the convergence of disparate technology worlds and constant technology evolution are all factors which drive the market demand for embedded and Internet technologies, products and solutions.

Management and Directors

Name, Place of Residence and Position with Corporation	**Present and Principal Occupation during the last five years**	**Date of Appointment as Director**
Derek W. Spratt Vancouver, B.C. C.E.O., Director	Chief Executive Officer of the Corporation from April 14, 2003 to present; Chief Strategist of the Corporation from September 1, 2001 to April 14, 2003; Chief Executive Officer of the Corporation from April 18, 1996 to August 31, 2001; President of the Corporation from November 7, 1996 to September 6, 2000.	April 18, 1996
Vincent P. Schiralli Vancouver, B.C. President, C.O.O. Director	President and Chief Operating Officer of the Corporation from August 5, 2003 to present; Director of the Corporation, April 1, 2003 to present; President Vinsuvius International, Inc. (professional consulting company) Sept. 2002 to Present; CEO Cobra Systems Inc. (web hosting company) Feb. 2002 to Sept. 2002; COO Rodin Communications Inc. (voice and data provisioning company) Sept. 2000 to April 2001; President Communitech Technical Association Sept. 1997 to Aug. 2000.	April 14, 2003
Robert J. Gayton Ph.D, FCA West Vancouver, B.C. Director	Business Consultant from 1990 to present; Director, Western Silver Corporation, January 2004 to present; Director, Bema Gold Corporation, April 2003 to present; Director, Nevsun Resources Ltd., November 2003 to present; Vice President, Finance/Chief Financial Officer of Western Silver Corporation, January 2004 to present; Director (resource company) from October 1995 to December, 2003.	February 23, 1995
Moiz M.E. Beguwala Anaheim Hills, California Director	Senior Vice President/General Manager of Conexant Systems Inc. (communications semiconductor provider) from January 1999 to Present; Director, Skyworks Solutions Inc. (a wireless semiconductor provider) from June 2002 to present; Vice President, General Manager of Rockwell International, Semiconductor Group from August 1973 to December 1998.	September 12, 2002
George A. Duguay Toronto, Ontario Director	President of G. Duguay Services Inc., a partner of Duguay and Ringler Corporation (a corporate secretarial and delivery service for public companies) from 1988 to present. Director of Genesis Microchip Inc. since May 1993 to present. Mr Duguay is a Certified General Accountant, and an associate of the Institute of Chartered Secretaries.	April 14, 2003
Geoffrey S. Belsher Chicago, IL Director	Partner, Blake, Cassels & Graydon (U.S.) LLP.	December 5, 2003

Name, Place of Residence and Position with Corporation	Present and Principal Occupation during the last five years	Date of Appointment as Director
Glenda Dorchak Mountain View, California Director	General Manager, Consumer Electronics Group, Vice President, Desktop Platforms Group, Intel Corporation (semiconductor manufacturer) since Feb 2002. Previously Vice President and COO Intel Communications Group, Intel Corp from March 2001 to January 2002. Prior to joining Intel she was with Value America Inc. (application services provider) from 1998 to 2001, most recently as Chairman and CEO. Ms. Dorchak was with IBM Corporation and various positions from 1974 to 1998.	March 15, 2004
William K. Bryant Seattle, Washington Director	Managing Director, Envision Ventures LLC (venture capital fund) from January 2003 to present; Partner, Atlas Ventures LP (venture capital fund) from March 2001 to December 2002; Chairman of Qpass Inc. (mobile billing system supplier) June 1998 to March 2001.	March 15, 2004
Andrew Morden Vancouver, B.C. Chief Financial Officer	Chief Financial Officer of the Corporation from September 13, 2004 to present; Chief Financial Officer, Vice-President, Administration and Secretary of Digital Dispatch Systems Inc. October 2003 to September 2004; Vice-President of Financial Planning and Systems of Intrawest Corporation from July 1999 to October 2003.	N/A
David Manuel Surrey, B.C. Vice President, Engineering Services	Vice President, Engineering Services, July 1999 to present; Director of Product Development, February 1999 to July 1999; Director of Engineering and Operations for DAMOS SudAmerica (engineering company) from November 1997 to January 1999.	N/A

Recent Developments

Since September 1, 2003, , the start of the Corporation's current fiscal year, the Corporation has entered into several agreements with key suppliers and customers and undertaken a number of strategic and corporate initiatives, details of which can be found in the press releases and other public record materials filed on SEDAR and available at www.sedar.com. Selected highlights of certain developments are described below.

In October of 2003 the Corporation announced it had joined the Symbian Platinum Partner program. The Corporation has a significant group of engineers working on the Symbian operating system and membership in this program is intended to assist the Corporation in developing and providing Symbian licensees with new software solutions in the mobility arena. Also in October the Corporation announced a new telephony product, the µPhone, aimed at the mobility sector. This product is a unique suite of telephony drivers and applications that can be embedded in wireless devices based on Windows CE .NET and Windows Mobile software for Pocket PC. µPhone allows Original Equipment Manufacturers (OEMs) to create devices with custom telephony functions and provide integrated voice and data capabilities with superior usability.

In November of 2003 the Corporation announced the signing of a contract with Tiger Telematics, Inc. worth approximate $900,000 to provide application development and Windows CE .NET integration services for their advanced series of Gizmondo, (formerly Gametrac), gaming devices. The contract also includes provisions for ongoing royalties based on unit sales. Additional orders have increased the total value of this business by over $400,000. In December, 2003 and January, 2004, the Corporation announced additional new business with Johnson Controls and HHP in the traditional embedded design and device management sector. In March of 2004 the Corporation announced that it had entered into an agreement with SAP AG to license Intrinsyc's enterprise bridging software for integration into SAP's NetWeaver product.

In March 2004, the Board of the Corporation appointed two new directors, Glenda Dorchak and Bill Bryant. Both of these individuals are independent of management and have significant experience in the US technology industry.

In April 2004, the Corporation announced that it would support Intel's next generation processor and multi-media accelerator technology and would demonstrate Intel's new processor technology on a new development platform referred to as Carbonado, or the Intel 2700G multi-media accelerator reference system. This development platform is intended to provide next generation wireless PDA's and smart-phones with a fast and reliable development environment.

On April 14, 2004, the Corporation announced that it had been notified by Industry Canada that as part of an audit of the Corporation's Technology Partnerships Canada funding contract, payments of current outstanding claims would be withheld until the completion of the audit as permitted in the funding contract. On July 27, 2004 the Corporation received a notice of default from Industry Canada outlining three issues that Industry Canada believed constituted a default of the contractual provisions of the funding agreement. The notice of default required the Corporation to remedy these issues within 30 days. On August 24, 2004 the Corporation reached a settlement with Industry Canada which resolved all of the matters raised in the notice of default. The Corporation paid an amount of $568,268 on execution of the settlement and Industry Canada has agreed that all issues have been satisfactorily remedied. The Corporation expects that all outstanding claims will now be processed in the normal course of business and the Corporation's request for an extension of the funding agreement will be given due consideration by TPC. If an extension is granted the Corporation is contingently liable for a payment of 15% of any additional funding up to a maximum amount payable of $387,435. As a result of the Industry Canada settlement and the concerns arising with respect to the use of a commission based consultant the Corporation has notified the consultant that agreement between them is terminated for cause and requested repayment of commissions totalling $380,000 as settlement. An amount of $180,000 is currently due to the consultant under the agreement and the Corporation has further notified the consultant that these funds will not be paid.

In June of 2004 the Corporation amended the Intrinsyc Europe Limited, (IEL – formerly known as NMI Electronics Limited) acquisition agreement such that all remaining amounts payable, shares issuable and any and all future consideration owing to the former shareholders of IEL would be extinguished on the issuance of 4,105,727 common shares. These shares were issued on July 12, 2004.

RISK FACTORS

Due to the Corporation's stage of development, investment in securities of the Corporation may be regarded as speculative. In addition, the following factors should be considered by potential investors.

Limited Operating History

The Corporation has a limited operating history, and there can be no assurance that the Corporation's revenue will continue to grow. As at August 31, 2003, the Corporation had an accumulated deficit of $27.0 million. The Corporation's prospects must be considered in the context of its stage of development, the risks and uncertainties it faces, and the inability of the Corporation to accurately predict its operating results and the results of product development and sales and marketing initiatives. There can be no assurance that implementation of the Corporation's strategies will result in the Corporation becoming profitable.

Dependence on Market Acceptance of Internet-enabled Computing Devices

The market for specialized intelligent computing devices and provisioning software is emerging and the potential size of this market and the timing of its development are not known. As a result, the Corporation's profit potential is uncertain and the Corporation's revenue may not grow as fast as the Corporation anticipates, if at all. The Corporation is dependent upon the broad acceptance by businesses and consumers of a wide variety of specialized intelligent computing devices, which will depend on many factors, including:

- the development of content and applications for specialized intelligent computing devices;
- the willingness of large numbers of businesses and consumers to use devices such as handheld and palm-size PCs, and handheld industrial data collectors to perform functions currently carried out manually or by traditional PCs, including inputing and sharing data, communicating among users and connecting to the Internet; and

- the evolution of industry standards that facilitate the distribution of content over the Internet to these devices via wired and wireless telecommunications systems, satellite or cable.

Product Development and Technological Change

The market for the Corporation's products is characterized by rapidly changing technology, evolving industry standards and frequent new product introductions. To be successful, the Corporation will need to enhance existing products and to introduce new products and features in response to changing standards, customer requirements, and technological innovations by others. There can be no assurance that the Corporation will be successful in doing this in a timely manner or at all.

The software industry is characterized by a continuous flow of improved products which render existing products obsolete. There can be no assurance that products or technologies developed by others will not render the Corporation's products obsolete.

Lengthy Sales Cycle

The typical sales cycle of the Corporation's integrated solutions is lengthy (generally between 6 and 24 months), unpredictable, and involves significant investment decisions by prospective customers, as well as education of those customers regarding the use and the benefits of the Corporation's products and services. The purchase of the Corporation's products and services is often delayed while prospective customers conduct lengthy internal reviews and obtain capital expenditure approvals. Even after deciding to purchase the Corporation's products or services, the Corporation's customers tend, in some cases, to deploy the products slowly and deliberately depending on a variety of factors, including the skill level of the customer and the status of its own technology with which the Corporation's products are to integrate. As a result, the Corporation's quarterly financial results may vary significantly.

Microsoft May Become a Competitor

As the developer of Windows CE and .NET, Pocket PC Smartphone edition and embedded Windows NT, Microsoft Corporation could add features to its operating system that directly compete with the software products and services the Corporation provides. The ability of the Corporation's customers or potential customers to obtain software products and services directly from Microsoft Corporation that compete with the Corporation's software products and services could harm the Corporation's business.

Competition

Because of intense market competition, the Corporation may not succeed. Most of the Corporation's competitors have longer operating histories, stronger brand names and significantly greater financial, technical, marketing and other resources than the Corporation. Competitors may also have existing relationships with many of the Corporation's prospective customers, and prospective OEM customers may be developing products for their own use that are comparable to the Corporation's products. In addition, the Corporation expects competition to persist and intensify in the future, which could adversely affect the Corporation's ability to increase sales.

Additional Financing

The Corporation currently operates at a loss and uses cash to fund working capital. If adequate funds are not available when required or on acceptable terms, the Corporation may be required to delay, scale back or terminate its product development activities and sales and marketing efforts, and may be unable to continue operations. There can be no assurance that the Corporation will be able to obtain the additional financial resources required to compete in its markets on favorable commercial terms or at all. Any equity offering will result in dilution to the ownership interests of shareholders and may result in dilution of the value of such interests.

Third Party Manufacturing

The Corporation depends on third party manufacturing facilities to manufacture many of its products, which reduces the Corporation's control over the manufacturing process and exposes the Corporation to a number of significant risks, including:

- reduced control over delivery schedules, quality assurance, manufacturing yields and production costs;
- lack of guaranteed production capacity or product supply; and
- reliance on third-party manufacturers to maintain competitive manufacturing technologies.

The Corporation does not have supply agreements with its manufacturers and instead obtains manufacturing services on a purchase-order basis. The Corporation's manufacturers have no obligation to supply the Corporation with any specific product, in any specific quantity or at any specific price. If the Corporation's manufacturers were to become unable or unwilling to continue to manufacture its products in required volumes, at acceptable quality, yields and costs, or in a timely manner, the Corporation's business might be seriously harmed. As a result, the Corporation would have to attempt to identify and qualify substitute manufacturers for its current manufacturers, which could be time consuming and difficult, and might result in unforeseen manufacturing and operations problems.

Component Suppliers

Although the Corporation out-sources its manufacturing, it is responsible for procuring raw materials for its products. The Corporation's products incorporate components or technologies that are only available from single or limited sources of supply. In particular, some of the Corporation's integrated circuits are available from a single source. In the past, certain integrated circuits used by the Corporation in its products have been phased out of production. When this happens, the Corporation attempts to purchase sufficient inventory to meet its needs until a substitute component can be incorporated into the Corporation's products. Nonetheless, the Corporation might be unable to purchase sufficient inventory to meet its demands, or the Corporation might incorrectly forecast its demands and purchase too many or too few components. Further, the Corporation's products use components that have in the past been subject to market shortages and substantial price fluctuations. From time to time, the Corporation has been unable to meet its orders because it was unable to purchase necessary components for its products. If the Corporation is unable to meet existing orders or to enter into new orders because of a shortage in components, it will likely lose net revenues and risk losing customers and harming its reputation in the marketplace.

Acquisitions

The Corporation has, and from time to time in the future may, acquire businesses, products or technologies that it believes complement or expand its existing business. Acquisitions of this type involve a number of risks, including the possibility that the operations of the acquired business will not be profitable or that the attention of the Corporation's management will be diverted from the day-to-day operation of its business. An unsuccessful acquisition could reduce the Corporation's margins or otherwise harm its financial condition. Any acquisition could result in a dilutive issuance of equity securities, the incurrence of debt and the loss of key employees. The Corporation cannot ensure that any acquisitions will be successfully completed or that, if one or more acquisitions are completed, the acquired businesses, products or technologies will generate sufficient revenues to offset the associated costs of the acquisitions or other adverse effects.

Sales and Marketing and Strategic Alliances

If the Corporation is to become successful, it must expand its sales and distribution channels and its marketing and technology alliances. There is no assurance the Corporation will be able to reach agreements with additional alliance or distribution partners on a timely basis or at all, or that these partners will devote sufficient resources to advancing the Corporation's interests.

The Corporation's strategic alliances with operating system vendors, semiconductor manufacturers and systems integrators are a key part of the Corporation's overall business strategy. The Corporation cannot, however, be certain that it will be successful in developing new strategic relationships or that the Corporation's strategic partners will view such relationships as significant to their own business or that they will continue their commitment to the Corporation in the future. The Corporation's business, results of operation, financial condition and stock price may be materially adversely affected if any strategic partner discontinues its relationship with the Corporation for any reason. Additionally, the Corporation relies on the voluntary efforts of its strategic partners rather than compliance with contractual obligations, and there are no minimum performance requirements. Therefore, the Corporation cannot be certain that these relationships will be successful.

Management of Growth

The Corporation's growth has placed significant demands on its management and other resources. The Corporation's future results of operations will depend in part on the ability of its officers and other key employees to implement and expand operational, customer support and financial control systems and to expand, train and manage its employee base. The Corporation's future performance will also depend to a significant extent on its ability to identify, attract, train and retain highly skilled sales, technical, marketing and management personnel.

Dependence on Management

The Corporation's future success depends on the ability of the Corporation's management to operate effectively, both individually and as a group. If the Corporation were to lose the services of any management employees, the Corporation may encounter difficulties finding qualified replacement personnel and integrating them into the management group.

Potential Fluctuations in Quarterly Results

The Corporation's quarterly operating results may vary significantly depending on factors such as the timing of new product introductions and changes in pricing policies by the Corporation and its competitors, market acceptance of new and enhanced versions of the Corporation's products and the timing of significant orders. Because the Corporation's operating expenses are based on anticipated revenues and a high percentage of the Corporation's expenses are relatively fixed in the short term, variations in the timing of recognition of revenues can cause significant fluctuations in operating results from quarter to quarter and may result in unanticipated quarterly earnings shortfalls or losses. The market price of the Corporation's Common Shares may be highly volatile in response to such quarterly fluctuations.

Research and Development Expenditures

If the Corporation fails to develop new products, or if the products the Corporation develops are not successful, the Corporation's business could be harmed. Even if the Corporation does develop new products which are accepted by its target markets, the Corporation cannot assure that the revenue from these products will be sufficient to justify the Corporation's investment in research and development.

International Business Operations

International sales and the related infrastructure support operations carry certain risks and costs such as the administrative complexities and expenses of administering a business abroad; complications in both compliance with and also unexpected changes in regulatory requirements, foreign laws, international import and export legislation, trading policies, tariffs and other barriers; potentially adverse tax consequences; and uncertainties of law and enforcement relating to the protection of intellectual property and unauthorized duplication of software. There can be no assurance that these factors will not be experienced in the future by the Corporation or that they will not have a material adverse impact on Intrinsyc's business, results of operations and financial conditions.

Foreign Exchange Risk

A substantial portion of the Corporation's sales are denominated in United States dollars and are made to United States-based customers. Because the Corporation's operations are based in Canada and the United Kingdom, the Corporation is exposed to risks associated with fluctuations in the exchange rate between the United States dollar, the British Pound and the Canadian dollar. If the Canadian dollar or British Pound rise relative to the United States dollar, the Corporation's operating results may be adversely impacted. In the fiscal year ended August 31, 2003, for example, the Corporation's earnings were negatively affected by the appreciation of the Canadian dollar in that period. To date, the Corporation has not entered into any transactions to hedge against gains or losses from foreign exchange fluctuations.

Intellectual Property Protection

The Corporation's ability to compete may be affected by its ability to protect its intellectual property. It relies primarily on a combination of copyright, trademark and trade secret laws, confidentiality procedures and contractual provisions to protect its intellectual property. While the Corporation believes that its products and technologies are adequately protected against infringement, there can be no assurance of effective protection. Monitoring and identifying unauthorized use of the Corporation's technology is difficult, and the prohibitive cost of litigation may impair the Corporation's ability to prosecute any infringement. The commercial success of the Corporation will also depend upon its products not infringing any intellectual property rights of others and upon no claims for infringement being made against the Corporation. The Corporation believes that it is not infringing any intellectual property rights of third parties, but there can be no assurance that such infringement will not occur. An infringement claim against the Corporation by a third party, even if it is invalid, could have a material adverse effect on the Corporation because of the cost of defending against such a claim.

Product Liability

The Corporation's license agreements with its customers typically contain provisions designed to limit the Corporation's exposure to potential product liability claims. There can be no assurance that such provisions will protect the Corporation from such claims. The Corporation does not maintain product liability insurance. A successful product liability claim brought against the Corporation could have a material adverse effect upon the Corporation's business, results of operations and prospects.

Stock Price Volatility

The market price for the Common Shares fluctuates significantly, and these fluctuations tend to be exaggerated if the trading volume is low. The market price of the Common Shares may rise or fall in response to announcements of technological or competitive developments, acquisitions or strategic alliances by the Corporation or its competitors, and the gain or loss by the Corporation of significant orders or broad market fluctuations.

Shareholders' Rights Plan

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

Outstanding Rights to Acquire Common Shares

As at May 31, 2004, the Corporation had outstanding stock options and warrants to purchase an aggregate of 4,620,257 Common Shares at prices ranging from $0.49 per share to $5.30 per share. To the extent that outstanding options or warrants are exercised, dilution to the interests of the Corporation's shareholders will occur.

SHARE CAPITAL

Authorized and Outstanding

The authorized share capital of the Corporation consists of an unlimited number of common shares and an unlimited number of preference shares, issuable in series, with the attributes of each series to be fixed by the board of directors of the Corporation. The issued and outstanding capital of the Corporation as at the date hereof consisted of 44,986,975 common shares. At present the Corporation has no issued or outstanding preference shares.

Common Shares

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

Preference Shares

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

MATERIAL CHANGES

There have been no material changes in the business, operations or capital of the Corporation since the date of the audited financial statements of the Corporation for the year ended August 31, 2003, except as disclosed herein, in the Annual Information Form of the Corporation dated January 30, 2004, the management proxy circular of the Corporation dated November 10, 2003, the quarterly reports of the Corporation for the quarters ended November 30, 2003, February 29, 2004 and May 31, 2004 and in the two Material Change Reports of the Corporation dated March 16, 2004

CONTINUOUS DISCLOSURE

The Corporation's continuous disclosure materials can be viewed on the SEDAR website at http://www.sedar.com.