AIRBOSS OF AMERICA CORP.

ANNUAL INFORMATION FORM

For the year ended December 31, 2005

March 23, 2006
Newmarket, Canada

AIRBOSS OF AMERICA CORP.

ANNUAL INFORMATION FORM

TABLE OF CONTENTS

Certain of the information contained in this Annual Information Form has been obtained from publicly available information from third party sources. The Company has not verified the accuracy or completeness of any information contained in such publicly available information. In addition, the Company has not determined if there has been any omission by any such third party to disclose any facts, information or events which may have occurred prior to or subsequent to the date as of which any such information contained in such publicly available information has been furnished or which may affect the significance or accuracy of any information contained in any such information and summarized herein.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in the Annual Information Form constitute forward-looking statements. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements that may be expressed or implied by such forward-looking statements to vary from those described herein. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. The Company does not intend, and does not assume any obligation, to update these forward-looking statements.

THE CORPORATION

Incorporation

AirBoss of America Corp. ("AirBoss" or, the "Corporation", or the "Company") was formed under the Business Corporations Act of Ontario upon the amalgamation of Greenstrike Gold Corp. and 846241 Ontario Limited under the name "IATCO Industries Inc." on October 13, 1989. The articles of amalgamation were amended by articles of amendment filed on April 18, 1994 to change its name to "AirBoss of America Corp." On December 31, 1996, the Corporation, through its subsidiary ITRM Inc., purchased substantially all the assets of International Technical Rubber Manufacturing Inc. ITRM Inc. was amalgamated with AirBoss on July 1, 1998. AirBoss maintains its registered office at 200 King Street West, Suite 2300, Toronto, Ontario, M5H 3W5 and its head office at 16441 Yonge Street, Newmarket, Ontario, L3X 2G8.

Subsidiaries

AirBoss operates in three business segments through a manufacturing division, three wholly-owned subsidiaries, and an interest in one joint venture.

AirBoss, through its AirBoss Rubber Compounding division and a wholly owned subsidiary, Airboss Of America North Carolina Corp., together called "ARC", is engaged in custom rubber compounding, supplying mixed rubber for use in transportation and industrial rubber parts manufacturing including mining, military, automotive, conveyor belting, and other products, primarily in North America.

AirBoss Produits d'Ingenierie Inc. / AirBoss Engineered Products Inc. ("AEP"), formerly Acton International Inc., of Acton Vale, Quebec, acquired by AirBoss in April, 1999, is a world-leader in the development of protective rubber wear for military and first response applications incorporated under the laws of Quebec. AEP also produces specialized rubber industrial compounds. See "Narrative Description of the Business, AEP and Other."

AirBoss Railway Products, Inc. ("ARP") a railway product development and sales company headquartered in Kansas City, Missouri, is a wholly owned subsidiary incorporated in Delaware.

629096 Saskatchewan Ltd. ("629096") is a joint venture company in which AirBoss holds a 50% interest. Ralph McKay Industries Inc. ("RMI") holds the remaining 50%. Incorporated under the laws of Saskatchewan in June, 1999, the joint venture was created to manufacture railway fastening clips, which are distributed exclusively by ARP. The joint venture operates its manufacturing facility in Saskatchewan at the RMI site and commenced operations in January 2001 and ceased operations in 2005.

NARRATIVE DESCRIPTION OF THE BUSINESS

Business Segments

Description

The Company operates in three significant business segments: Custom Rubber Compounding, Engineered Products, and Railway Products. Each business has separate operational management.

Custom Rubber Compounding

Description

ARC manufactures custom compounds from synthetic or natural rubber gum, binding agents and various chemicals for a wide variety of customers in North America for use in the conveyor belt, transportation, and other industrial rubber parts manufacturing industries. Formulas are either developed by ARC's technical staff for specific customer requirements or are supplied by the customer.

The main advantage that the Company has over many of its competitors is the large capacity, state-of–the-art equipment, and a high level of automation of its production processes. This allows the Company to be efficient due to larger batch sizes and shorter production cycles. Thorough quality control processes, continuous improvement initiatives, sourcing of high quality materials, and blending batches provide the customer with more homogeneous products. Increased homogeneity is one of several factors attributed to high quality compounds. Compound development is a key factor in both maintaining customer relationships and developing new business. The Company has established a complete compound development laboratory, A2UL certified, which is separate from its quality control laboratory.

Market

The Company's custom rubber compounds are used in the manufacture of solid tires, off-road pneumatic tire re-treads, conveyor belting, roll covering, mining products, automotive parts, and other industrial rubber goods. Most of these markets experienced sales growth in 2005, particularly conveyor belting for mining applications.

Natural and synthetic rubber consumption increased by 3.5% in 2005 on a worldwide basis according to published statistics and growth of 3.8% is projected for 2006. Approximately sixty percent of all rubber used is synthetic.

Competition

The Company's largest competitor with facilities in Canada is Biltrite Industries. The Company's largest competitor in the United States is Excel Polymers, which operates five facilities with an estimated total capacity of 600 million pounds annually. Facilities in the United States, however, are generally smaller in manufacturing capacity and more specialized. Of the thirty-two most significant competitors in the U.S., eighteen possess capacity to process less than fifty million pounds annually, seven have between fifty and one hundred million pounds of capacity, and seven have over one hundred million pounds of capacity. Capacity is a strategic variable governing the ability to produce competitively priced compounds and to sustain R&D activities. So, too, is location, as freight costs and exchange rates impact a company's cost competitiveness. The Company's location in Kitchener, Ontario permits it to benefit from close proximity to the U.S. and Canadian industrial heartlands, favourable foreign exchange rates, and an efficient highway system.

Fiscal 2005 was marked by continued increases in raw material costs. Most raw materials are sourced on world markets and are US dollar-denominated. In 2005, the value of the US dollar continued to decline compared to the Canadian dollar. The rise in raw material prices, although dampened by a weakened US dollar, still resulted in overall cost increases that were not fully offset by price increases. Accordingly, gross margin rates have declined in the compounding industry as a whole as well as in AirBoss.

Marketing, Sales and Distribution

Rubber compounds are sold through in-house sales personnel, agents, and technical representatives. The Company advertises in industry trade publications, the world-wide-web, and participates at trade conventions. The current customer base encompasses virtually all industrial rubber segments. The quality/cost benefits offered by the Company have been successful in increasing compound volumes in all major rubber market segments in 2005.

ARC accounted for 69.1% of the Company's sales in 2005, compared to 67.1% in 2004.

Manufacturing

The mixing of custom rubber compounds for both internal use and sale to outside customers is done at the Company's 950,000 square foot facility in Kitchener, Ontario. The plant is ISO 9002 registered.

ARC maintains five mixers with an estimated mixing capacity of 170 million to 200 million pounds annually although this will vary depending on the product mix. Four of the five mixers are new or have been substantially refurbished in the last five years.

While the equipment for the new US manufacturing facility in Scotland Neck, North Carolina, was being constructed and installed, a temporary facility in Waynesville, North Carolina supplemented production until it was closed in August, 2005.

The facility in Scotland Neck entered into commercial production effective March, 2006 and will have an estimated mixing capacity of 40 million to 50 million pounds annually although this will vary depending on the product mix.

AEP and Other

Business

AEP's division, AirBoss Defense, is a manufacturer of protective wear for defense and first response applications. AEP is a world leader in developing protective rubber wear providing chemical, biological, radiological, and nuclear ("CBRN") protection. AirBoss Defense historically accounted for approximately one-half of AEP's sales while sales of industrial rubber products such as extruded rubber, calendered rubber (rubber coated fabric), cushion gum for tire retreads, and a variety of compression molded products have constituted the balance.

In 2004, AEP sold its commercial footwear business and manufactured a small amount of footwear for the purchaser until February, 2005.

AEP and other accounted for 20.5% of the Company's sales in 2005, compared to 23.4% in 2004.

Market

Defense Products – AirBoss Defense sells military protective wear and rubber engineered products to armed forces, world-wide. Specifically, AirBoss Defense provides gas masks, rubber gloves, boots and over-boots for military applications requiring CBRN contaminant protection. AirBoss Defense also develops and supplies extreme cold weather footwear protection for military use and rubber compounds and pre-forms for military tank track repair. Military clients typically engage AirBoss Defense to develop and manufacture boots or engineered rubber products to their specifications. In some cases, AirBoss Defense's own design has been specified. In the twenty-five years that AirBoss Defense has been in this business, it has produced or currently has contracts to produce military boots for more than twenty countries. The AirBoss Defense marketing team comprises one division manager and several contract managers supported by a number of sales agents around the world who represent the Company in countries such as Canada, U.K., U.S., Scandinavia, and Western Europe.

Industrial Products - AEP's industrial division sells a wide variety of vulcanized and non-vulcanized products for the tire re-treading, recreational vehicle and other industries. The products are sold in North America to companies who require large-scale high volume calendered (rubber on fabric) or extruded rubber products including reinforced molded products. The business is currently concentrated with over 80% of sales in 2005 represented by three customers. The products are sold to customers in North America through one sales manager and commissioned sales agents for specific products.

Competition

The competitors for military and first response (civil) applications include foreign and domestic North American suppliers of footwear and custom molded products made from rubber or plastic. The main competitors in industrial products are US-based custom rubber mixers who provide calendered and extruded products and a number of companies located in Quebec. In this segment, AirBoss' competition includes American Biltrite (mixing, calendering), Thona (mixing), PPD (mixing, extrusion, calendering), Bauce Caoutchouc and Soucy-Baron (moulded products), and Soucy-Techno (mixing).

Railway Products

Description

ARP designs, sells, and services a complete line of rail fastening products. The primary products are molded plastic pads and insulators, metal rail fastening clips, and tie plates which are used in the railway industry for track installations using concrete railway ties.

The Company pursues a strategy of being a complete rail fastenings systems provider and has continuously expanded its product line since its inaugural year, with shims, additional insulators, and other products. The Company has used 629096 to manufacture the railway fastening clips distributed exclusively by ARP.

Market

The market for the Company's railway fastening systems is heavy haulage railway lines in North and South America, although these fastening systems are suitable for, and have been sold for, all railway applications. The Company's railway fastening systems are currently used by three major North American railways and effective the fourth quarter of 2005, one railway in South America. Heavy haulage railway lines have been constructed in recent years utilizing concrete ties instead of wooden ties due to a longer useful life and ability to support the additional weight. Concrete ties require the use of a protective pad between the rail and the tie to prevent wear on the tie. The rails are resurfaced every four to ten years at which time the clips, pads, and insulators must be replaced thereby sustaining, if not expanding, the railway fastening market. The sales pattern corresponds with the construction pattern and is affected by weather conditions skewing sales to the first six months of the calendar year rather than in the last six months. The Company is developing new fastening systems which will permit faster installation of rails at the track site. During 2005, the tooling was developed and a supplier was sourced to provide a new fastening clip for sale in accordance with its customer's requirements in South America

Competition

The Company's major competitor for railway pads and fastening systems is a subsidiary of a large foreign company. This company is much larger than AirBoss in the railway products business and also offers a complete line of track fastening products. There are also several other companies manufacturing pads for light duty applications. The Company believes that its range of fastening systems and its attention to product development, competitive pricing and customer service offers railway customers a competitive option to existing suppliers.

Marketing, Sales and Distribution

Railway products are sold by ARP directly to its customers. ARP employs railway engineers who spend the majority of their time dealing directly with other engineers and purchasing personnel on matters of customer service and new product development.

Railway Products accounted for 10.4% of the Company's sales in 2005, compared to 9.5% in 2004

.
Manufacturing

Polyurethane pad manufacturing as well as all other components are outsourced from custom plastic injection moulding and metal stamping companies. The Company owns all product moulds and specialized tooling. Rail fastening clips have been manufactured by the Company's 50-50 joint venture 629096 Saskatchewan Ltd. and the new South American clips are outsourced to a third party. These manufacturing arrangements provide the Company greater flexibility by allowing it to concentrate on product development in an ever-changing marketplace without concern for equipment obsolescence and the need to devote resources to production activities. Sub-contracting its manufacturing also permits the Company to source from the lowest cost producers.

Property and Equipment

Management believes that all of the properties and equipment of the Company are in a condition satisfactory for its operations.

ARC

The Company's rubber mixing plant expanded its capacity to over 200 million pounds in 1999. In January 2005, a temporary facility with mixing equipment in North Carolina was secured to provide an additional 20 million pounds of mixing capacity, however it was closed in August, 2005. A permanent facility was also secured in 2005 and new equipment was sourced with the expectation of commencing commercial production in March, 2006 with the capability of mixing up to 50 million pounds. Management believes that the Company has sufficient plant, property, and capacity to meet its needs for the businesses.

The Kitchener property includes approximately 950,000 square feet of manufacturing and warehouse space, and 50,000 square feet of office space.

AEP

AEP's manufacturing operations are located within a 260,000 square foot Company-owned facility on 12.7 acres of land in Acton Vale, Quebec. The factory operates on electricity and natural gas. The key manufacturing equipment include: a rubber mixer, a calender, two extruders, and a slitting machine. The calender is capable of bonding rubber to both sides of a roll of fabric simultaneously. AEP also operates four rubber moulding injection presses located within ARC's facility in Kitchener. These presses are used to manufacture the rubber components of gas masks and gloves for military applications.

Environmental Matters

As the Company handles a few hazardous chemicals in its manufacturing process, the Company is subject to environmental regulation by federal, provincial, and local authorities; however, the Company does not anticipate being required to make any significant capital expenditures to comply with environmental regulations.

Environmental assessments have been conducted on the Kitchener property. In March, 2001, the Company initiated various environmental assessments which resulted in further investigations, remediation and prevention efforts. Based upon its efforts to date and investigations conducted by qualified external environmental professionals, the Company believes that no significant environmental exposure exists and that the costs to remediate the areas of ongoing concern will not be significant to the financial resources of the Company. The Company has secured liability insurance coverage for environmental issues which the Company believes to be appropriate for the nature of its operations.

Prior to completing its acquisition of AEP, Phase I and II investigations were completed which identified certain clean-up matters to be undertaken. The purchase and sale agreement entered into between the Company and the vendor provides for the vendors to bear the costs of any clean-up in excess of $50,000. The Company maintains an ongoing process, aided by additional environmental assessments conducted by qualified external environmental professionals, to remediate areas of concern. The Company has been successful in the remediation of the environmental issues and believes it will be successful recovering the remediation costs from the vendors. Accordingly, these costs will not pose a significant burden on the financial resources of the Company.

Employees

Management believes that its relationship with its employees is very good. The Corporation's personnel at December 31, 2005 consisted of:

Name of Business	Number of employees
ARC	315
AEP	250
ARP	5
Corporate office	6
Total	570

Approximately 150 of the AEP employees are unionized under a collective bargaining agreement, and this has been renewed for an additional 7 year period.

Raw Materials

All critical raw materials required by the Company, natural rubber in particular, are commodities readily traded in world markets. Synthetic rubber and carbon black costs are affected by world petroleum prices. To the best of the Company's knowledge, the Company is not dependent on any single source for its raw materials and to date has been able to secure the amount and quality it requires to meet its customers' needs.

Research and Development

For the year ended December 31, 2005 the Corporation expensed $1.7 million on product research and development.

Sales to Significant Customers

During the financial year ended December 31, 2005, sales to five customers represented 52.6% (51.8% in 2004) of the consolidated sales of the Company.

Bankruptcy

The Company has not been materially impacted as a result of any bankruptcy, receivership, or similar proceedings against it or any of its subsidiaries nor were there any voluntary bankruptcy, receivership, or similar proceedings by our Company or any of its subsidiaries, within the three most recently completed financial years and up to March 23, 2006.

DIVIDEND RECORD AND POLICY

The Corporation has not declared any dividends on its shares during each of the three most recently completed financial years, as the Corporation expects to use available funds for general working capital purposes, to finance the Company's development, for expansion of its business, and to meet its obligations.

RISK FACTORS

A discussion of risks affecting the Company and its business is set forth under the heading "Risk Factors" in Management's Discussion and Analysis as contained on pages 17 to 19 of the Company's Annual Report to the Shareholders for the year ended December 31, 2005. The Management Discussion and Analysis is available on SEDAR at www.sedar.com . This description of risks does not include all possible risks, and there may be other risks the Company is not currently aware of.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

To the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, is or has been, within the ten years before the date of this Annual Information Form, a director or executive officer of any company that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under Canadian securities legislation for a period of more than 30 consecutive days; (b) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the company being subject of a cease trade or similar order or an order that denied the company access to any exemption under Canadian securities legislation for a period of more than 30 consecutive days; or (c) has, within ten years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold assets of the director, executive officer, or shareholder.

LEGAL PROCEEDINGS

There are no material legal proceedings, except as disclosed in the "Audited Financial Statements" on pages 31 and 35 of the Annual Report to the Shareholders of the Company for the year ended December 31, 2005. The Audited Financial Statements are available on SEDAR at www.sedar.com .

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer, or proposed nominee for election as a director of the Company, and no associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction since the beginning of the Company's last completed fiscal year or in any proposed transaction which, in either such case, has materially affected or will materially affect the Company, except as disclosed in the "Audited Financial Statements" on page 32 of the Annual Report to the Shareholders of the Company for the year ended December 31, 2005. The Audited Financial Statements are available on SEDAR at www.sedar.com .

MATERIAL CONTRACTS

No new material contracts, other than a contract entered into in the ordinary course of business, were entered into within the most recently completed financial year, or before the most recently completed financial year, after January 1, 2003, and is still in effect.

INTERESTS OF EXPERTS

No person or company was named as having prepared or certified a statement, report, or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 by the Company during, or relating to, the Company's most recently completed financial year.

CAPITAL STRUCTURE

The capital structure of the Company is comprised of an unlimited number of Class A shares without par value designated as common shares. The rights of the holders include the rights to vote at all meetings of shareholders and, subject to the rights, privileges, restrictions, and conditions attaching to any other class of shares of the Company, to receive the remaining property of the Company upon dissolution. The number of shares outstanding as at December 31, 2005 was 22,838,923.

The capital structure also consists of an unlimited number of Class B preference shares without par value and issuable in series subject to the filing of articles of amendment. The directors may fix, from time to time before such issue, the number of shares that is to comprise each series and the designations, rights, privileges, restrictions, and conditions attaching to each series. No Class B preference shares were outstanding as at December 31, 2005.

MARKET FOR SECURITIES

The Common Shares are listed on The Toronto Stock Exchange ("TSX") and trade under the stock symbol 'BOS'.

The table below sets forth the open, high, low, and closing trading prices and volumes for the Common shares traded through the TSX for the period commencing on January 2, 2005, being the first day that Common Shares traded through the TSX during the most recently completed financial year, and ending on December 31, 2005 being the last day Common shares traded on the TSX during the most recently completed financial year.

Date	Open	High	Low	Close	Volume
December-05	4.49	4.65	4.10	4.16	126,900
November-05	4.90	4.95	4.00	4.49	514,400
October-05	5.00	5.00	4.00	5.00	571,900
September-05	5.00	5.15	4.05	5.00	195,500
August-05	5.00	5.29	4.52	5.00	212,300
July-04	5.35	5.50	4.95	5.00	492,400
June-05	4.40	5.44	4.35	5.36	252,600
May-05	4.49	4.50	4.15	4.40	398,300
April-05	4.26	4.49	4.00	4.31	899,900
March-05	4.50	4.60	4.16	4.19	688,800
February-05	3.75	4.85	3.75	4.50	1,786,000
January-05	3.50	3.90	3.10	3.80	412,700

DIRECTORS AND OFFICERS

The table presented below provides the names and provinces or states and countries of residence, the office held with the Corporation and the principal occupation of each of the directors and executive officers of the Corporation during the past 5 years and, with respect to each director, the year of his election as director.

Name and Municipality of Residence	Position(s) with The Corporation	Principal Occupation (1)	Director Since
P. Grenville Schoch (3) Ontario, Canada	Chairman and Director	Chairman of the Company	1989
Robert L. Hagerman (2) Ontario, Canada	President and Chief Executive Officer and Director	President and Chief Executive Officer of the Company	1989
David A. Campbell Ontario, Canada	Director	President of Acorn Equipment Rental Ltd. and principal of D.A. Campbell Consultants (construction planning and supervision companies)	1989
Brian A. Robbins (2) Ontario, Canada	Director	President and Chief Executive Officer of Exco Technologies Limited (a tooling manufacturing corporation)	1997
Robert L. McLeish (2)(3)(4) Ontario, Canada	Director	Private investor Vice Chairman and Director of Merrill Lynch Canada Inc. until November 1998	1999
Sandra S. Cowan (2)(3)(4) Ontario, Canada	Director	Partner, EdgeStone Capital Partners (a private equity investment company)	2002
Richard Crowe (2)(3)(4) Ontario, Canada	Lead Director	Private Investor Formerly, Chairman, J. R. Senecal Investment Counsel Inc.	2005

(1) Each director of the Corporation will hold office until the next annual meeting of shareholders or until his/her successor is elected or appointed.
(2) Member of the Audit Committee. Mr. Robbins is the Chairman of this committee.
(3) Member of the Compensation Committee. Mr. McLeish is the Chairman of this committee.
(4) Member of the Corporate Governance Committee. Mrs. Cowan is the Chairperson of this committee.
(5) To the knowledge of the Company, as at March 23, 2006, all directors and senior officers as a group beneficially owned, directly or indirectly, or exercised control or direction over, approximately 23.7% of the Common Shares. On March 23, 2006, there were 23,597,923 common shares outstanding.

AUDIT COMMITTEE INFORMATION

Membership of Committee

The Audit Committee of AirBoss of America Corp. is composed of the following four members**:** Brian A. Robbins, Sandra Cowan, Richard Crowe, and Robert L. McLeish. The responsibilities and duties of the Committee are set out in the Committee's charter, included in Appendix 1 of this AIF.

The Board of Directors believes that the composition of the Audit Committee reflects a high level of financial literacy and expertise and has determined that each member of the Audit Committee is "independent" and "financially literate" under Canadian securities laws as defined in Multilateral Instrument 52-110. The Board has made these determinations based on the education and breadth and depth of the members' experience.

Mr. Brian Robbins, President and Chief Executive Officer of Exco Technologies Limited ("Exco"), joined AirBoss of America Corp.'s Board of Directors in 1997 and is the Chairman of the Audit Committee. He was hired by Exco in 1970 and was appointed President and CEO in 1976. Exco is listed on the TSX and is a global supplier of innovative technologies servicing the die-cast, extrusion and automotive industries, with operations in Canada, the United States, Mexico and Morocco. Mr. Robbins is a director of Héroux-Devtek Inc. and Exco Technologies Limited.

Mr. Richard Crowe joined AirBoss of America Corp.'s Board of Directors in 2005 and holds an MBA from the Ivey School of Business. Previously, he worked in corporate finance for a large Canadian investment dealer, was a founding partner of Senecal Investment Counsel managing their Canadian equity corporate pension fund business and eventually became President. Prior to the founding of Senecal Investment Counsel, Mr. Crowe worked for Manulife and Greenshields Incorporated.

Ms. Sandra Cowan, Partner and General Counsel, Edgestone Capital Partners joined AirBoss of America Corp.'s Board of Directors in 2002 and holds a L.L. B. from the University of Western Ontario. She was hired by Edgestone in October 2001 with 15 years of legal experience. Prior to that, Ms. Cowan was a senior partner of Goodman and Carr LLP. Ms. Cowan's practice specialized in private equity and corporate finance transactions, including fund formation, mergers, acquisitions and divestitures, cross-border and public market transactions.

Mr. Robert McLeish joined AirBoss of America Corp.'s Board of Directors in 1999 holds a Bachelor of Commerce from the University of Toronto and is a CFA. Mr. McLeish spent 35 years in the investment business with Merrill Lynch Canada and retired in 1998 as a Vice Chairman and Director. Currently, Mr. McLeish is the Chairman of Dundee Wealth Management and is on the Board of Dundee Corp. and Welton Energy. He also is a past director of Juvenile Diabetes Research Foundation.

Audit related fees

KPMG was hired to render an audit opinion on the consolidated financial statements of AirBoss and the fees for all services performed are summarized in the table below:

Fees	2005	2004
Audit	$210,000	$175,000
Audit related services (including six month quarterly review)	25,000	23,000
Tax matters	19,800	15,200
All other	11,052	37,081
Total	$265,852	$250,281

The Audit Committee has adopted a policy to pre-approve any audit and non-audit services to be provided to AirBoss or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. Audit, audit related services, and tax compliance services as identified in the annual audit plan and presented by the external auditors, are approved by the Audit Committee annually. Non-audit services over $10,000 not included above are approved on a case-by-case basis.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Investor Services, Inc., at its principal office in Toronto.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com . Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's information circular for its annual and special meeting of shareholders to be held on May 11, 2006. Additional financial information is provided in the Company's comparative financial statements for the financial year ended December 31, 2005, which are included in the Corporation's 2005 Annual Report. A copy of such documents may be obtained upon request from the Secretary of the Corporation.

Appendix 1
AirBoss of America Corp.
AUDIT COMMITTEE CHARTER

Role and Objective

The Audit Committee (the "Committee") is a committee of the board of directors (the "Board") of AirBoss of America Corp ("AirBoss") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information. The primary objectives of the Committee are as follows:

1. To assist directors on meeting their responsibilities in respect of the review and approval of the financial statements of AirBoss and related documentation;

2. To provide a communication link between independent directors and external auditors;

3. To enhance the external auditor's independence;

4. To increase the credibility and objectivity of financial reports; and

5. To strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

Approval of Charter

Amendments to the Audit Committee Charter require approval by the Board.

Membership of Committee

1. The Committee shall be comprised of at least three (3) directors of AirBoss, none of whom are members of management of AirBoss and all of whom are "unrelated directors" (as such term is used in the Report of the Toronto Stock Exchange on Corporate Governance in Canada) and "independent" (as such term is used in Multilateral Instrument 52-110 — Audit Committees ("MI 52-110") unless the Board shall have determined that the exemption contained in Section 3.6 of MI 52-110 is available and has determined to rely thereon.

2. The Board shall appoint the Committee Chair, who shall be an unrelated director.

3. All of the members of the Committee shall be "financially literate" (as defined in MI 52-110) unless the Board shall determine that an exemption under MI 52-110 from such requirement in respect of any particular member is available and has determined to rely thereon in accordance with the provisions of MI 52-110.

Mandate and Responsibilities of Committee

1. The Committee shall provide oversight on the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting.

2. The Committee shall satisfy itself on behalf of the Board with respect to AirBoss' Internal Control Systems and its ability to:

    • identify, monitor and mitigate business risks; and

    • ensure compliance with legal, ethical and regulatory requirements.

3. The primary responsibility of the Committee is to review the annual and interim financial statements of AirBoss and related management's discussion and analysis ("MD&A") prior to their submission to the Board for approval. The process should include but not be limited to:

    • reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;

    • reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;

    • reviewing accounting treatment of unusual or non-recurring transactions;

    • reviewing disclosure requirements for commitments and contingencies;

    • reviewing adjustments raised by the external auditors, whether or not included in the financial statements;

    • reviewing unresolved differences between management and the external auditors; and

    • obtain explanations of significant variances with comparative reporting periods.

4. The Committee is to review the financial statements, prospectuses, MD&A, annual information forms ("AIF") and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of AirBoss' disclosure of all other financial information.

5. With respect to the appointment of external auditors by the Board, the Committee shall:

    • recommend to the Board the external auditors to be nominated;

    • recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors shall report directly to the Committee;

    • on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors' independence;

- when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and

- review and pre-approve any non-audit services to be provided to AirBoss or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre–approve non–audit services, provided that the member report to the Committee at the next scheduled meeting such pre–approval and the member comply with such other procedures as may be established by the Committee from time to time.

6. Review with external auditors (and internal auditor if one is appointed by AirBoss) their assessment of the internal controls of AirBoss, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee shall also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of AirBoss and its subsidiaries.

7. The Committee shall review risk management policies and procedures of AirBoss (eg. hedging, litigation and insurance).

8. The Committee shall establish a procedure for:

   - the receipt, retention and treatment of complaints received by AirBoss regarding accounting, internal accounting controls or auditing matters; and

   - the confidential, anonymous submission by employees of AirBoss of concerns regarding questionable accounting or auditing matters.

9. The Committee shall review and be apprised of any intent of AirBoss regarding the hiring of partners and employees who work on AirBoss's account and former partners and employees of the present and former external auditors of AirBoss.

10. The Committee shall have the authority to investigate any financial activity of AirBoss. All employees of AirBoss are to cooperate as requested by the Committee.

11. The Committee may retain persons having special expertise and/or obtain independent professional advise to assist in filling their responsibilities at the expense of AirBoss without any further approval of the Board.

Meetings and Administrative Matters

1. At all meetings of the Committee every motion shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote.

2. The Chair shall preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee present shall designate from among the members present the Chair for purposes of the meeting.

3. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board unless otherwise determined by the Board.

4. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee shall be taken. The Chief Financial Officer shall attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chair.

5. The Committee shall meet with the external auditor at least once per year (in connection with the preparation of the year end financial statements) and at such other times as the external auditor and the Committee consider appropriate.

6. Agendas, approved by the Chair, shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.

7. The Committee may invite such officers, directors and employees of AirBoss as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee.

8. Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.

9. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of AirBoss.

10. Any members of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, each member of the Committee shall hold such office until the close of the next annual meeting of shareholders following appointment as a member of the Committee.

11. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chair of the Board by the Committee Chair.