PRELIMINARY PROSPECTUS DATED JUNE 30, 2000

This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons authorized to sell such securities. No securities commission or similar authority in Canada or the United States has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended. Accordingly, except to the extent permitted by the Agency Agreement, such securities may not be offered or sold in the United States or to a U.S. Person and this prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of such securities within the United States. See "Details of the Offering".

New Issue ! , 2000

CSI WIRELESS INC.

$2,364,865
945,946 Common Shares and 945,946 Warrants Issuable Upon Exercise of 945,946 Special Warrants

This prospectus qualifies the distribution of 945,946 common shares ("Common Shares") of CSI Wireless Inc. ("CSI" or the "Corporation" or the "Company") and 945,946 Common Share purchase warrants (the "Warrants") issuable for no additional consideration, upon the exercise of 945,946 special warrants (the "Special Warrants") previously issued by the Corporation on June 12, 2000 (the "Closing Date") at a price of $2.50 per Special Warrant pursuant to a special warrant indenture dated as of the Closing Date, as amended on June 30, 2000 (the "Special Warrant Indenture") between the Corporation and Montreal Trust Company of Canada (the "Trustee").

Each Special Warrant entitles the holder thereof to acquire one Common Share (subject to adjustment as hereinafter provided) and one Warrant at no additional cost, at any time until 4:30 p.m. (Calgary time) (the "Expiry Time") on the earlier of: (i) the fifth Business Day following the date (the "Clearance Date") upon which a receipt for this prospectus is issued by the securities commission in the Selling Jurisdiction in which the holder of Special Warrants is resident; and (ii) the date which is one year from the Closing Date. Any Special Warrants not exercised prior to the Expiry Time shall be deemed, by their terms, to have been exercised immediately prior to the Expiry Time without any further action on the part of the holder. The specific attributes of the Warrants are set forth in a warrant indenture dated as of the Closing Date (the "Warrant Indenture") which provides, among other things, that each whole Warrant will entitle the holder thereof to purchase one Common Share at a price of $2.90 at any time until that date which is 18 months from the Closing Date.

Pursuant to the Special Warrant Indenture the aggregate gross proceeds from the private placement of the Special Warrants (the "Escrowed Proceeds") were held in escrow. On June 30, 2000, 75% of the Escrowed Proceeds were released to CSI upon completion of the acquisition of Wireless Link Corporation and the remaining 25% of the Escrowed Proceeds shall be releasable to the Corporation at the Expiry Time.

	Number of Special Warrants	Price to Public	Agents' Fee[1]	Net Proceeds to CSI[2]
Per Special Warrant	1	$ 2.50	$ 0.20	$ 2.30
Total Special Warrants	945,946	$ 2,364,865	$ 189,189	$ 2,175,676

(1) Based on payment of an 8% commission.
(2) Before deducting expenses of the issue estimated to be $125,000, which will be paid from the general funds of the Corporation.

The Special Warrants were sold on a best efforts basis to investors pursuant to prospectus exemptions under applicable securities legislation pursuant to an agency agreement dated June 12, 2000 (the "Agency Agreement") between CSI and Acumen Capital Finance Partners Limited (the "Agent"). No commission or fee will be payable to the Agent or otherwise by the Corporation in connection with the distribution of the Common Shares or Warrants upon exercise of the Special Warrants. See "Details of the Offering".

This prospectus also qualifies in the Province of Alberta the distribution of agent's options ("Agent's Options") to purchase an aggregate of 94,595 Common Shares and 94,595 Warrants and in the Province of Ontario the distribution of the Agent's Options to purchase an aggregate of 47,297 Common Shares and 47,297 Warrants for a period of eighteen months expiring at 4:30 p.m. (Calgary time) on December 12, 2001, the Agent's Options being issuable on the exercise of 94,595 outstanding agent's warrants (Agent's Warrants"). Each such Agent's Option will entitle the holder thereof to purchase one Common Share and one Warrant at any time and from time to time until December 12, 2001 upon payment to CSI of $2.90. The Agent's Warrants were issued to the Agent by CSI as compensation under the Agency Agreement in connection with the sale of the Special Warrants.

There is no market through which the Special Warrants may be sold. The currently outstanding Common Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE") under the symbol "CSY". On May 17, 2000, the date prior to the date on which the issue of the Special Warrants was announced, the closing price of the Common Shares on the TSE (as reported by such exchange) was $4.30 and on June 30, 2000 was $2.64. See "Price Range and Trading Volume of Common Shares".

Investment in the Special Warrants should be considered speculative and subject to a number of risks (see "Risk Factors"). The effective offering price of $2.50 per Common Share for the Special Warrants exceeds the net tangible book value per Common Share, as at March 31, 2000, after giving effect to the issuance of 945,946 Common Shares on exercise of the Special Warrants, by $1.83 per Common Share, which represents dilution to the investors of approximately 73%. After giving effect to the issuance of 945,946 Common Shares on exercise of the Special Warrants and to the Acquisition, the effective offering price of $2.50 per Common Share for Special Warrants exceeds the net tangible book value per Common Share by $2.08, which represents dilution to the investors of approximately 83%. (See "Dilution")

Certificates for the Common Shares and Warrants issuable upon exercise of the Special Warrants will be available for delivery within five Business Days from the exercise of the Special Warrants. Certain legal matters relating to the qualification for distribution of the Special Warrants and the Common Shares and Warrants issuable upon exercise thereof have been passed on behalf of CSI by Burnet, Duckworth & Palmer, Calgary, Alberta, and on behalf of the Agent by Burstall Ward, Calgary, Alberta.

SUMMARY

The following is a summary only and is qualified in its entirety by the more detailed information and the Consolidated Financial Statements and notes thereto contained in this prospectus.

THE CORPORATION

CSI was incorporated under the laws of the Province of Alberta on July 31, 1990 and commenced operations in 1990. The Corporation's registered and head office is located at 1200 - 58th Avenue S.E., Calgary, Alberta, T2H 2C9.

CSI designs and manufactures products that utilize DGPS data in several applications, including marine navigation, precision farming, geographic information systems, automatic vehicle location, hydrographic surveying, commercial fishing and recreation. Existing products produced by CSI include a stand-alone DGPS receiver, a combined DGPS and GPS unit, a PCB card for OEM purchasers, aerial and ground-based guidance systems, as well as several lines of antennas. With the acquisition of Wireless, CSI also manufactures products associated with wireless data communications applications.

See "Business of the Corporation".

THE OFFERING

Special Warrants: This prospectus qualifies for distribution 945,946 Common Shares and 945,946 Warrants to be issued upon the exercise of previously issued Special Warrants. A total of 945,946 Special Warrants were issued pursuant to prospectus exemptions under applicable securities legislation at a price of $2.50 per Special Warrant, for aggregate gross consideration of $2,364,865. The Special Warrants were issued pursuant to the Special Warrant Indenture. See "Details of the Offering". Since the date of issuance, no Special Warrants have been exercised.

Exercise Details: Each Special Warrant entitles the holder thereof to acquire, at no additional cost to the holder, one Common Share and one Warrant at any time until the Expiry Time on the date which is the earlier of the fifth Business Day following the Clearance Date and the date which is one year from the Closing Date. Any Special Warrants not exercised prior to the Expiry Time shall be deemed to have been exercised immediately prior to the Expiry Time without any further action on the part of the holder. See "Details of the Offering".

Pursuant to the Special Warrant Indenture the Escrowed Proceeds were held in escrow and on June 30, 2000 75% of the Escrowed Proceeds were released to the Corporation and the remaining 25% of the Escrowed Proceeds shall be releasable to the Corporation at the Expiry Time.

Use of Proceeds: The net proceeds to the Corporation are intended to be used by the Corporation for research and product development projects, sales and marketing and working capital. See "Use of Proceeds".

Risk Factors: The Common Shares and Warrants should be considered to be speculative due to the nature of the Corporation's business, its present stage of development and other factors. Investors must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation and those investors who are not prepared to do so should not invest in these securities. Investment in the securities offered hereby involves a significant degree of risk. Investors should carefully review the following factors, together with the other information contained in the prospectus.

The Corporation's operations are subject to a number of laws, regulations and guidelines.

The financial results of the Corporation vary seasonally, as a result of increased demand during summer months from the agricultural sector and other factors. It is anticipated that the Corporation will incur a loss in the second quarter of 2000 and management of the Corporation anticipates a loss for the year ended December 2000.

The Corporation competes with other more established companies, many of which have greater financial, marketing and other resources than the Corporation.

The Corporation is reliant upon certain key suppliers for raw materials and components and no assurances can be given that the Corporation will not experience delays or other difficulties in obtaining supplies, as a result of trade disputes or other matters. The Corporation is also dependent upon certain of its major customers. The loss of such major customers could have a material adverse effect on the Corporation's business.

The Corporation may find it advisable to reallocate some of the proceeds for other purposes.

The Corporation may seek to expand its business, through the acquisition of compatible products or businesses and there can be no assurance that suitable acquisitions candidates can be identified and acquired on terms favourable to the Corporation.

The Corporation does not have patents on the majority of its principal products and there can be no assurance that others may not develop the same or similar technologies and products.

The Corporation has product liability insurance, however there can be no assurance that such insurance will be sufficient or will continue to be available on reasonable terms.

On May 1, 2000, the U.S. Government announced the immediate removal of selective availability (being the intentional degradation of GPS signals for non-U.S. Government users) and as a result, some customers will no longer require the additional precision provided by CSI's DGPS products.

Many of the markets for CSI products are new and emerging. The Corporation's success will be significantly affected by the outcome of the development of these new markets.

The Corporation's products rely on signals from satellites that it does not own or operate. Such satellites and their ground support systems are complex electronic systems subject to electronic and mechanical failure and possible sabotage. A reduction in the number of operating satellites would impair the current utility of the GPS system or the growth of current and additional market opportunities.

With CSI's recent acquisition of Wireless CSI has entered into the wireless data and communications market. CSI's success in the wireless data and communications market may depend in part on its ability to develop products that keep pace with the continuing changes in technology, evolving industry standards and changing customer and end user preferences and requirements.

The wireless data and communications industry is intensely competitive and subject to rapid technological change. More established and larger companies with greater financial, technical and marketing resources may compete with CSI's products.

Customers can only use wireless products over wireless data networks operated by third parties and ineffective or unreliable service may affect sales of CSI products.

It is anticipated that the Corporation will require additional financing which may not be available or, if available, may not be available on favourable terms.

The Corporation must continue to make significant investments in research and development in order to continue to develop new products, enhance existing products and achieve market acceptance for its products. However, there can be no assurance that development stage products will be successfully completed or, if developed, will achieve significant customer acceptance.

See "Risk Factors".

Dilution: The effective issue price of $2.50 per Common Share issuable on exercise of the Special Warrants exceeds the net tangible book value per Common Share as at March 31, 2000, after giving effect to the issuance of 945,946 Common Shares on exercise of the Special Warrants, by $1.83, and after giving effect to the issuance of 945,946 Common Shares and the Acquisition by $2.08 representing dilution factors of approximately 73% and 83% per Common Share, respectively. See "Dilution".

Dividend Policy: The board of directors of the Corporation does not presently intend to implement a policy providing for the payment of dividends and it is unlikely that dividends will be paid in the near future. The board of directors will review this policy from time to time having regard to the financial condition of the Corporation and other factors that the board of directors may consider appropriate in the circumstances. The Corporation does not anticipate paying any dividends on its outstanding Common Shares in the foreseeable future. See "Dividend Record and Policy".

Recent Developments: The Corporation has been actively pursuing transactions to enhance and expand its business activities. On June 30, 2000 the Corporation completed its acquisition of the outstanding shares of Wireless Link Corporation. See "Recent Developments".

SELECTED FINANCIAL INFORMATION
(in thousands except for share and per share information)

	Three Months Ended March 31,		Years Ended December 31,		
	2000	1999	1999[5]	1998	1997
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Revenues	$5,080	$2,246	$16,360	$8,350	$4,405
Gross Margin	2,334	892	6,919	3,607	303
Net Earnings	231	105	568	424	(3,920)
Working Capital	6,411	2,428	2,637	2,309	1,861
Total Assets	16,901	4,592	11,801	4,635	4,533
Long-term Debt	4,237	--	3,359	-	-
Shareholders Equity	7,419	3,612	4,037	3,525	3,125
Research and Development Costs	452	154	1,261	510	880
EPS-Basic[1][2]	0.03	0.02	0.09	0.07	(0.65)
EPS-Fully Diluted[1][3]	0.03	0.02	0.09	0.07	(0.65)
Outstanding Common Shares					
Weighted Average	7,355,140	6,425,600	6,393,988	6,450,600	6,030,000
At Period End	8,347,906	6,425,600	6,362,375	6,425,600	6,475,600
Options Outstanding[4]	585,725	417,750	482,750	976,750	1,076,500

Note:

(1) "EPS" means earnings per share.

(2) EPS-Basic is calculated using the weighted average number of outstanding shares for the applicable period.

(3) EPS-Fully Diluted is calculated to include all Common Shares which would be outstanding if all outstanding options and warrants were exercised at the beginning of the applicable period.

(4) Options outstanding include options granted pursuant to the Corporation's stock option plan (see "Executive Compensation - Stock Option Plan") and other outstanding options and warrants.

(5) Includes the business and assets of Satloc for the period from April 4, 1999 to December 31, 1999. See "History of the Corporation".

GLOSSARY OF TERMS

Certain capitalized words and terms used throughout this prospectus are defined below:

"Agency Agreement" means the agreement made as of June 12, 2000 between the Corporation, and the Agent relating to the private placement of Special Warrants;

"Agent" means Acumen Capital Finance Partners Limited;

"**Agent's Options"** means the 94,595 options issuable on exercise of the Agent's Warrants;

"Agent's Warrants" means the 94,595 warrants issued to the Agent by CSI as compensation under the Agency Agreement in connection with the sale of the Special Warrants;

"AMPS" means the advanced mobile phone service, a standard system for analog signal cellular telephone service in the United States and other countries;

"Common Shares" means the Common Shares in the share capital of the Corporation and **"Common Share"** means any one of them;

"Clearance Date" means the date upon which a receipt for this prospectus is issued by or on behalf of the securities commissions in the provinces of Alberta and Ontario;

"Closing Date" means June 12, 2000;

"Corporation" or **"CSI"** means CSI Wireless Inc., a corporation incorporated pursuant to the *Business Corporations Act* (Alberta);

"DGPS" means differential GPS, a method of obtaining improved position accuracies (in the order of 1 to 3 metres) from an otherwise limited stand-alone GPS. This is accomplished through broadcasting differential corrections from a fixed known location to a GPS unit equipped with a DGPS receiver;

"DSP" means digital signal processor;

"Escrowed Proceeds" means the aggregate gross proceeds from the private placement of the Special Warrants;

"Expiry Time" means any time until 4:30 p.m. (Calgary time) on the earlier of: (i) the fifth Business Day following the date (the "Clearance Date") upon which a receipt for this prospectus is issued by or on behalf of the securities commission in each of the Selling Jurisdictions in which the holder of Special Warrants is resident; and (ii) the date which is one year from the Closing Date.

"GIS" means geographic information system;

"GPS" means global positioning system, consisting primarily of a constellation of 24 satellites controlled by the U.S. Department of Defence. The system is designed to provide world wide positioning services with an accuracy of approximately 10 metres;

"GSM" means the global system for mobile communications, the European standard for digital cellular telephone systems;

"Information Circular" means the notice of special and annual general meeting and management proxy circular of CSI dated May 12, 2000;

"LED" means light emitting diode;

"Majority Shareholder" means Dr. Hamid Najafi, the majority shareholder of Wireless, prior to its acquisition by CSI;

"OEM" means original equipment manufacturer and, as an example, in the context of CSI means those OEM customers who utilize the CSI developed PCB module (the SBX-3) as a "plug-in and use" add on into an existing equipment package supplied to the OEM's customers;

"PCB" means printed circuit board;

"Preferred Shares" means the First Preferred Shares and the Second Preferred Shares in the capital of the Corporation;

"Satloc" means Satloc (1999) Inc., a wholly-owned subsidiary of CSI, incorporated pursuant to the laws of the State of Arizona;

"Selling Jurisdictions" means the provinces of Alberta and Ontario;

"Series 1 Shares" means the first series of First Preferred Shares of the Corporation of which 1,550,000 shares are authorized to be issued and 350,000 are issued as First Preferred Shares, Series 1 being redeemable, retractable and convertible shares;

"Special Warrant Indenture" means the special warrant indenture dated as of June 12, 2000, as amended June 30, 2000, between the Corporation and the Trustee;

"Special Warrants" means the 945,946 special warrants issued by the Corporation on the Closing Date at a price of $2.50 per special warrant pursuant to the Special Warrant Indenture;

"Termination Date" means June 30, 2000;

"Trustee" means Montreal Trust Company of Canada;

"U.S." or **"United States"** means the United States of America;

"Warrants" means the 945,946 warrants issuable on exercise of the Special Warrants;

"Warrant Indenture" means the warrant indenture dated as of June 12, 2000 between the Corporation and the Trustee; and

"Wireless" means Wireless Link Corporation, a corporation incorporated pursuant to the laws of California.

EXCHANGE RATES

Except the financial statements for Wireless Link Corporation which are in U.S. dollars, all dollar references in this prospectus are in Canadian dollars except where otherwise indicated.

The following table sets forth for the period indicated certain exchange rates based on the noon buying rate in the City of New York for cable transfers in Canadian dollars as certified for customer purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate"). Such rates are set forth as United States dollars per Canadian $1.00 and are the inverse of rates quoted by the Federal Reserve Bank of New York for Canadian dollars per U.S. $1.00.

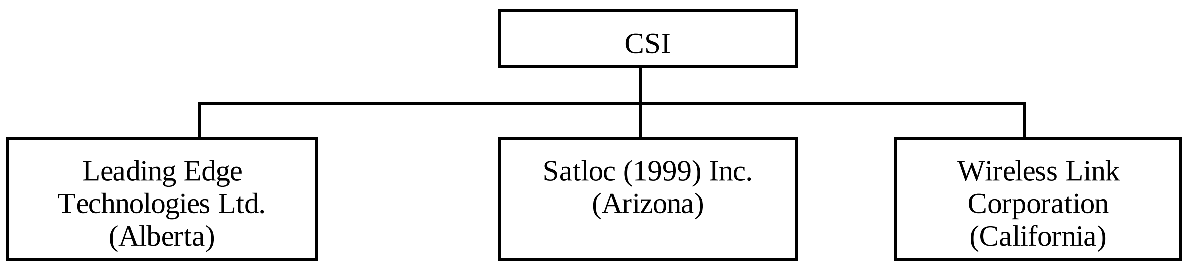
	Year Ended December 31				
	1999	**1998**	**1997**	**1996**	**1995**
Noon Buying Rate at end of period (U.S.$)	0.6925	0.6504	0.6999	0.7301	0.7323
Average Noon Buying Rate during period (U.S.$)	0.6730	0.6748	0.7220	0.7332	0.7305
Highest Noon Buying Rate during period (U.S.$)	0.6925	0.7105	0.7487	0.7513	0.7527
Lowest Noon Buying Rate during period (U.S.$)	0.6535	0.6341	0.6945	0.7235	0.7023

On June 30, 2000, the Noon Buying Rate was Canadian $1.00 = U.S. $0.6758 (U.S. $1.00 = $1.4798)

THE CORPORATION

CSI was incorporated as Canadian Systems International Inc. under the laws of the Province of Alberta on July 31, 1990. On October 26, 1992 the Corporation changed its name to Communication Systems International Inc. Effective April 30, 1996, the Corporation amended its articles to effect, among other things, a redesignation of the Corporation's Class A Common Shares to Common Shares, a stock split of the Common Shares on a 12,500 for 1 basis and to delete the "private company" share transfer restrictions. On June 21, 2000 by articles of amendment the Corporation changed its name to CSI Wireless Inc. CSI designs and manufactures low cost precision products for the global positioning system ("GPS") industry and wireless data and communications industries. The Corporation's registered and head office is located at 1200 - 58th Avenue S.E., Calgary, Alberta, T2H 2C9.

Corporate Structure



The Corporation has three wholly-owned subsidiaries, Leading Edge Technologies Ltd. ("Leading Edge"), a corporation incorporated under the laws of the Province of Alberta; Satloc (1999) Inc., ("Satloc") a corporation incorporated pursuant to the laws of the State of Arizona; and Wireless Link Corporation ("Wireless") incorporated under the laws of California. (See "Recent Developments") In this prospectus, the "Corporation" and "CSI" refer to CSI and its subsidiaries as a whole unless the context otherwise requires.

CSI and each of its subsidiaries is organized into four departments; research and development, marketing and sales, production and operations, and finance and administration. The breakdown by department of the 135 existing employees and consultants is as follows: research and development - 37, marketing and sales - 28; production and operations - 50; and finance and administration, including the President, - 20.

History of the Corporation

The Corporation commenced operations in 1990 with the introduction of its first radio receiver product. In 1993, CSI introduced and sold its first DGPS radio beacon product, the MBX-1 unit, which plugged into a regular GPS unit to provide differential corrections to enhance the user's overall accuracy of position data. In 1994, the Corporation broadened its product line by offering a printed circuit board ("PCB") card to OEM customers that require the differential corrections gained by inserting the PCB card into their electronic equipment. In 1995, the Corporation introduced a combined GPS/DGPS unit.

In October 1996, CSI acquired ownership of the beacon receiver technology used for DGPS utilized by it and entered into an exclusive license arrangement for the loop antenna (except for one pre-existing license) utilized with its technology.

In March 1997 the Corporation completed an initial public offering of 2,400,000 Common Shares for gross proceeds of $6 million and its Common Shares commenced trading on the TSE.

In June 1997 CSI acquired all of the outstanding shares of Leading Edge, a manufacturer of a variety of cables, including those used by the Corporation. CSI purchased the shares for cash consideration of $130,000.

In December 1997 CSI introduced its SBX-2 intelligent radio beacon receiver engine and introduced an L-band receiver product that receives both satellite and station beacon differential correction data. CSI also released its ABX-3 automatic differential beacon receiver in April 1998 being the first of a new series of high performance dual channel digital beacon DGPS receivers targeted at the leisure marine and in-shore fisheries market.

In December 1998 CSI received ISO 9002 certification. See "Production and Operations".

In April 1999 CSI's new "smart antenna", the SBA-1, was commercialized and made available for distribution. The SBA-1 combines the SBX-2 with CSI's low cost antennae and is utilized primarily in the marine industry.

On June 24, 1999 CSI acquired certain portions of the business and assets of Satloc, Inc. with an effective date of April 4, 1999. Satloc, Inc. was founded in 1992 and is a global supplier of precision guidance systems using DGPS technology and has gained acknowledgment in the industry for its GPS aerial swath guidance systems for agriculture and other applications. Satloc, Inc. was also a supplier of ground-based systems for precision agriculture and geographic information system ("GIS")/survey applications, including ground based chemical applicators, yield monitoring, soil sampling, crop scouting and other precision farming applications. Transportation departments, utility companies and local municipalities use real time DGPS positioning systems developed by Satloc, Inc. to collect geo-referenced records of their assets into an electronic GIS. The research and development team that developed all of Satloc, Inc.'s products is now part of the Corporation's research and development team.

Certain portions of the business and assets of Satloc, Inc. were acquired by Satloc, the Corporation's wholly owned subsidiary, and are operated from the Scottsdale facility. The acquisition resulted in the addition of 30 employees.

The acquisition of certain of the Satloc, Inc. assets has provided several strategic advantages to CSI including:

- New products - the combined research and development expertise, using complimentary technologies, assists the Corporation in generating competitive, low-cost products.
- New markets - the acquisition has added market share in the aerial guidance systems market, along with several DGPS guidance applications for other markets, including precision agriculture and GIS.
- Distribution - Satloc Inc.'s products have been integrated into CSI's worldwide sales channels and distributors and users have access to a wider variety of products from a single source.
- Critical mass - the acquisition has provided operating cost efficiencies and has permitted further expansion into the U.S. market and abroad.

Total consideration paid for the Satloc, Inc. assets was $6,069,627, consisting of subordinated debt of $2,220,000 and cash of $3,849,627. Contingent consideration of up to $1,550,000 (USD) (approximately $2,300,000 CDN) of Series 1 Shares is payable over a five year period subject to the future performance of the "Satloc" business. As at the date hereof, 350,000 Series 1 Shares have been issued and are outstanding. The Series 1 Shares accrue dividends at the rate of 10% per annum. No dividends will be paid until the Series 1 Shares are converted or redeemed. The Series 1 Shares are not convertible before April 1, 2004, except in the event of a change in control of CSI. The conversion price is the greater of $1.00 (CDN) or the 30-day average trading price prior to April 1, 2004 (the "Conversion Date"). The conversion price is subject to anti-dilution provisions and adjustments for currency fluctuation until the Conversion Date at which time the conversion price will be fixed. In no event will more than 5,000,000 Common Shares be issued to satisfy conversion rights of the Series 1 Shares. The Series 1 Shares are redeemable at the request of Satloc on or after April 1, 2004, and by CSI after April 1, 2007.

In September 1999 CSI submitted for provisional patents on two key technologies, one for the AVL-1 which is focused on using differential technology in vehicular applications and the other on the filter architecture used in the new SBX-3 beacon receiver released in September 1999.

In April 2000 the Corporation entered into share purchase agreements (collectively, the "Wireless Acquisition Agreement") among the Corporation, Wireless, the principal shareholder of Wireless (the "Majority Shareholder") and certain other shareholders of Wireless (collectively, the "Wireless Shareholders") (see "Recent Developments"). On June 30, 2000 CSI completed the acquisition of the issued and outstanding Wireless shares.

BUSINESS OF THE CORPORATION

CSI designs and manufactures low cost precision products for the GPS industry. Its products are employed worldwide in many GPS applications, including marine, precision farming, geographic information systems, automatic vehicle location, hydrographic surveying, commercial fishing and recreation. CSI's Satloc division (based in Scottsdale, Arizona) is a global supplier of precision guidance systems using differential GPS technology and also offers GPS aerial swath guidance systems for agriculture and other applications. CSI's subsidiary, Wireless (based in the Silicon Valley) is engaged in the business of developing, manufacturing, licensing and selling technology and products associated with wireless data communications applications.

The Global Positioning System

GPS is a satellite-based positioning system utilizing twenty-four satellites in high earth orbits transmitting signals that allow positioning and navigation functions to be obtained by users with suitably equipped receivers. The constellation of GPS satellites is owned and operated by the U.S. Department of Defense, however a civilian component is available, without charge, worldwide. The current accuracy of GPS positioning is approximately 10 meters following the removal of selective availability (being the intentional degradation of GPS signals for non-U.S. government users) on May 1, 2000. Prior to May 1, 2000 the accuracy of GPS positioning was approximately 100 metres. For many applications stand-alone GPS accuracies are adequate, however, applications such as precision farming, land surveying and general harbor navigation require more accurate readings ranging from a few centimeters to less than 5 meters depending on the application.

A technique called differential GPS (DGPS) was developed to reduce the errors related to stand-alone GPS. DGPS uses a stationary GPS receiver, at a precisely known location, to calculate the error between its GPS satellite computed position and its known position. These errors, or differential corrections, are the same for all receivers operating in the vicinity of the stationary receiver (the "reference station"). Typically, the reference station transmits the DGPS corrections over a radio or satellite communications link to users operating in the area. The users' GPS receiver (the "remote") must be equipped with a radio or satellite receiver to accept this data and apply the corrections to its own computed position to derive greatly improved position accuracy.

There are three primary sources of differential correctors for GPS currently available, and CSI produces receivers for all three.

Beacon Differential

One source is the US Coast Guard beacon system (300 kHz band) which provides continental U.S. coverage and is also being adopted internationally. This service is free of charge and each reference site has a typical range of about 200 miles. This service provides performance of about 1 to 3 meters.

WAAS Differential

A second source for differential correctors is the wide area augmentation system ("WAAS") currently being implemented by the U.S. Federal Aviation Administration. This satellite-based service is also free of charge and is being designed for initial approach landing guidance for aircraft in continental USA. Similar services have been initiated in Asia and Europe but are slightly behind the implementation timeline for WAAS. The WAAS signal is broadcast on the same frequency as GPS and some GPS manufacturers are working to integrate this service into their equipment. Satloc's SLX receiver has been WAAS capable for almost a year now.

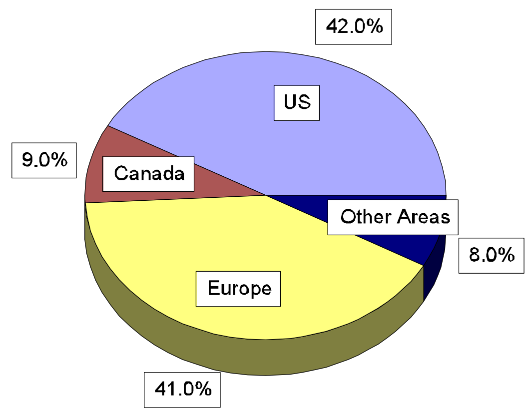
L-Band Differential

The third differential source is satellite-based, typically L-Band. Two primary vendors for this signal are Racal Landstar and OmniStar. CSI has designed receivers to receive and use the OmniStar service. These services have associated fees that are paid yearly to either OmniStar or Racal Landstar. The advantage of these services is that they cover most of the world.

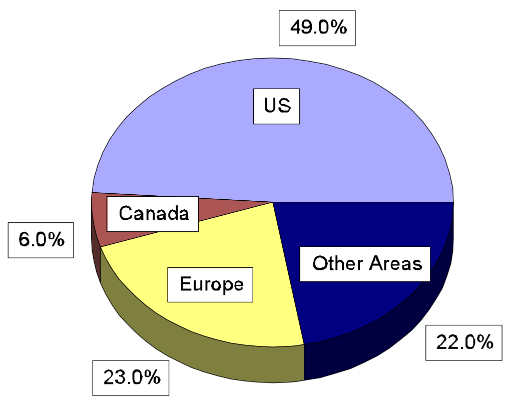
Markets

The Corporation serves global markets. Approximately 49% of its 1999 sales (42% in 1998) occurred in the U.S. Approximately 23% of its 1999 sales (41% in 1998) occurred in Europe. Approximately 6% of its 1999 sales (9% in 1998) occurred in Canada. Approximately 22% of its 1999 sales (8% in 1998) occurred in other areas of the world.

1998 Sales by Market



1999 Sales by Market



CSI currently serves the marine, geographic information systems (including precision farming applications), automatic vehicle location, hydrographic surveying, commercial fishing, recreational and other OEM markets. The acquisition of the business and assets of Satloc, Inc. advanced CSI's position as a supplier of ground-based systems solutions for precision agriculture and GIS/survey applications, including ground based chemical applicators, yield monitoring, soil sampling, crop scouting and other precision farming applications. The Corporation's DGPS products are focused on markets where an accuracy level of five meters or less is required, CSI is targeting the automotive, harbor management and asset tracking markets as new growth areas.

From a customer's perspective, the primary benefits provided by DGPS and GPS are more accurate navigation, improvements in productivity and safety, and savings in costs and time. For example, in marine applications CSI's commercial customers typically use CSI's products for accurate navigation and positioning as well as for determining a vessel's precise speed, which, in turn, keeps trailing nets at a desired depth.

Another example of the benefits provided by DGPS and GPS is in precision farming applications. CSI's products can be used in conjunction with a device that monitors the grain yield on harvesting equipment. This yield monitor constantly records the harvest yield and in conjunction with a DGPS system, allows yield-by-field location maps which can be used in subsequent years to increase or decrease the type and amount of fertilizers and other additives used. Significant cost savings can be achieved by using these types of precision farming techniques.

The Wireless products provide benefits to businesses involved in mobile asset management such as truck and trailer fleets. For example, the AssetVision™ product can be programmed to remotely monitor driving distance, vehicle speed, engine useage, temperature and other variables. The product can also be used to open car door locks from remote locations or to monitor whether drivers or equipment users are travelling outside of customer designed geographic regions.

Products

CSI DGPS and GPS Products

The SBX-3 OEM card is the mainstay of CSI's DGPS technology. This is a dual channel, DSP based design with state of the art filtering design. This core beacon receiver is embedded in all of CSI's receivers that use 300 kHz technology.

CSI produces three beacon differential receivers using the SBX-3: the SBA-1, the ABX-3 and the MBX-3. CSI also produces three full differential GPS receivers using the SBX-3 and other GPS cards: the GBX, the GBX-pro and the LGBX-2.

CSI manufactures a number of antenna products to support these receivers. These include: the ABL (aircraft beacon loop), the MBA (marine beacon antenna), the MGL (marine GPS and loop antenna), the MGW (marine GPS whip antenna), the CDA (combined differential antenna, with GPS, L-band and beacon receivers inside) and the SBA-1 (smart beacon antenna which contains a beacon antenna and the SBX-3 receiver).

Some of the other accessories that CSI produces to assist the customer in their applications include the AVL-1 which permits its operator to use a car antenna for the beacon receiver while still using the car radio. CSI also produces splitter/combiners which can either combine GPS and beacon signals or split them into different connectors.

CSI also manufactures the SLX receiver. This receiver is a high end GPS card that can output position solutions 5 times a second. It has excellent position accuracy and is WAAS capable. The SLX receiver also has an L-Band receiver designed to receive the OmniStar differential service. This card is embedded in the LGBX-2 receiver which combines the SBX-3 and the SLX to provide the customer with high end GPS data and a choice of 300 kHz, WAAS or OmniStar differential service.

New products under development include a GPS receiver with beacon and WAAS capabilities. This unit will enable customers to reduce the cost of buying OEM GPS engines and provide CSI with greater flexibility to meet customer's requirements. Also in development is a new LGBX-3 receiver using the same technology as the SLX but adding new features required by vehicular applications including a vehicle interface standard (CAN) network interface. The SBX-3A receiver, an upgrade to the SBX-3, is nearly complete. The SBX-3A will reduce the cost to manufacture the current receiver yet provides the customer with the same level of performance.

Satloc Guidance Products

Airstar 99.5 is the mainstay of Satloc's air guidance systems. It uses a processor in a box with logging capability to compute the steering guidance which is conveyed to the operator via a lightbar. The lightbar has an array of LED's, green in the center (meaning you are on-track) and red moving away on either side. The operator need only steer according to the LED's to remain in the pre-planned swathing pattern. Within the Airstar 99.5 is the SLX receiver and an optional SBX-3 receiver for beacon differential correction.

The Airstar 2000 is an aerial guidance system that uses a rugged touch-screen laptop, with a 586 processor, for data logging. This laptop connects with the SLX receiver (and an optional SBX-3 receiver) and the lightbar to provide a complete guidance system. The laptop can be used as a standard PC with the correct docking station.

The Swathstar is the highest end guidance system offered by Satloc and is targeted for ground applications. This product provides a color display to show coverage as the operator is proceeding as well as a lightbar for steering and a computer to calculate curved guidance instead of just straight-line guidance. Within the Swathstar is the SLX receiver and an optional SBX-3 receiver for beacon differential correction.

A new product from Satloc is the LiteStar, in which the processor is embedded within the lightbar to provide the computation necessary for straight-line guidance. All that is required is a DGPS receiver like the SLX and a switch panel (supplied) and the customer has a complete low-end guidance system for both aerial and ground applications. The Corporation has reduced the production cost and the corresponding price to its customers for this product by reducing the number of enclosures and cables. The price reduction has increased the market for guidance systems. This product is currently undergoing an improvement program to add the vehicle interface standard (CAN) and further reduce the cost.

A new line of high-end guidance products are under development to improve reliability and decrease production costs.

Wireless Data and Communications Products

See "Recent Developments".

Strategic Marketing Plan

CSI is focused on providing low cost precision technology and products to growing commercial and consumer GPS markets. CSI does not typically sell these products directly to end-user customers. The CSI plan for the distribution of its products continues to be through large OEMs with established networks for worldwide distribution.

As part of its OEM strategy, CSI has developed a teaming strategy that is intended to enable the Corporation to participate in a broader range of high growth commercial and consumer GPS-enabled markets. This strategy includes teaming with GPS chip providers and with an early entrant into the wireless hardware manufacturing business (see "Recent Developments - Wireless Link Corporation"). Management believes this strategy will provide access to technology and to individuals that will enable CSI to move into markets such as asset tracking, fleet management, automatic meter reading, automatic vehicle location, vehicle telematics and security.

In order to capitalize upon its future growth opportunities, CSI has recognized the need to maintain adequate working capital and develop and maintain strategic alliances with other companies in the industry. Additions to the

Corporation's working capital are necessary in order to accommodate the anticipated future demand for CSI products. (See "Use of Proceeds").

Competition

The Corporation has encountered competitors in each of its target markets and expects competition to intensify as acceptance and awareness of GPS technology increases. The Corporation's main competitors include Trimble Navigation Limited ("Trimble"), the GPS industry leader. Trimble's GPS products currently address the survey and mapping, tracking and communications, navigation and military systems markets. Other competitors offering products similar to those of the Corporation include Starlink Incorporated and Phillips Communication Systems Inc. as well as other new market entrants.

The principal competitive factors in the markets the Corporation serves include: ease of use, physical characteristics, power consumption, product features (including DGPS), product reliability, price, size of installed base, vendor reputation and financial stability of the vendor. Management of the Corporation believes its products compete favorably with competitors' products on the majority of the foregoing factors. The Corporation recognizes it may be at a competitive disadvantage against companies with greater financial, marketing, service and support and technological resources.

The Corporation also faces competition from various low-end, analog-based (as opposed to digital-based) manufacturers of DGPS receivers. The Corporation's primary advantage is that CSI's digital-based products are viewed as being more reliable for every day operation and CSI products have a coverage range that is approximately 100% larger than the analog-based products.

In addition to competition from other providers of beacon-based DGPS receivers, CSI also faces competition from other competing differential systems such as WAAS and other satellite-based services. WAAS is an initiative of the U.S. Federal Aviation Administration which provides satellite-based differential corrections, designed for the aviation industry, but also available for other commercial purposes. Independent satellite-based differential services such as the OmniStar and Racal Landstar systems also transmit differential corrections for an additional fee. To mitigate this risk CSI has developed WAAS and satellite service capable receivers and will continue to implement this technology going forward.

Research and Product Development

The focus of the Corporation's research and development team is on continuing the development of the Corporation's core DGPS technology and applications, and on the development of new products. The Corporation believes research and development is the primary barrier to entry into the GPS industry. Accordingly, CSI proposes to conduct an increased level of in-house research and product development activity. CSI currently has thirty-seven full-time employees and consultants devoted to research and product development. In 2000, CSI's research and product development expenditures are budgeted at 10% of sales. The Corporation's goal is to devote up to 15% of annual revenues to research and product development.

The objectives of the research and product development department, which are consistent with CSI's overall business strategy, are as follows:

- continuously update product management plan to capitalize on market opportunities;
- team with leading GPS chipset providers to develop new products;
- team with or acquire an early entrant in the wireless hardware business to develop new products;
- review and adjust the manufacturing process to ensure future sales objectives are achieved;
- continuous cost reduction; and

- pro-actively plan the next generation of products using available technology.

Production and Operations

The production and operations department provides production engineering to ensure that CSI's products are manufacturable, technical production problems are corrected and averted, and alternative production methodologies are introduced to remain competitive. In addition, vendor and subcontractor qualifications are reviewed by the engineering group and test engineering is provided to guide the department in achieving specifications and ensuring product integrity.

The Corporation sources its assembly materials and components from a variety of suppliers, most of which are located in Canada. All of the Corporation's suppliers are at arm's length. Alternate supply sources for all components is a desired goal for CSI but currently is not available in all cases.

The Corporation is determined to maintain its position as a low-cost producer and to ensure that production processes are responsive, smooth and flexible to serve the needs of its customers.

Effective December, 1998 the Corporation received ISO 9002 certification. The standards for ISO 9002 registration are set forth by the International Organization for Standardization ("ISO"), a worldwide federation of national standards bodies. The ISO 9000 series of standards specify quality system requirements for product and service suppliers. ISO 9002 registration designates conformance to specified requirements by the supplier during production, installation and servicing. Management of the Corporation believes that the ISO certification enhances the Corporation's ability to partner with larger OEM customers who desire full ISO certification.

Facilities

The Corporation conducts its Canadian operations from a 15,000 square foot facility in south Calgary, Alberta to manufacture and assemble its products, carry out its research and development activities and house its sales and marketing, and finance and administration staff. The facility is being leased by CSI and is anticipated to be adequate to achieve annual sales levels of up to approximately $30 million dollars.

The Corporation conducts its Satloc operations from a 14,890 square foot facility located in Scottsdale, Arizona, being the former location of Satloc, Inc.

Wireless currently leases approximately 9000 square feet of warehouse space located in Milpitas, Santa Clara County, California. The Wireless head office and research and development facilities are contained in this leased facility. Although Wireless uses contract manufacturing for its products, it occasionally performs final assembly testing in its California facility.

Personnel

CSI currently has approximately 135 employees and consultants, 20 of whom are engaged in finance and administration, 28 of whom are engaged in sales and marketing, 50 of whom are in production and operations, and 37 of whom are involved in research and development. As the Corporation continues to expand its growth plans, it expects to add additional employees and consultants as required.

RECENT DEVELOPMENTS

Wireless Link Corporation

General Description of the Acquisition

On June 30, 2000 CSI completed the acquisition of all of the issued and outstanding shares of Wireless in accordance with a stock exchange agreement dated as of April 17, 2000 (the "Agreement") among the Corporation, Wireless and the Majority Shareholder, pursuant to which the Corporation agreed to acquire up to all of the issued and outstanding securities (the "Wireless Shares") in the capital stock of Wireless on a fully-diluted basis (the "Acquisition"). In consideration for the acquisition of the Wireless Shares, the Corporation issued an aggregate of 4,400,000 common shares of the Corporation (the "CSI Shares"), to the shareholders of Wireless (the "Wireless Shareholders") based on their respective shareholdings in Wireless. The Agreement also provides that CSI will issue an additional 1,000,000 common shares of CSI as incentive shares (the "Incentive Shares"). The Incentive Shares will be issued in equal monthly instalments over a three year period. The Incentive Shares are for the benefit of management and employees of Wireless with a view to ensuring such individuals' continued involvement with the operations and affairs of CSI. The Corporation has also agreed to make available to management and employees of Wireless up to 950,000 options to purchase common shares of CSI (the "CSI Options").

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

The Acquisition has resulted in the Wireless Shareholders owning, immediately following the Acquisition, and after giving effect to the issuance of 945,946 Common Shares on exercise of the Special Warrants, approximately 32% of the Common Shares, on a fully-diluted basis.

Business of Wireless Link Corporation

General - History and Technology

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

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

Wireless Products

Wireless uses the communications technology it designs to build wireless products that allow enterprises (commercial applications) and individuals (consumer applications) to maintain contact with their stationary or mobile assets using a variety of wireless infrastructure. Wireless' AssetVision™ product line, uses public networks to give enterprise management real time visibility to infrastructure, vehicles, cargo and people. The AssetVision product line is a technologically integrated solution for mobile asset management, which combines cellular connectivity, GPS and embedded intelligence to collect, process and deliver business information. This product is primarily used by businesses involved in the management of mobile applications such as truck and trailer fleets, heavy equipment, vehicle rentals, high value cargo, armoured cars, service and delivery vehicles, taxis, limos and shuttles.

Wireless also produces the CVDM-3, a 3-Watt cellular modem module used by OEM developers for a variety of applications including automated vehicle location, automatic meter reading, security system monitoring and equipment monitoring.

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

Table 1 - Wireless Core Technology

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

Table 2 below provides a summary of Wireless' current technology status.

Table 2 - Wireless Technology Status

Technology	Status
MB/Cell/Win4	In Production
MB/Cell/WIN4 DSP	In Development
MB/Cell/WIN4/SiRF	In Production
TDMA-DAMPS (WLL)	In Beta
TDMA-DAMPS Module	Planning
TDMA - Dual Band	In Development
TDMA - Dual Band (OEM)	In Development
MB/SiRF Star II	In Development
TDMA^{+Plus} CDPD	Planned
Bluetooth	Planned

Business Strategy

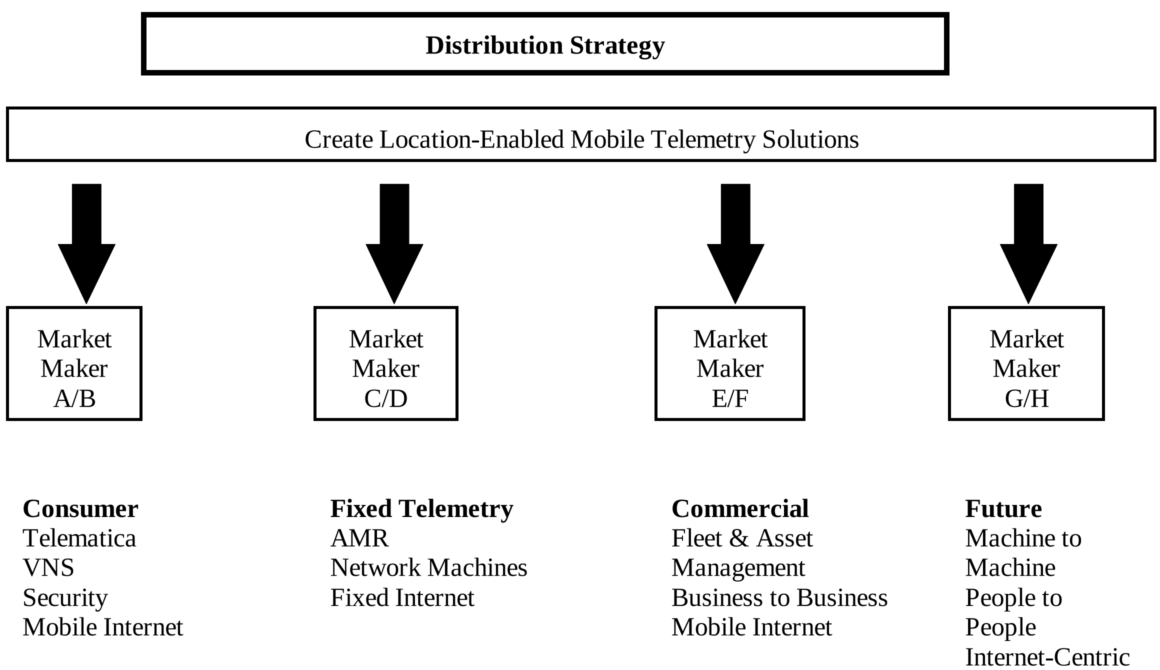
Wireless is currently pursuing a technology development path that will create a single wireless data product to solve the problem of machine-to-machine, people-to-machine, people-to-people remote asset management. There does not exist, nor does management believe there will exist in the foreseeable future, a perfect data network for mobile telemetry services. High infrastructure development costs, and ongoing operational costs demand that the number of mobile users to support any wireless network be in the tens of millions. Today there are not a sufficient number of mobile data users, and if there were, management believes that the same factors that constrain the deployment of wireless voice networks would also apply to data networks and telemetry applications. Wireless is proposing to create a next generation communications product that embodies all of the features and technologies used in its existing products. In addition, Wireless is attempting to create a network gateway designed to communicate with this next generation communications product. Adding to Wireless' existing patent portfolio, Wireless has two patents in process on this communications product and gateway.

Because this next generation communications product is DSP-based, management believes that it will be just as economical to manufacture as products based on any single existing protocol. Management believes that this will allow Wireless to manufacture one wireless communications product that can be distributed and integrated horizontally across all mobile and fixed telemetry market segments. Wireless plans to then proceed to reduce the size, cost, and power consumption of this product, further extending its competitive advantage and market share.

Marketing and Sales

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

Figure 1



In reference to Figure 1 Wireless has achieved distribution for its trailer tracking product with HighwayMaster Corporation ("HighwayMaster"). In addition, AirIQ Inc., and major construction equipment manufacturers distribute the Wireless' AssetVision™ product to the commercial market segment.

Wireless is targeting major manufacturers of construction equipment in connection with development and distribution relationships. Wireless is developing a GSM-based AssetVision™ product to address the needs of these construction manufacturers' international partners. Management of Wireless believes that by offering these companies a single protocol (AssetVision PDI-Packet Data Interface) that operates over the AMPS cellular network in the U.S., and will also operate over the GSM networks of the world, that it increases its ability to secure relationships with market makers, including major construction equipment manufacturers.

In the consumer market segment Wireless recently announced a development/supply agreement with LoJack Corporation ("LoJack") for an advanced low-cost telematics product. It is intended by management that Wireless and LoJack will team to define successive generations of Internet-enabled telematics and vehicle security products to capitalize on LoJack's distribution channels. Wireless' ultimate goal is to develop and own a product for delivering low and high bandwidth data for all mobile and fixed telemetry applications, such as mobile computing (handheld and notebook PC's) and internet-in-the-vehicle. Much of the technology necessary for this core has already been developed by Wireless and is used in one or the other of its current products.

Wireless Customers

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

Many of the manufacturers that use Wireless' products are their own systems integrators, using Wireless' products and software to build solutions for their customers. Wireless' customer, AirIQ Inc., is a systems integrator. They take Wireless' AssetVision product and build it into a solution to provide fleet and asset management solutions for rental car companies. LoJack is a service provider to the consumer automotive aftermarket.

Over the last two years Wireless has developed relationships with over 65 potential distribution partners. These manufacturers, systems integrators, and service providers have purchased a Wireless developers' kit in order to integrate Wireless PDI protocol into their customer solutions which will in turn allow them to resell the Wireless AssetVision™ or CVDM-3™ products. Companies that purchase the CVDM-3™ cellular modem generally either integrate it with their own GPS receiver or use it in a fixed telemetry application, such as automatic meter reading or home security. Companies that purchase the AssetVision™ Developers' Kit generally pursue mobile telemetry applications, such as fleet or asset management. Of these 65 potential distribution partners, over 40 are repetitive buyers of the Wireless' products, demonstrating the success of the Wireless' distribution strategy.

Details of the Share Exchange and Escrow Provisions

Pursuant to the Acquisition, and in exchange for the Wireless Shares, the Corporation issued an aggregate of 4,400,000 Common Shares, of which the Majority Shareholder has received 2,000,000, with the balance of 2,400,000 Common Shares being allocated amongst the remaining Wireless Shareholders on a *pro rata* basis.

CSI has also reserved, for no additional consideration, an aggregate of 1,000,000 Incentive Shares to be issued to management and employees of Wireless, which Incentive Shares shall be issued monthly as to one-thirty-sixth (1/36) of such shares, over a three year period from the date of closing of the Acquisition, provided the recipient remains employed by either CSI or Wireless at the time the Incentive Shares are to be issued. The Incentive Shares will also be subject to the escrow arrangements described below.

Pursuant to the Acquisition, CSI has also granted to management and employees of Wireless an aggregate of 950,000 options to purchase Common Shares (the "CSI Options"). The CSI Options are comprised in part of previously issued options to purchase Wireless Shares ("Wireless Options") that were outstanding but had not yet vested prior to closing the Acquisition, which were replaced with CSI Options containing the same terms as the Wireless Options. The balance of the CSI Options granted in connection with the Acquisition are comprised of newly granted options exercisable at $3.90 per share which will vest on a proportionate basis monthly over a three (3) or four (4) year period.

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

- December 20, 2000	- 50% of the shares then in escrow to be released
- June 20, 2001	- the balance of the shares in escrow to be released

Additional Officers and Directors

Pursuant to the Agreement CSI has appointed to its board of directors of the Corporation (the "Board") the current President and principal shareholder of Wireless, Dr. Hamid Najafi, and the current Vice-President, Marketing & Business Development, Michael Brower.

In addition, the Board has appointed Dr. Hamid Najafi as Chief Technology Officer and Michael Brower as Senior Vice-President.

Strategic Benefits and Post Acquisition Plans

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

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

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

USE OF PROCEEDS

The net proceeds to the Corporation from the sale of the Special Warrants were approximately $2,050,676 after deducting fees in the amount of $189,189 to be paid by the Corporation to the Special Warrant Agents and offering expenses approximating $125,000. The net proceeds are intended to be utilized as follows, when released from escrow (see "Details of the Offering"):

Research and Product Development	$1,000,000
Sales and Marketing	500,000
Other Working Capital Uses	550,676
	$2,050,676

Under certain circumstances, the Corporation may find it necessary or advisable to exercise its discretion and reallocate some of the proceeds for other purposes.

DETAILS OF THE OFFERING

On June 12, 2000, the Corporation completed a private placement of an aggregate of 945,946 Special Warrants at a price of $2.50 per Special Warrant pursuant to prospectus exemptions under applicable securities legislation, in accordance with the Agency Agreement between CSI and the Agent. Pursuant to the Agency Agreement, the Agent agreed to act as, and the Corporation appointed the Agent as, exclusive agent of the Corporation to offer the Special Warrants for sale on a private placement basis, at a price of $2.50 per Special Warrant. Pursuant to the Agency Agreement, the Corporation has agreed to pay the Special Warrant Agent a fee of $0.20 per Special Warrant sold directly by the Agent for an aggregate fee of $189,189.

The Special Warrants were issued pursuant to the Special Warrant Indenture dated as of June 12, 2000 between the Corporation and the Trustee. Since the date of issuance, no Special Warrants have been exercised. Each Special Warrant entitles the holder thereof to acquire, at no additional cost to the holder, one (1) Common Share and one (1) Warrant at any time until the Expiry Time.

Accordingly, an aggregate of 945,946 Common Shares and 945,946 Warrants are issuable on the exercise of the Special Warrants. The Warrants will be issued pursuant to the Warrant Indenture which provides, among other things, that each whole Warrant will entitle the holder thereof to purchase one Common Share at a price of $2.90 per Common Share until December 12, 2001.

Pursuant to the Special Warrant Indenture 75% of the Escrowed Proceeds were released to the Corporation on June 30, 2000 upon completion of the Acquisition. The remaining 25% of the Escrowed Proceeds shall be releasable to the Corporation at the Expiry Time.

This prospectus is being filed in the Provinces of Alberta and Ontario to qualify the distribution of the Common Shares and Warrants to be issued upon the exercise of the Special Warrants and in the Province of Alberta to qualify the distribution of the Agents' Options issuable on exercise of the Agents' Warrants and in the Province of Ontario to qualify the distribution of 47,297 of the Agent’s Options issuable on exercise of the Agent’s Warrants.

Any Special Warrants not exercised prior to the Expiry Time shall, by their terms, be deemed to have been exercised immediately prior to the Expiry Time without any further action on the part of the holder.

Holders of Special Warrants who wish to exercise the Special Warrants held by them and acquire Common Shares and Warrants thereunder should complete the exercise forms on the Special Warrant certificates and deliver the certificates and the executed exercise forms to the Trustee at its principal office in Calgary, Alberta.

Common Shares and Warrants obtained on the exercise of Special Warrants prior to the issuance of a receipt for this prospectus will be subject to applicable hold periods under applicable securities legislation.

DESCRIPTION OF SHARE CAPITAL

The authorized capital of the Corporation consists of an unlimited number of Common Shares of which 12,750,466 are issued and outstanding as at June 30, 2000 and an unlimited number of first preferred shares and second preferred shares, both of which are issuable in series. The Corporation has issued a series of first preferred shares, being the Series 1 Shares, of which 1,550,000 have been authorized for issuance and 350,000 have been issued.

Common Shares

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

First Preferred Shares

The first preferred shares may be issued from time to time in one or more series, each series consisting of such number of first preferred shares as determined by the board of directors of the Corporation who may also fix the designations, rights, privileges, restrictions and conditions attached to the shares of each series of first preferred shares. As at the date of this prospectus, the only first preferred shares issued and outstanding are the Series 1 Shares. The first preferred shares of each series shall, with respect to payment of dividends and distributions of assets in the event of liquidation, dissolution or winding up of the Corporation, 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, rank on a parity with the first preferred shares of every other series and shall be entitled to preference over the Common Shares, the second preferred shares and the shares of any other class ranking junior to the first preferred shares.

Series 1 First Preferred Shares

The first series of first preferred shares created by the Corporation are the Series 1 Shares. The Series 1 Shares accrue dividends at a rate of 10% per annum. No dividends are payable until the Series 1 Shares are converted or redeemed. The Series 1 Shares are not convertible before April 1, 2004 except in the event of a change of control of CSI. The conversion price is the greater of $1.00 (Cdn.) or the 30 day average trading price prior to April 1, 2004 (the "Conversion Date"). The conversion price is subject to anti-dilution provisions and adjustments for currency fluctuation until the Conversion Date at which time the conversion price will be fixed. In no event will more than 5,000,000 Common Shares be issued to satisfy conversion rights of the Series 1 Shares. The Series 1 Shares are redeemable at the request of the holders on or after April 1, 2004, and by CSI after April 1, 2007.

Second Preferred Shares

The second preferred shares may be issued from time to time in one or more series, each series consisting of such number of second preferred shares as determined by the board of directors of the Corporation who may also fix the designations, rights, privileges, restrictions and conditions attached to the shares of each series of second preferred shares. As at the date of this prospectus, there are no second preferred shares issued and outstanding. The second preferred shares of each series shall, with respect to payment of dividends and distributions of assets in the event of liquidation, dissolution or winding up of the Corporation, 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, rank subsequent to the first preferred shares and on a parity with the second preferred shares of every other series and shall be entitled to preference over the Common Shares and the shares of any other class ranking junior to the second preferred shares.

SELECTED FINANCIAL INFORMATION
(in thousands except for share and per share information)

	Three Months Ended March 31,		Years Ended December 31,		
	2000	1999	1999(5)	1998	1997
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)

Revenues	$5,080	$2,246	$16,360	$8,350	$4,405
Gross Margin	2,334	892	6,919	3,607	303
Net Earnings	231	105	568	424	(3,920)
Working Capital	6,411	2,428	2,637	2,309	1,861
Total Assets	16,901	4,592	11,801	4,635	4,533
Long-term Debt	4,237	--	3,359	-	-
Shareholders Equity	7,419	3,612	4,037	3,525	3,125
Research and Development Costs	452	154	1,261	510	880
EPS-Basic(1)(2)	0.03	0.02	0.09	0.07	(0.65)
EPS-Fully Diluted(1)(3)	0.03	0.02	0.09	0.07	(0.65)
Outstanding Common Shares					
Weighted Average	7,355,140	6,425,600	6,393,988	6,450,600	6,475,600
At Period End	8,347,906	6,425,600	6,362,375	6,425,600	6,475,600
Options Outstanding(4)	585,725	417,750	482,750	976,750	1,076,500

Note:

(1) "EPS" means earnings per share.

(2) EPS-Basic is calculated using the weighted average number of outstanding shares for the applicable period.

(3) EPS-Fully Diluted is calculated to include all Common Shares which would be outstanding if all outstanding options and warrants were exercised at the beginning of the applicable period.

(4) Options outstanding include options granted pursuant to the Corporation's stock option plan (see "Executive Compensation - Stock Option Plan") and other outstanding options and warrants.

(5) Includes the business and assets of Satloc for the period from April 4, 1999 to December 31, 1999. See "History of the Corporation".

CAPITALIZATION

The following table sets forth the capitalization of the Corporation as at March 31, 2000 and June 15, 2000 both before and after giving effect to the exercise of the Special Warrants, and the Acquisition:

Security	Authorized	Outstanding March 31, 2000	Outstanding June 15, 2000 before giving effect to the exercise of Special Warrants and the Acquisition	Outstanding June 15, 2000 after giving effect to the exercise of Special Warrants before giving effect to the Acquisition	Outstanding June 15, 2000 after giving effect to the exercise of Special Warrants and the Acquisition
		(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**
Debt:					
Bank Indebtedness and Long Term Debt(1)	N/A	$6,749,805	$4,786,367	$4,786,367	$4,786,367
Share Capital:(2)					
Common Shares(3)	Unlimited	$9,232,236 (8,347,906 shares)	$9,103,416 (8,349,406 shares)	$11,154,092(4) (9,295,352 shares)	$23,694,092(5) (13,695,352 shares)
Series 1 Shares	1,550,000	$507,500 (350,000 shares)	$507,500 (350,000 shares)	$507,500 (350,000 shares)	$507,500 (350,000 shares)
Special Warrants	945,946	Nil	$2,050,676 (945,946 Special Warrants)	Nil	Nil

Notes:

(1) The Corporation has a credit facility with a Canadian chartered bank for a $7,000,000 operating line of credit at the bank's prime lending rate plus between 0.75% and 1.25% depending on CSI's debt/equity ratio as well as a U.S. $2,600,000 five year reducing term facility with interest at the bank's prime rate plus 1.75%. The credit facilities are secured by, among other things, a general security agreement over all present and future personal property of the Corporation.

(2) The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of First Preferred Shares and Second Preferred Shares, both of which are issuable in series. As at the dates referred to in the table above, there were no First Preferred Shares or Second Preferred Shares outstanding except for the 350,000 Series 1 Shares, as indicated.
(3) As at June 15, 2000, the Corporation has reserved an aggregate of 2,092,975 Common Shares for issuance to directors, officers, employees and key consultants pursuant to stock options which are exercisable at prices ranging from $0.73 to $6.95 per Common Share including the options to be issued pursuant to the Wireless acquisition. See "Executive Compensation - Stock Option Plan".
(4) After deducting the estimated cost of the Special Warrant offering of $125,000 and the Agent's fee of $189,189.
(5) Based on a closing price of CSI shares on June 28, 2000 of $2.85.
(6) As at March 31, 2000, the Corporation had a deficit of $2,320,863.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Three Months Ended March 31, 2000 Compared with the Three Months Ended March 31, 1999

Revenues for the first quarter increased 126% to $5,080,000 from $2,246,000 for the same period in 1999. EBITDA tripled to $603,000 from $197,000 and net earnings increased 120% to $231,000 or $0.03 per share, compared with net earnings of $105,000, or $0.02 per share, for the respective periods. CSI's increase in revenue was due to several factors including the acquisition of certain parts of the business and assets of Satloc, Inc. during the second quarter of 1999 and an increase in demand in OEM markets.

Revenues

Revenues for the first quarter increased to $5,080,000 from $2,246,000 in the first quarter of 1999 representing an increase of 126%. Of this growth, 20% was generated from growth in revenues from CSI products and 80% resulted from the acquisition of certain parts of the business and assets of Satloc, Inc.

Gross Margins

Gross margins for the quarter increased 162% to $2,334,000 from $892,000 for the same period in 1999. Gross margin, as a percentage of sales, improved to 46% compared to 40% last year. The improved margins were primarily a result of the introduction of higher margin products to the overall mix.

Research and Development

Research and development expenditures were $524,000 in the first quarter of 2000, an increase of 240% from 1999. Of these amounts, $71,000 in 2000 and nil in 1999 was recorded on the balance sheet as deferred development costs. These costs will be amortized over the anticipated useful life of the related products.

Goodwill

Goodwill amortization in the first quarter was $90,000 versus $2,000 in 1999. This increase is a result of the acquisition of certain parts of the business and assets of Satloc, Inc. in the second quarter of 1999.

Selling and General and Administration Expenses

Selling and general and administration expenses ("SG&A") in the first quarter increased by $737,000 from the first quarter of 1999. This increase was entirely related to the acquisition of certain parts of the business and assets of Satloc, Inc.

Depreciation and Amortization increased to $253,000 in the first quarter of 2000 from $91,000 in the first quarter of 1999 as a result of the amortization of goodwill from the acquisition of certain parts of the business and assets of Satloc, Inc. and an increase in depreciation and amortization of capital assets and deferred development costs.

Interest

Interest expense was $119,000 in the first quarter of 2000 versus nil in the first quarter of 1999. Interest expense relates to debt incurred to finance the acquisition of certain parts of the business and assets of Satloc, Inc. in the second quarter of 1999. Additional senior debt has been provided by CSI's banker during the first quarter to finance operations.

Net Earnings

Net earnings were $231,000 in the first quarter of 2000, an increase of 120% from the first quarter of 1999. This increase is a result of higher gross margins.

Year Ended December 31, 1999 Compared to Year Ended December 31, 1998

Revenues of $16,360,000 for 1999 reflect a 96% increase over revenues of $8,350,000 for 1998. 1999 net earnings increased 34% to $568,000, or $0.09 per share, compared with earnings of $424,000, or $0.07 per share in 1998. CSI's increase in revenue was due to several factors including the acquisition of certain parts of the business and assets of Satloc, Inc. in the second quarter, increase in demand in OEM markets, and overall GPS industry growth.

Acquisition

Effective April 4, 1999, CSI acquired certain parts of the business and assets of Satloc, Inc., a supplier of precision DGPS guidance systems, based in Scottsdale, Arizona. Total consideration paid was $6,069,627, consisting of subordinated debt of $2,220,000 and cash of $3,849,627.

For 1999, revenue from sales by Satloc accounted for 40% of total revenue, but net earnings only account for 2% of total net earnings. During the year, CSI integrated the operations of Satloc with CSI, where possible, to reduce operating costs and increase revenues.

Revenues

Revenues for the year ended December 31, 1999 were $16,360,000 for 1999 as compared with $8,350,000 for 1998 and $4,405,000 for 1997. This is the second consecutive year CSI has reported revenue increases of over 90%. For 1999, 18% of revenue growth was due to internal growth, and 82% of the revenue growth was due to the addition of the Satloc division. The marine and agricultural markets represent 80% of sales for 1999. Due to the mix of Satloc revenues, North American sales increased from 51% in 1998, to 55% in 1999.

Gross Margins

Gross margins increased 92% from 1998, to $6,919,000. Margins represent 42.3 % of sales for 1999, compared to 43.2% in 1998. The slight decrease in margins is due to market pressure to reduce selling prices, as the GPS industry awaited the release of CSI's next generation of technology.

Research and Development

CSI's research and development activities focused on both the next generation of core technologies for receivers and antennas, and combining the strengths of new technologies acquired from Satloc, Inc. with existing technologies.

CSI invested $1,572,000 in research and development in 1999, compared to $660,000 in 1998. Of these amounts, $311,000 and $150,000 respectively, were recorded as deferred development costs and included on the balance sheet.

The Corporation applies for scientific research experimental development investment tax credits ("ITC") as part of it's Canadian corporate tax return, but as CSI is listed publicly, the ITC's can only be used against future taxes payable; therefore, there is no adjustment to the research and development expenses reflected.

Goodwill

1999 earnings reflected the amortization of $232,415 of goodwill as compared to $6,660 in 1998. The increase resulted from goodwill amortization relating to the 1999 acquisition of certain parts of the business and assets of Satloc, Inc.

Selling and General and Administration Expense

Selling and general and administration ("SG&A") expense increased 73% over 1998, from $2,380,000 in 1998, to $4,128,000 in 1999. Of the 1999 amount, $2,028,000 is from Satloc operations, which if excluded, would have resulted in a 12% decrease in overall SG&A expenditures.

Depreciation and amortization increased significantly over 1998, from $294,000 to $711,000. This increase is due to the amortization of goodwill relating to the acquisition of certain parts of the business and assets of Satloc, Inc., amortization of deferred development costs from prior years, and an increase in the value of capital assets depreciated.

Interest

Prior to the acquisition of certain parts of the business and assets of Satloc, Inc. CSI did not have any long-term debt and therefore no interest expense. To purchase the assets and business of Satloc, Inc. CSI entered into a subordinated debt with the vendor in the amount of U.S. $1,500,000 with an annual interest rate of 15%. As well, CSI's banker provided a senior loan of $1,499,190. Interest paid or accrued on these loans during the year was $251,279.

Net earnings

Overall net earnings for 1999 were $568,191, or $0.09 per share, an increase in earnings of 34% over 1998 earnings of $423,674 or $0.07 per share. CSI has reported profitable earnings for eight consecutive quarters.

Year Ended December 31, 1998 Compared to Year Ended December 31, 1997

For the year, revenues increased 90% to $8,350,000, compared with $4,405,000 for 1997. Earnings for the year were $424,000, or $0.07 per share compared with a loss of $3,920,000, or ($0.65) per share in 1997.

CSI's improved financial performance in 1998 was due to several factors, including: (i) the new generation SBX-2 core technology with its enhanced features and lower price; (ii) other new products released during 1998; (iii) increased demand from new markets, such as the Geographical Information Systems (GIS) market which grew over 300% during 1998; and (iv) continued expansion in the worldwide network of beacon reference stations.

Revenues

Revenues for the year ended December 31, 1998, were $8,350,000 as compared with $4,405,000 for the prior year. Fourth quarter revenues were up to $2,367,000 - four times the 1997 fourth quarter revenues of $579,000. Export sales accounted for 91% of total sales during 1998 as compared with 92% in the prior year.

Gross Margins

The dollar amount of gross margins increased 12 times to $3,607,000 for 1998, as compared with $303,000 for 1997. The percentage rate for the 1998 gross margins improved substantially to 43% from 7% in 1997. Margins in 1997 were particularly low due to extensive product development delays and related low sales volume. With the successful introduction of CSI's new SBX-2 technology in January 1998, sales volumes reached record levels and margins returned to anticipated levels.

Selling and General and Administration Expense

Total expenses for the year decreased 25% as part of an expense reduction program initiated during the second half of 1997.

Selling expenses for the year ended December 31, 1998 were $1,214,000 as compared with $1,460,000 in the year ended December 31, 1997, a decrease of 17%. General and administrative expenses were $1,165,000 as compared with $1,269,000 in the prior year, a decrease of 8%. Depreciation and amortization charges for 1998 were $294,000 as compared with $491,000 for 1997.

Research and Development

The 1998 research and development expenditures were $666,000, which compares with $1,042,000 for 1997. The higher expenditures in 1997 were required for the research and development involved with the new generation development of the SBX-2.

The Corporation recorded net earnings of $424,000, representing $0.07 per share for the year ended December 31, 1998, as compared to a loss of $3,920,000, ($0.65) per share, for the prior year.

Liquidity and Capital Resources

CSI had cash flows from operations of ($2,434,000) in the first quarter of 2000 (Q1 1999 - $158,000) and $1,750,000 for the full year of 1999. The overall cash position of the company net of bank indebtedness increased from $63,000 at December 31, 1999 to $1,171,000 at March 31, 2000 primarily as a result of the issuance of common shares through a rights offering and an increase in senior long-term debt.

CSI's working capital ratio increased to 2.22 at March 31, 2000 from 1.60 at December 31, 1999. Working capital increased to $6,411,000 from $2,637,000.

CSI has funded its operations through an initial public offering of equity securities, private sales of equity securities, and through an operating line of credit from the Company's banker. CSI completed a rights offering on March 20, 2000 and raised approximately $2,300,000, the proceeds which were used for general working capital purposes.

CSI has an established line of credit to a maximum of $7,000,000 at June 6, 2000 from its bank with borrowing limits determined by trade receivables and inventory levels. Loans under this arrangement incur interest at prime plus 0.75 % to 1.25%. The Corporation has entered into a general security agreement with its bank to secure such indebtedness.

Inventory levels have increased from $4,009,000 at December 31, 1999 to $4,656,000 at March 31, 2000. Inventory levels have been increasing as a result of longer lead times on purchases in the electronics industry and higher inventory levels required for the wider range of products manufactured by the Company.

Shareholders' equity at March 31, 2000 was $7,419,000 compared to $4,037,000 at December 31, 1999, the increase relating to the rights offering and the exercise of stock options.

As at March 31, 2000, CSI had loss carry forwards of $1,126,000, and additional tax deductions of $6,938,000 for a total amount of $8,064,000 which may be used to reduce taxable income in future years. CSI also has accumulated investment tax credits in the amount of $518,521 that can be used to reduce taxes otherwise payable in future years.

The Corporation invested $160,000 in capital assets in the first quarter of 2000, versus $180,000 in 1999. Capital investments were made primarily for computing technology equipment and leasehold improvements.

DIRECTORS AND OFFICERS

The names, municipalities of residence, positions with CSI and the principal occupations of the directors and officers of CSI are set out below:

Name and Municipality of Residence	Office Held	Principal Occupation
Stephen A. Verhoeff Calgary, Alberta	President, Chairman, Chief Executive Officer and a Director	President, Chief Executive Officer of the Corporation
Brian J. Hamilton(1) Calgary, Alberta	Executive Vice-President, Chief Financial Officer and a Director	Executive Vice-President, Chief Financial Officer of the Corporation
Hamid Najafi Los Altos Hills, California	Chief Technology Officer and a Director	Chief Technology Officer of the Corporation
Michael W. Brower Felton, California	Senior Vice-President and a Director	Senior Vice-President of the Corporation
Michael J. Lang(1)(2) Calgary, Alberta	Director	Vice-Chairman of Beau Canada Exploration Ltd.
Howard W. Yenke (2) Boston, Massachusetts	Director	President of The Yenke Group
Paul L. Camwell(1) Calgary, Alberta	Director	Vice-President of Research, Engineering and Development, Ryan Energy Technologies Inc.
Michael W. McCullagh Calgary, Alberta	Senior Vice-President, Manufacturing Operations	Senior Vice-President, Manufacturing Operations of the Corporation
Walter J. Feller Calgary, Alberta	Vice-President, Engineering and Research and Development	Vice-President, Engineering and Research and Development of the Corporation
Theresa J. Lea Calgary, Alberta	Vice-President, Finance and Administration	Vice-President, Finance and Administration of the Corporation
A. James Burge Calgary, Alberta	Vice-President, Sales and Marketing	Vice-President, Sales and Marketing of the Corporation
Cameron B. Olson Calgary, Alberta	Vice-President, Financial Strategies	Vice-President, Financial Strategies of the Corporation

Notes:

(1) Members of the Corporation's audit committee.
(2) Members of the Corporation's Compensation Committee.
(3) The Corporation does not have an executive committee.

All of the persons above have been engaged for more than five years in their present principal occupations or executive positions with the same or associated companies, other than as described under "Management".

As at June 30, 2000, the directors and officers of the Corporation, as a group, beneficially owned, directly or indirectly, 4,559,490 Common Shares or approximately 33.3% of the issued and outstanding Common Shares after giving effect to the exercise of the Special Warrants and the Acquisition. See "Principal Shareholders". Additionally, 918,519 Common Shares have been reserved for issuance to the directors and officers of the Corporation in respect of the granting of stock options. See "Executive Compensation - Stock Option Plan".

MANAGEMENT

Stephen A. Verhoeff, B. Comm., Phoenix, Arizona
Chairman, Chief Executive Officer and a Director

Mr. Verhoeff is the Chairman, Chief Executive Officer and founder of CSI and has been involved with the Corporation since its incorporation in 1990. Mr. Verhoeff's responsibilities at CSI entail overseeing all aspects of corporate operations including marketing, financial reporting, manufacturing and administration. Mr. Verhoeff received his Bachelor of Commerce from the University of Calgary in 1985 and a certificate in telecommunication management from Mount Royal College in 1990. Prior to founding the Corporation, Mr. Verhoeff was also President of Network Innovations Inc., a private corporation engaged in the sales of data communications equipment to the Western Canadian market.

Brian J. Hamilton, CFA, CA, B. Comm., Calgary, Alberta
Executive Vice-President, Chief Financial Officer and a Director

Mr. Hamilton has been with CSI since October 1995 and has been the Corporation's Chief Financial Officer since April 1, 1996. His responsibilities at CSI include providing financial and general management leadership. From 1992 to 1995, Mr. Hamilton was the President, Chief Executive Officer and founder of Easy Street Adventures Inc., a public company which operated family entertainment parks. From 1987 to 1992 Mr. Hamilton was exclusively devoted to identifying emerging companies on behalf of two venture capital companies that employed him during this period (Merbanco Inc. and Harvest Fund Inc.). Mr. Hamilton was also employed as a senior financial officer of various financial institutions, including Paramount Life Insurance Company, ParaCorp Inc. and Canadian Commercial Bank, from 1979 to 1986. Mr. Hamilton received his Bachelor of Commerce (Honours) from the University of Manitoba in 1976 and a Chartered Accountant (C.A.) designation in 1979. Mr. Hamilton received a Chartered Financial Analyst (C.F.A.) designation in 1988.

Michael W. McCullagh, BA, B. Comm., Calgary, Alberta
Senior Vice-President, Manufacturing Operations and a Director

Mr. McCullagh is the Senior Vice-President Manufacturing Operations of the Corporation, and has been with the Corporation since March, 1991. His responsibilities at CSI include supervision of all day to day operations, including marketing, inventory management and administration. Mr. McCullagh obtained a Bachelor of Commerce from the University of Calgary (Major - Marketing) in 1980 and a Bachelor of Arts (Major - Economics) in 1981. From December 1986 to March 1991 Mr. McCullagh was a leasing manager with Copez Properties Ltd., a private company, and was responsible for leasing and related duties for the entire portfolio of office buildings (565,000 square feet). From August 1981 to December 1986 Mr. McCullagh worked in the commercial real estate area specializing in retail leasing, commercial leasing and medical office leasing.

Hamid Najafi, Ph.D., Los Altos Hills, California
Chief Technology Officer and a Director

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

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

Michael W. Brower, Felton, California
Senior Vice-President and a Director

Mr. Brower joined Wireless as Vice-President, Marketing and Business Development in January 2000 and was appointed Senior Vice-President and Director of CSI on completion of the acquisition of Wireless in June 2000. In 1997, Mr. Brower founded Fall Creek Consultants ("Fall Creek"), and has provided business strategy consulting services to many large companies in the wireless location industry. Fall Creek also prepares and distributes an e-newsletter titled Wireless Location News. Prior to founding Fall Creek, Mr. Brower held positions involving wireless telemetry and location-centric applications with Globalstar Mobil Satellite System, Differential Corrections Incorporated and Magellan Systems Corporation.

Walter J. Feller, Calgary, Alberta
Vice-President, Engineering and Research and Development

Mr. Feller has been in his current capacity since June 30, 1999. Prior to that time Mr. Feller was consulting for Satloc, Inc. and had worked with Satloc, Inc. since December 1995. During that time he designed two L-band receivers and a wideband antenna. From 1992 to 1995 Mr. Feller worked at Computing Devices Canada Inc. where he was assigned to the U.K. for technology transfer of a military frequency-hopping encrypted radio for the Canadian Armed Forces. From 1990 to 1992 Mr. Feller worked at NovAtel Communications Inc. designing antennas for the GPS and cellular industry. During this period he was awarded a patent on a novel GPS antenna design.

Theresa J. Lea, Calgary, Alberta
Vice-President, Finance and Administration

Ms. Lea joined CSI in 1997 as controller and was promoted to her current position in 1999. She is responsible for all financial and management reporting, human resources, information systems and administration for CSI and its subsidiaries. Ms. Lea completed her education and obtained her CMA designation while employed at KPMG from 1984 to 1988. Prior to joining CSI, Ms. Lea held controller and senior financial positions in private and public companies in steel fabricating, food processing and automotive industries.

A. James Burge, Calgary, Alberta
Vice-President, Sales and Marketing

Mr. Burge joined CSI in 1997 as Vice President Sales and Marketing. In February 2000 Mr. Burge agreed to add to his CSI responsibilities the management of the sales and marketing function for the Satloc operation. Prior to joining CSI Mr. Burge held several senior sales and management positions in the computer and data industry.

Pierre Rouleau
General Manager, Satloc

Mr. Rouleau joined Satloc, Inc. in late 1995 as an account executive. Mr. Rouleau is currently general manager of Satloc. Prior to that, Mr. Rouleau was President and owner of Pestechcon, Inc., a company dedicated to DGPS Guidance for aerial application. Mr. Rouleau started a career in aviation and migrated to business in 1984. He obtained his Canadian airline transport pilot license in 1979 and worked as a commercial pilot until 1992. Mr. Rouleau became part owner of Agric Air, Inc. in 1995. Agric Air, Inc. was a Canadian air carrier business that specialized in large government forestry aerial application contracts in Canada, Africa and Mexico and owned subsidiaries in the U.S.A.

Cameron B. Olson, B. Comm, C.A., Calgary, Alberta
Vice-President, Financial Strategies

Mr. Olson joined CSI in May 2000 as the Vice-President Financial Strategies. His responsibilities at CSI include cash management, budgeting and forecasting, planning and the development and implementation of financial strategies relating to the Corporation. Prior to joining CSI, Mr. Olson was Director, Marketing Financial Services with PanCanadian Petroleum Limited where he was employed for five years. Prior to that time, Mr. Olson was a Senior Manager with Price Waterhouse specializing in corporate income tax. Mr. Olson obtained a Bachelor of Commerce in Finance from The University of Calgary in 1985 and a Chartered Accountant designation in 1988.

EXECUTIVE COMPENSATION

Cash and Other Compensation

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

Summary Compensation Table

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

Notes:

(1) Each of the Named Executive Officers, except for Mr. Rouleau, receives a car allowance of $750 per month and Mr. Hamilton also receives a computer allowance of $333 per month.
(2) These amounts are comprised of loan guarantee fees of $1,000 per month which ceased shortly after the Corporation completed its initial public offering in March, 1997.
(3) This amount represents bonus earned in 1999 and paid in 2000.
(4) Mr. Burge joined the Corporation on October 1, 1997 as Vice-President, Sales and Marketing.
(5) Mr. Rouleau was appointed as the Vice-President, Sales & Marketing of the Corporation's subsidiary, Satloc (1999) Inc. ("Satloc") upon acquisition by the Corporation of Satloc effective April 4, 1999. Mr. Rouleau's salary is quoted in CDN dollars based on an exchange rate of 1.48.
(6) This amount represents the imputed interest benefit and forgiveness of debt from a loan provided to Mr. Hamilton by CSI in connection with the exercise of options held by him. See "Indebtedness of Directors and Officers".
(7) During 1999, there were seven executive officers of the Corporation. In respect of the financial year ended December 31, 1999, the seven executive officers received, in the aggregate, cash remuneration of $981,161.

Option Grants

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

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

Name	Options Granted in 1999	% of Total Options Granted to Employees(1)	Exercise Price ($/share)	Market Value of Common Share on the Date of Grant(2) ($/share)	Expiry Date
Pierre Rouleau	20,000	29%	$1.00	$1.06	June 17, 2004
Theresa J. Lea	10,000	15%	$1.00	$1.06	June 17, 2004
Walter J. Feller	20,000	29%	$1.00	$1.06	June 17, 2004

Notes:

(1) During the financial year ended December 31, 1999 a total of 69,000 options to purchase Common Shares were granted, 19,000 of which were granted to employees of the Corporation and 50,000 of which were granted to senior officers. A total of 411,125 options expired, unexercised or were canceled during such financial year. There are currently options to purchase 2,065,875 Common Shares of the Corporation issued and outstanding.
(2) Based on the closing price of the Common Shares on the TSE on the date of grant.

Option Exercises

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

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

Notes:
(1) During the financial year ended December 31, 1999 a total of 69,000 options to purchase Common Shares were granted, 19,000 of which were granted to employees of the Corporation and 50,000 of which were granted to senior officers. A total of 411,125 options expired, unexercised or were canceled during such financial year. There are currently options to purchase 2,092,975 Common Shares of the Corporation issued and outstanding.

Employment Contracts and Termination of Employment

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

If Messrs. Verhoeff, McCullagh, Hamilton, Burge, Lea or Feller's employment is terminated for any reason except for cause, including a change of control of the Corporation, the employment agreements provide for termination payments ranging from $1,000 to $2,000 per month of service up to a maximum of one year's salary.

Stock Option Plan

The Corporation has adopted a stock option plan which was amended effective June 15, 2000 (the "Plan") for officers, directors and employees of, and key consultants to, the Corporation which permits the granting of options to purchase up to 2,500,000 Common Shares. The Plan also provides that:

(1) any options granted pursuant to the Plan shall expire not later than ten years after the date of grant;

(2) any options granted pursuant to the Plan shall be non-assignable;

(3) the exercise price of any options granted pursuant to the Plan shall not be lower than the market price of the Common Shares on the date of the grant, where the "market price" is defined as the closing trading price of the Common Shares on the TSE (as reported by such exchange) on the day immediately prior to the date of the grant;

(4) the number of Common Shares issuable pursuant to the Plan to any one person shall not exceed 5% of the outstanding Common Shares;

(5) the number of Common Shares reserved for issuance, or issuable within one year, pursuant to the Plan and all other established or proposed share compensation arrangements of the Corporation, to insiders shall not exceed 10% of the outstanding Common Shares and the number of Common Shares issuable within one year, pursuant to the Plan and all other established or proposed share compensation arrangements of the Corporation, to any one insider and such insider's associates shall not exceed 5% of the outstanding Common Shares; and

(6) an acceleration of one-half of all unvested options in the event of a takeover bid (to allow an optionee to tender into such takeover bid) or in the event of termination of employment of an optionee following a "change of control" of the Corporation. Alternatively, in the event of a takeover bid, the Corporation may be permitted, at its option, to satisfy any obligations to any optionees in respect of any options not exercised by paying the optionee, in cash, the difference between the exercise price of all unexercised options granted and the fair market value of the securities to which the optionee would be entitled upon exercise of all unexercised options on such date and, upon such payment, the option agreement would terminate, such that the optionee would cease to have any rights thereunder.

As at June 30, 2000 there are 2,065,875 stock options issued and outstanding as follows:

Group (number of persons)	Number of Shares Under Option	Date of Grant	Date of Expiry	Exercise Price per Share	Trading Price at Date of Grant [2]
Officers (9)	2,000[1]	1/30/97	1/30/02	$0.73	N/A[1]
	10,000	12/5/97	12/5/02	$0.73	$0.75
	25,000	3/1/98	3/1/03	$1.00	$0.75
	44,300	6/17/99	6/17/04	$1.00	$1.06
	30,000	2/1/00	2/1/05	$2.35	$1.85
	225,000	3/13/00	3/13/05	$6.95	$7.85
	39,969	4/17/00	4/17/05	$1.66	$4.20
	200,000	4/17/00	4/17/05	$3.90	$4.20
	312,500	4/18/00	4/18/05	$4.20	$5.90
Non-Executive Directors (3)	3,750	6/15/98	6/15/03	$0.80	$0.66
	25,000	3/13/00	3/13/05	$6.95	$7.85
Consultants (2)	10,000	2/1/00	2/1/05	$2.35	$1.85
	75,000	4/11/00	4/11/05	$4.15	$5.95

Group (number of persons)	Number of Shares Under Option	Date of Grant	Date of Expiry	Exercise Price per Share	Trading Price at Date of Grant [(2)]
Employees (122)	1,000[(1)]	4/1/96	4/1/01	$0.73	N/A[(1)]
	17,000	12/5/97	11/30/02	$0.73	$0.75
	3,375	3/1/98	12/31/02	$0.75	$0.75
	10,000	6/17/99	6/17/04	$1.00	$1.06
	149,200	2/1/00	2/1/05	$2.35	$1.85
	14,000	3/13/00	3/13/05	$6.95	$7.85
	10,658	4/17/00	4/17/05	$1.10	$4.20
	121,238	4/17/00	4/17/05	$1.66	$4.20
	578,135	4/17/00	4/17/05	$3.90	$4.20
	136,250	4/18/00	4/18/05	$4.20	$5.90
	10,000	5/3/00	5/3/05	$5.30	$4.80
	12,500	5/29/00	5/29/05	$2.85	$2.85
Total	2,065,875				

Notes:

(1) These stock options were granted at a time when the Common Shares were not listed on a stock exchange.
(2) Based on the closing price of the Common Shares on the TSE on the date of the grant, as reported by the applicable exchange.

Bonus Plan

The Corporation has established an annual bonus plan for its executive officers based and dependent upon the financial performance of the Corporation for the applicable financial year. Bonus details are reviewed annually by the Compensation Committee of the Corporation. Remuneration from the bonus plan in the aggregate of $59,025 was earned by the executive officers during the financial year ended December 31, 1999 and paid during 2000.

Directors

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

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

As at June 15, 2000, there was no indebtedness by any current and former officers, directors and employees of the Corporation. Details with respect to the outstanding indebtedness during the last completed financial year is set forth below:

Name and Principal Occupation	Involvement of the Corporation	Largest Amount Outstanding from January 1, 1999 to December 31, 1999[(1)] ($)	Amount Outstanding at June 15, 2000[(1)] ($)	Financially Assisted Securities Purchases from January 1, 1999 to December 31, 1999 (#)	Security for Indebtedness
Brian J. Hamilton Chief Financial Officer	Lender	$40,000[(2)]	Nil	Nil	Security on the Common Shares issued and bonus payments
Michael J. Lang, Director	Lender	$23,000[(3)]	Nil	Nil	Security on the Common Shares issued and bonus payments

Notes:

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

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

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

Except as set forth below, no director, executive officer or other senior officer of the Corporation, or any associate of any such director or officer, is, or has been at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation or any of its subsidiaries nor is, or at any time since the beginning of the most recently completed financial year of the Corporation has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

PRINCIPAL SHAREHOLDERS

As at the date hereof, there are no persons who beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the outstanding Common Shares, other than as follows:

Name and Address	**Type of Ownership**	**Number of Common Shares Owned, Controlled or Directed Before Giving Effect to the Acquisition**	**Percentage of Outstanding Common Shares Before Giving Effect to the Acquisition**	**Number of Common Shares Owned, Controlled or Directed After Giving Effect to the Acquisition**	**Percentage of Outstanding Common Shares After Giving Effect to the Acquisition**
Dr. Hamid Najafi Milpitas, California	Direct	Nil	Nil	2,000,000	14.6%

As at June 30, 2000, the directors and officers of the Corporation, as a group, beneficially owned, directly or indirectly, 4,559,490 Common Shares or approximately 33.3% of the issued and outstanding Common Shares after giving effect to the exercise of the Special Warrants and the completion of the Acquisition.

ESCROWED SHARES

Pursuant to an agreement (the "Escrow Agreement") dated March 12, 1997 among the Corporation, the Montreal Trust Company of Canada (as "Trustee") and certain shareholders of the Corporation, such shareholders deposited with the Trustee an aggregate of 2,408,205 Common Shares (the "Escrowed Shares"). The Escrow Agreement provides, among other things, that one quarter of the Escrowed Shares are releasable on each of the first, second, third, and fourth anniversaries of the listing of the Common Shares on the TSE. There are currently 627,052 Escrowed Shares being held in escrow pursuant to the Escrow Agreement, which shares are releasable on March 12, 2001. The Escrowed Shares may not otherwise be sold, assigned, hypothecated, alienated, released from escrow, transferred within escrow or otherwise dealt with, without the express written consent of The Toronto Stock Exchange.

Pursuant to an agreement (the "Acquisition Escrow Agreement") dated as of June 22, 2000 among the Corporation, Montreal Trust Company of Canada (the "Trustee") and the previous shareholders of Wireless, such shareholders deposited with the Trustee an aggregate of 3,960,000 Common Shares (the "Acquisition Escrowed Shares"). The Acquisition Escrow Agreement provides, among other things, that one half of the Acquisition Escrowed Shares are releasable on each of December 20, 2000 and June 20, 2001. The Acquisition Escrowed Shares may not otherwise be sold, assigned, hypothecated, alienated, released from escrow, transferred within escrow or otherwise dealt with, without the express written consent of the Corporation.

DIVIDEND RECORD AND POLICY

The Corporation has not paid any dividends on the Common Shares during the last five financial years. The future payment of dividends will be determined by the board of directors of the Corporation and will be dependent on the financial needs of the Corporation to fund future growth, the general financial condition of the Corporation and other relevant factors. The Corporation does not intend to pay dividends on its Common Shares in the foreseeable future.

PRIOR SALES

In the twelve months prior to the date hereof, the only Common Shares issued by CSI were as follows:

Date of Issuance	Number of Common Shares Issued	Issue Price Per Share
July 8, 1999	1,065	$0.75
July 8, 1999	710	$0.73
November 19, 1999	2,500	$0.73
January 21, 2000	1,000	$0.73
January 21, 2000	750	$0.75
January 27, 2000	2,200	$0.73
February 7, 2000	2,800	$0.73
February 7, 2000	1,800	$0.76
February 9, 2000	10,000	$0.73
February 9, 2000	500	$0.75
February 9, 2000	100,000	$0.80
February 9, 2000	1,900	$1.00
February 11, 2000	25,375	$0.75
February 11, 2000	43,475	$0.73
February 11, 2000	26,250	$0.80
February 11, 2000	3,800	$1.00
February 14, 2000	750	$0.75
February 14, 2000	10,500	$0.73
February 15, 2000	1,000	$0.75
February 15, 2000	9,100	$0.73

Date of Issuance	Number of Common Shares Issued	Issue Price Per Share
February 16, 2000	50,000	$0.75
February 18, 2000	59,000	$0.80
March 14, 2000	1,635,221 (1)	$1.60
March 16, 2000	110	$0.76
May 5, 2000	900	$0.73
May 5, 2000	600	$2.35
June 16, 2000	1,000	$0.80
June 19, 2000	60	$2.34
June 22, 2000	4,097,340 (2)	$2.85
June 30, 2000	302,660 (2)	$2.85

Note:
(1) Common Shares issued pursuant to a rights offering.
(2) Common Shares issued pursuant to the Acquisition.
(3) Other than the shares issued on March 14, 2000, June 22, 2000 and June 30, 2000 all of the common shares were issued on exercise of options.

PRICE RANGE AND TRADING VOLUME OF COMMON SHARES

The Common Shares have been listed and posted for trading on The Toronto Stock Exchange under the symbol "CSY" since March 12, 1997. The following table sets out the high and low price for board lot trades and the volume of trading of the Common Shares (for the periods indicated).

	Price Range ($)		
	High	Low	Trading Volume
1998			
First Quarter	0.88	0.55	420,700
Second Quarter	0.91	0.63	481,100
Third Quarter	0.84	0.34	337,700
Fourth Quarter	0.80	0.34	681,700
1999			
First Quarter	1.16	0.59	1,113,200
Second Quarter	1.15	0.72	736,897
Third Quarter	1.59	1.05	912,072
Fourth Quarter	1.57	1.17	336,650
2000			
January	2.60	1.25	889,266
February	11.50	1.70	5,359,602
March	8.30	4.00	1,460,279
April	6.65	3.30	1,388,211
May	5.75	2.79	731,200
June	3.50	2.55	601,800

The closing price of the Common Shares on the TSE on May 17, 2000, the last trading day prior to the date on which the issue of the Special Warrants was initially announced, as reported by such exchange, was $4.30 per share and on June 30, 2000 was $2.64 per share.

RISK FACTORS

Investment in the Common Shares offered hereby involves a significant degree of risk. Prospective investors should carefully review the following factors, together with other information contained in this prospectus.

(1) **Dependence on Key Personnel and Consultants.** The success of the Corporation is dependent upon its personnel and key consultants. The unexpected loss or departure of any of the Corporation's key officers, employees or consultants could be detrimental to the future operations of the Corporation. The success of the Corporation's business will depend, in part, upon the Corporation's ability to attract and retain qualified personnel as they are needed. There can be no assurance that the Corporation will be able to engage the services of such personnel or retain its current personnel.

(2) **Second Quarter Financial Results.** It is anticipated that the Corporation will incur a loss in the second quarter of 2000 resulting from reduced and delayed orders resulting from the removal of selective availability, delays in product development and from seasonality. In addition, management of the Corporation anticipates that the Corporation will experience a loss for the year ended December 31, 2000 due in part to the amortization of goodwill incurred in the acquisition of Wireless, research and product development and from lower margins realized while establishing market share in certain new wireless product markets.

(3) **Seasonal Effect on Results.** The results of the Corporation vary seasonally as a result of increased demand during the summer months from the agricultural sector and other factors.

(4) **Competition.** There are other competitors which supply similar products to those provided by the Corporation. Such competition may result in reduced sales, reduced margins or both. The Corporation is and will be competing with larger, better capitalized companies which are better positioned to respond to shifts in the marketplace. In addition to competition from other providers of beacon receivers, CSI also faces competition from other competing differential systems such as FM sub-carriers which transmit differential corrections over the FM radio frequencies for an additional charge and independent satellite-based differential services such as the OmniStar System offered by John E. Chance & Associates, Inc. which also transmits differential corrections, for an additional fee. Furthermore, the U.S. Federal Aviation Administration intends to implement a satellite based Wide Area Augmentation System (WAAS) which also provides differential corrections, primarily for the aviation industry.

(5) **Availability of Key Supplies.** The Corporation has based its estimates of marketing and production costs on information which is presently considered by management to be reliable, and has assumed the cost effective availability of materials and supplies. CSI is reliant upon certain key suppliers for raw materials and components and no assurances can be given that CSI will not experience delays or other difficulties in obtaining supplies, as a result of trade disputes or other matters. While no single vendor currently supplies more than 10% of the raw materials used by CSI, the raw materials used in certain operations are available only through a limited number of vendors. Although management of CSI believes that there are alternative suppliers for most of its key requirements, if its current suppliers are unable to provide the necessary raw materials or otherwise fail to timely deliver products in the quantities required, any resulting delays in the manufacture or distribution of existing products could have a material adverse effect on the Corporation's results of operations and its financial condition.

(6) **Dependence on Major Customers.** For the year ended December 31, 1999 22% (1998-43%) of CSI's sales were made to its three largest customers. The loss of any of these customers could have a adverse effect on its business.

(7) **Discretion in Application of Proceeds**. Under certain circumstances, the Corporation may find it necessary or advisable to reallocate some of the proceeds for other purposes. Accordingly, the Corporation will have discretion as to the application of such proceeds. See "Use of Proceeds".

(8) **Future Acquisitions**. The Corporation may seek to expand its business, through the acquisition of compatible products or businesses. There can be no assurance that suitable acquisition candidates can be identified and acquired on terms favourable to the Corporation or that the acquired operations can be profitably operated or integrated into the Corporation. In addition any internally generated growth experienced by the Corporation could place significant demands on the Corporation's management, thereby restricting or limiting its available time and opportunity to identify and evaluate potential acquisitions. To the extent management is successful in identifying suitable companies or products for acquisition, the Corporation may deem it necessary or advisable to finance such acquisitions through the issuance of Common Shares, securities convertible into Common Shares, or debt financing, or a combination thereof. In such cases, the issuance of Common Shares or preferred shares or convertible securities could result in dilution to the holders of Common Shares at the time of such issuance or conversion. The issuance of debt to finance acquisitions may result, among other things, in the encumbrance of certain of the Corporation's assets, impede the Corporation's ability to obtain bank financing, decrease the Corporation's liquidity and adversely affect the Corporation's ability to declare and pay dividends to its shareholders.

(9) **Proprietary Protection.** The Corporation does not have patents on the majority of its principal products and in some instances relies primarily on trade secrets and unpatented know-how to maintain its competitive position. There can be no assurance that others may not become privy to such trade secrets and know-how or independently develop the same or similar technologies and products.

(10) **Product Liability.** The sale and use of the Corporation's products entail risk of product liability. The Corporation has product liability insurance, however, there is no assurance that such insurance will be sufficient or will continue to be available on reasonable terms.

(11) **Dilution.** The effective offering price of $2.50 per Common Share exceeds the net tangible book value per Common Share as at March 31, 2000 after giving effect to the exercise of the Special Warrants by $1.83 which represents a dilution factor of 73% and after giving effect to the exercise of the Special Warrants and the Acquisition by $2.08 or 83% (see "Dilution").

(12) **Exchange Rate Fluctuation.** As the Corporation sells the majority of its products outside of Canada, fluctuation in exchange rates may affect the Corporation's profitability.

(13) **Dependence on New Products.** The Corporation must continue to make significant investments in research and development in order to continue to develop new products, enhance existing products and achieve market acceptance for such products. However, there can be no assurance that development stage products will be successfully completed or, if developed, will achieve significant customer acceptance. If the Corporation were unable to successfully define, develop and introduce competitive new products, and enhance its existing products, its future results of operations would be adversely affected.

(14) **Reliance on GPS Satellite Network.** The Corporation's products rely on signals from satellites that it does not own or operate. Such satellites and their ground support systems are complex electronic systems subject to electronic and mechanical failures and possible sabotage. The satellites have limited design lives and are subject to damage by the hostile space environment in which they operate. If a significant number of satellites were to become inoperable, there could be a substantial delay before they are replaced with new satellites. A reduction in the number of operating satellites would impair the current utility of the GPS system or the growth of current and additional market opportunities, which, in either case, would adversely affect the Corporation's results of operations. In addition, there is no assurance that the U.S. Government will remain committed to the operation and maintenance of GPS satellites over a long period of time, nor that the policies of the U.S. Government for use of GPS, without charge, will remain unchanged.

(15) **Selective Availability.** On May 1, 2000, the U.S. Government announced the immediate removal of selective availability - the intentional degradation of GPS signals for non-U.S. Government users. The removal of selective availability increases the accuracy of GPS signals by as much as ten times. As a result of this change,

some customers will no longer require the additional precision provided by CSI's differential GPS products and therefore, there will be a reduction in the Corporation's sales, primarily in the marine markets.

(16) **New and Emerging Markets.** Many of the markets for CSI products are new and emerging. The Corporation's success will be significantly affected by the outcome of the development of these new markets.

(17) **Wireless Industry Technology Risk.** CSI's success in the wireless market may depend in part on its ability to develop products that keep pace with the continuing changes in technology, evolving industry standards and changing customer and end user preferences and requirements. CSI products embody complex technology that may not meet those standards, changes and preferences. In addition, wireless communications service providers require that wireless data systems deployed in their networks comply with their own standards, which may differ from the standards of other providers. CSI may be unable to successfully address these developments on a timely basis or at all. CSI's failure to respond quickly and cost effectively to new developments through the development of new products or enhancements to existing products could cause the Corporation to be unable to recover significant research and development expenses and reduce its revenue.

(18) **Wireless Data Competition.** The wireless data and communications industry is intensely competitive and subject to rapid technological change. CSI expects competition to intensify. More established and larger companies with greater financial, technical and marketing resources may decide to sell products that compete with the Corporation's. Existing or future competitors may be able to respond more quickly to technological developments and changes or may independently develop and patent technologies and products that are superior to ours or achieve greater acceptance due to factors such as more favorable pricing or more efficient sales channels. If CSI is unable to compete effectively with competitors' pricing strategies, technological advances and other initiatives, its market share and revenues may be reduced.

(19) **Third Party Wireless Dependence.** Customers can only use wireless products over wireless data networks operated by third parties. If these network operators cease to offer effective and reliable service, or fail to market their services effectively, sales of CSI products may decline and revenues may decrease.

(20) **New Product Development.** The Corporation must continue to make significant investments in research and development in order to continue to develop new products, enhance existing products and achieve market acceptance for its products. However, there can be no assurance that development stage products will be successfully completed or, if developed, will achieve significant customer acceptance.

DILUTION

CSI's net tangible book value as of March 31, 2000 was $4,172,027 or $0.50 per Common Share. Net tangible book value represents total assets excluding goodwill less total liabilities as at March 31, 2000 divided by the number of Common Shares outstanding at March 31, 2000. After giving effect to the sale of 945,946 Special Warrants offered at the price of $2.50 per Special Warrant and after deducting the estimated agency fees of $189,189 and estimated offering expenses of $125,000 payable by CSI, the net tangible book value as at March 31, 2000 would have been $6,222,703 or $0.67 per share. This value represents an immediate increase in net tangible book value of $0.17 per share to existing shareholders and an immediate dilution in net tangible book value of $1.83 per share to Special Warrant investors. This amount is equal to 73% of the offering price of $2.50 per Special Warrant.

Price per Special Warrant to investors	$2.50
Net tangible book value per share as at March 31, 2000	$0.50
Increase attributable to new investors	$0.17
Net tangible book value per share after offering	$0.67
Dilution per share to investors	$1.83

The effective issue price of $2.50 per Common Share exceeds the net tangible book value per Common Share as of March 31, 2000 after giving effect to the exercise of the Special Warrants and the Acquisition by $2.08 or 83%.

To the extent that any shares are issued upon exercise of options that were outstanding as at March 31, 2000 or granted after that date or reserved for future issuance under stock option plans, there may be further dilution to new investors.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Management of the Corporation is not aware of any material interest, direct or indirect, of any director or officer of the Corporation or any person owning, directly or indirectly, more than 10% of the Corporation's voting securities, or any associate or affiliate of any such person in any transaction within the last three years or any proposed transaction which in either case has materially affected or will materially affect the Corporation, other than as disclosed elsewhere in this prospectus (see "Recent Developments").

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business the only material contracts entered into by the Corporation in the two years immediately prior to the date hereof which can reasonably be regarded as presently material to the Corporation are the following:

(1) the Agency Agreement referred to under "Details of the Offering";
(2) the Special Warrant Indenture referred to under "Details of the Offering";
(3) the Warrant Indenture referred to under "Details of the Offering";
(4) the acquisition agreement among Satloc, Inc., the Corporation and certain other parties dated effective April 4, 1999;
(5) the Escrow Agreement referred to under "Escrowed Shares";
(6) the Acquisition Escrow Agreement referred to under "Escrowed Shares"; and
(7) the Acquisition Agreement between the Corporation, Wireless, the Majority Shareholder and certain other shareholders of Wireless referred to under "Recent Developments".

Copies of such agreements will be available for inspection at the head office of the Corporation at 1200 - 58 Avenue S.E., Calgary, Alberta, and at the offices of Goodman, Phillips & Vineberg, Suite 2400, 250 Yonge Street, Toronto, Ontario, during normal business hours while the securities offered by this prospectus are in the course of distribution and for a period of 30 days thereafter and at the offices of the Alberta Securities Commission in Calgary and Edmonton at any time during normal business hours.

PROMOTERS

Stephen A. Verhoeff and Michael McCullagh may be considered to be the promoters of the Corporation in that they took the initiative in founding and organizing the Corporation. See "Directors and Officers".

AUDITORS, TRANSFER AGENT AND REGISTRAR

KPMG LLP, 1200, 205 - 5th Avenue S.W., Calgary, Alberta, T2P 4B9, are the auditors of the Corporation. The transfer agent and registrar for the Common Shares is Montreal Trust Company of Canada at its offices in Calgary, Alberta and Toronto, Ontario.

LEGAL PROCEEDINGS

There are no legal proceedings which the Corporation or any subsidiary of the Corporation is a party or of which any of their property is subject which are material to the Corporation and the Corporation is not aware of any such proceedings that are contemplated or pending.

LEGAL MATTERS

Certain legal matters relating to the issuance of the Common Shares issuable upon exercise thereof will be passed on behalf of the Corporation by Burnet, Duckworth & Palmer of Calgary, Alberta, and on behalf of the Agents by Burstall Ward of Calgary, Alberta. As at the date hereof, partners and associates of Burnet, Duckworth & Palmer and Burstall Ward owned less than 1% of the outstanding Common Shares of the Corporation.

PURCHASERS' STATUTORY RIGHTS

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

CONTRACTUAL RIGHT OF ACTION FOR RESCISSION

In the event that a holder of a Special Warrant, who acquires a Common Share upon the exercise of a Special Warrant as provided for in this prospectus, is or becomes entitled under applicable legislation to the remedy of rescission by reason of this prospectus or any amendment thereto containing a misrepresentation, the holder shall be entitled to rescission not only of the holder's exercise of its Special Warrant but also of the private placement transaction pursuant to which the Special Warrant was initially acquired and shall be entitled, in connection with such rescission, to a full refund of all consideration paid to the Corporation on the acquisition of the Special Warrant. In the event the holder is a permitted assignee of the interest of the original Special Warrant subscriber, that permitted assignee shall be entitled to exercise the rights of rescission and refund described herein as if the permitted assignee was the original subscriber. The foregoing is in addition to any other right or remedy available to a holder of a Special Warrant under Section 168 of the *Securities Act* (Alberta) and Section 130 of the *Securities Act* (Ontario), similar sections of other applicable securities legislation or otherwise at law.

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AUDITORS' REPORT TO THE DIRECTORS

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

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

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

Chartered Accountants

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

CSI WIRELESS INC.

Consolidated Balance Sheets

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

See accompanying notes to consolidated financial statements.

Approved by the Board:

(signed) “Stephen A. Verhoeff” Director

(signed) “Brian J. Hamilton” Director

CSI WIRELESS INC.

Consolidated Statements of Operations and Retained Earnings (Deficit)

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

See accompanying notes to consolidated financial statements.

CSI WIRELESS INC.

Consolidated Statements of Cash Flows

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

CSI WIRELESS INC.

Consolidated Statements of Cash Flows (Cont'd)

	Three months ended March 31,		Years ended December 31,		
	2000	1999	1999	1998	1997
	(Unaudited)				
Supplemental disclosure:					
Interest paid	$ 47,535	$ –	$ 139,993	$ 24,161	$ –

See accompanying notes to consolidated financial statements.

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

1. Significant accounting policies:

(a) Principles of consolidation:

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

(b) Inventories:

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

(c) Capital assets:

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

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

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

(d) Deferred development costs:

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

(e) Research costs:

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

1. Significant accounting policies (continued):

(f) Goodwill:

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

(g) Measurement uncertainty:

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

(h) Earnings per share:

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

(i) Foreign currency translation:

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

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

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

(j) Stock-based compensation plans:

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

1. Significant accounting policies (continued):

(k) Income taxes:

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

2. Change in accounting policy:

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

3. Capital assets:

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

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

December 31, 1998	Cost	Accumulated depreciation	Net book value
Computer equipment and software	$ 453,628	$ 224,955	$ 228,673
Office and production equipment	635,221	259,506	375,715
Leasehold improvements	67,809	22,387	45,422
Licenses and other assets	420,600	83,365	337,235
	$ 1,577,258	$ 590,213	$ 987,045

4. Deferred development costs:

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

5. Acquisitions:

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

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

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

5. Acquisitions (continued):

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

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

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

6. Bank indebtedness:

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

7. Subordinated debt:

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

8. Senior long-term debt:

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

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

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

9. Share capital:

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

(b) Issued:

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

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

9. Share capital (continued):

(b) Issued (continued):

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

(c) Normal course issuer bid:

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

(d) Stock options:

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

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

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

9. Share capital (continued):

(d) Stock options (continued):

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

(e) Share purchase warrants:

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

10. Due from shareholders:

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

11. Income taxes:

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

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

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

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

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

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

United States	Net operating losses
2021	$ 55,047

12. Segmented information:

(a) Operating segments:

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

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

(i) Year ended December 31:

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

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

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

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

12. Segmented information (continued):

(b) Sales by geographic segment:

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

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

(c) Major customers:

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

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

13. Financial instruments:

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

14. Commitments:

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

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

15. Subsequent events:

(a) Acquisition:

On June 30, 2000, the Company completed its acquisition of the outstanding shares of Wireless Link Corporation ("Wireless"). In consideration for all the issued and outstanding share capital of Wireless, the Company issued an aggregate of 4,400,000 common shares of the Company at an ascribed value of $2.85 per common share. In addition, the Company will issue, over a three year period, a further 1,000,000 common shares of the Company for no additional consideration as incentive shares for the benefit of management and employees of Wireless. These 1,000,000 incentive shares will be accounted for as additional purchase consideration at the time of issuance. The Company has also agreed, subject to regulatory approval, to make available to management and employees of Wireless up to 950,000 options to purchase common shares of the Company.

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

(b) Private placement:

On June 12, 2000, the Company completed a private placement of an aggregate of 945,946 Special Warrants at a price of $2.50 per Special Warrant for net proceeds of approximately $2,050,676. Each Special Warrant entitles the holder to acquire, at no additional cost, one common share and one Warrant of the Company on the earlier of five business days following the date upon which a receipt for a prospectus qualifying the common shares is issued and June 12, 2001. Each Warrant entitles the holder to purchase one common share at a price of $2.90 per common share until December 12, 2001.

(c) Prospectus:

Pursuant to a directors' resolution dated June 30, 2000 the Company has agreed to file a prospectus qualifying the distribution of 945,946 common shares of the Company and 945,946 common share purchase warrants of the Company issuable upon the exercise of 945,946 previously issued Special Warrants.

(d) On June 21, 2000, Communication Systems International Inc. changed its name to CSI Wireless Inc.

PRO FORMA FINANCIAL STATEMENTS COMBINING CSI WIRELESS INC. *(FORMERLY* ***COMMUNICATION SYSTEMS INTERNATIONAL INC.****) AND WIRELESS LINK CORPORATION AS AT MARCH* ***31, 2000*** *AND FOR THE THREE MONTHS ENDED MARCH* ***31, 2000*** *AND THE YEAR ENDED DECEMBER* ***31, 1999.***

COMPILATION REPORT

To the Board of Directors of CSI Wireless Inc.

We have reviewed, as to compilation only, the accompanying unaudited pro forma consolidated balance sheet of CSI Wireless Inc. as at March 31, 2000 and the pro forma consolidated statements of operations for the three months ended March 31, 2000 and the year ended December 31, 1999. The pro forma financial statements have been prepared for inclusion in the prospectus dated ■, 2000 of CSI Wireless Inc.

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

Chartered Accountants

Calgary, Canada
■, 2000

CSI WIRELESS INC.

Pro Forma Consolidated Balance Sheet

As at March 31, 2000
(Unaudited)

	CSI Wireless Inc.	Wireless Link Corporation	Adjustments	Pro Forma Consolidated
	(unaudited)	(unaudited)	(note 2)	(unaudited)
Assets				
Current assets:				
Cash and cash equivalents	$ 3,128,121	$ 1,337,832	$ 2,050,676	$ 6,516,629
Accounts receivable	3,704,225	2,946,949	–	6,651,174
Income taxes recoverable	11,317	–	–	11,317
Inventories	4,655,551	1,158,148	–	5,813,699
Prepaid expenses and deposits	157,472	109,039	–	266,511
	11,656,686	5,551,968	2,050,676	19,259,330
Capital assets	1,583,209	977,479	–	2,560,688
Deferred development costs	414,572	–	–	414,572
Goodwill	3,246,846	–	13,056,156	16,303,002
Trademark	–	11,628	–	11,628
	$16,901,313	$ 6,541,075	$ 15,106,832	$ 38,549,220
Liabilities and Shareholders' Equity				
Current liabilities:				
Bank indebtedness	$ 1,956,645	$ 142,443	$ –	$ 2,099,088
Accounts payable and accrued liabilities	2,732,635	5,653,343	600,000	8,985,978
Deferred revenue	–	661,445	–	661,445
Current portion of senior long-term debt	556,332	–	–	556,332
	5,245,612	6,457,231	600,000	12,302,843
Subordinated debt	2,428,750	–	–	2,428,750
Senior long-term debt	1,808,078	–	–	1,808,078
Shareholders' equity:				
Share capital	9,739,736	8,195,302	6,395,374	24,330,412
Deficit	(2,320,863)	(8,111,458)	8,111,458	(2,320,863)
	7,418,873	83,844	14,506,832	22,009,549
	$16,901,313	$ 6,541,075	$15,106,832	$ 38,549,220

See accompanying notes to pro forma consolidated financial statements.

CSI WIRELESS INC.

Pro Forma Consolidated Statement of Operations

Three months ended March 31, 2000
(Unaudited)

	CSI Wireless Inc.	Wireless Link Corporation	Adjustments	Pro Forma Consolidated
	(unaudited)	(unaudited)	(note 2)	(unaudited)
Sales	$ 5,080,381	$ 4,842,783	$ –	$ 9,923,164
Cost of sales	2,746,712	4,512,665	–	7,259,377
	2,333,669	330,118	–	2,663,787
Expenses:				
Selling	817,243	113,783	–	931,026
General and administrative	461,520	1,177,043	–	1,638,563
Interest on long-term debt	118,961	–	–	118,961
Depreciation and amortization	252,736	74,572	326,404	653,712
	1,650,460	1,365,398	326,404	3,342,262
Earnings (loss) before undernoted items	683,209	(1,035,280)	(326,404)	(678,475)
Research and development costs	452,269	712,097	–	1,164,366
Earnings (loss) before income taxes	230,940	(1,747,377)	(326,404)	(1,842,841)
Income taxes	–	–	–	–
Net earnings (loss)	$ 230,940	$(1,747,377)	$ (326,404)	$(1,842,841)
Pro forma loss per share, basic				$ (0.13)

See accompanying notes to pro forma consolidated financial statements.

CSI WIRELESS INC.

Pro Forma Consolidated Statement of Operations

Year ended December 31, 1999
(Unaudited)

	CSI Wireless Inc.	Wireless Link Corporation	Adjustments	Pro Forma Consolidated
	(unaudited)	(unaudited)	(note 2)	(unaudited)
Sales	$16,359,809	$ 2,873,551	$ –	$19,233,360
Cost of sales	9,440,730	2,277,018	–	11,717,748
	6,919,079	596,533	–	7,515,612
Expenses:				
Selling	2,481,788	368,292	–	2,850,080
General and administrative	1,646,185	2,368,146	–	4,014,331
Interest on long-term debt	251,279	–	–	251,279
Depreciation and amortization	710,783	238,803	1,305,616	2,255,202
	5,090,035	2,975,241	1,305,616	9,370,892
Earnings (loss) before undernoted items	1,829,044	(2,378,708)	(1,305,616)	(1,855,280)
Research and development costs	1,260,853	2,790,561	–	4,051,414
Earnings (loss) before income taxes	568,191	(5,169,269)	(1,305,616)	(5,906,694)
Income taxes	–	–	–	–
Net earnings (loss)	$ 568,191	$(5,169,269)	$(1,306,616)	$(5,906,694)
Pro forma loss per share, basic				$ (0.50)

See accompanying notes to pro forma consolidated financial statements.

1. Basis of presentation:

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

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

The unaudited pro forma consolidated financial statements have been prepared on the basis that CSI has completed the acquisition of all of the outstanding share capital of Wireless in consideration for the issuance of an aggregate of 4,400,000 common shares of CSI. In addition, CSI will issue an additional 1,000,000 common shares of CSI, for no additional consideration, as incentive shares for the benefit of management and employees of Wireless.

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

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

2. Pro forma assumptions and adjustments:

The pro forma consolidated balance sheet gives effect to the acquisition of Wireless as at March 31, 2000 and the exercise of 945,946 Special Warrants previously issued for net proceeds of $2,050,676 on June 12, 2000. The pro forma consolidated statements of operations gives effect to the acquisition at the beginning of the period commencing January 1, 1999 and January 1, 2000 respectively.

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

2. Pro forma assumptions and adjustments (continued):

(a) Special Warrants:

The pro forma consolidated balance sheet gives effect to the exercise of 945,946 Special Warrants previously issued for net proceeds of $2,050,676 on June 12, 2000.

(b) Translation of Wireless:

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

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

(c) Acquisition of Wireless:

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

Working capital	$ (905,263)
Capital assets	989,107
Goodwill	13,056,156
	$13,140,000
Consideration paid:	
4,400,000 Common shares of CSI, at an ascribed value of $2.85 per share	$12,540,000
Acquisition costs	600,000
Total consideration	$13,140,000

(d) Amortization of goodwill:

Additional goodwill amortization expense of $1,305,616 for the year ended December 31, 1999 and $326,404 for the three months ended March 31, 2000 is recorded to reflect a ten year amortization period beginning January 1, 1999 and January 1, 2000 respectively.

(e) Additional consideration:

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

2. Pro forma assumptions and adjustments (continued):

(f) Pro forma loss per share:

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

	March 31, 2000	December 31, 1999
Basic weighted average common shares outstanding	13,693,852	11,708,321
Fully diluted number of common shares outstanding	15,279,577	13,191,071

These weighted average outstanding common shares have been adjusted by assuming that 4,400,000 common shares were issued as consideration for Wireless and 945,946 common shares were issued on the exercise of 945,946 previously issued Special Warrants. In addition, the fully diluted number of common shares outstanding assumes the issuance of the 1,000,000 incentive common shares.

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

kpmg

Financial Statements of

WIRELESS LINK CORPORATION

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

(Amounts in United States dollars)

AUDITORS' REPORT TO THE DIRECTORS

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

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

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

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

Chartered Accountants

Calgary, Canada
April 29, 2000

WIRELESS LINK CORPORATION
Balance Sheets

(Expressed in United States dollars)

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

See accompanying notes to financial statements.

Approved by the Board:

__________________________ Director

__________________________ Director

WIRELESS LINK CORPORATION

Statements of Operations and Retained Earnings (Deficit)

(Expressed in United States dollars)

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

See accompanying notes to financial statements.

WIRELESS LINK CORPORATION

Statements of Cash Flows

(Expressed in United States dollars)

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

See accompanying notes to financial statements.

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

1. Future operations:

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

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

2. Significant accounting policies:

(a) Revenue recognition:

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

(b) Inventories:

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

(c) Short-term investments:

Investments are recorded at the lower of cost or market.

2. Significant accounting policies (continued):

(d) Capital assets:

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

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

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

(e) Research and development costs:

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

(f) Measurement uncertainty:

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

(g) Stock-based compensation plans:

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

(h) Income taxes:

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

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

(Expressed in United States dollars)

3. Capital assets:

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

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

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

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

(Expressed in United States dollars)

4. Bank indebtedness:

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

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

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

5. Share capital:

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

(b) Common shares issued:

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

(c) Preferred shares issued:

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

5. Share capital (continued):

(c) Preferred shares issued (continued):

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

(d) Stock options:

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

6. Income taxes:

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

7. Financial instruments:

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

(Expressed in United States dollars)

8. Commitments:

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

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

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

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

9. Related party transactions:

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

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

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

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

CERTIFICATES

Certificate of the Corporation

June 30, 2000

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 8 of the *Securities Act* (Alberta) and by Part XV of the *Securities Act* (Ontario) and the respective regulations thereunder.

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

On behalf of the Board of Directors

(signed) Paul L. Camwell Director	(signed) Michael J. Lang Director

Promoters

(signed) Michael W. McCullagh	(signed) Stephen A. Verhoeff

Certificate of the Agents

June 30, 2000

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 8 of the *Securities Act* (Alberta) and by Part XV of the *Securities Act* (Ontario) and the respective regulations thereunder.

ACUMEN CAPITAL FINANCE PARTNERS LIMITED

By: (signed) Michael F. Hill

The following includes the name of every person or company having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of:

ACUMEN CAPITAL FINANCE PARTNERS LIMITED: Bruce A. Ramsay, Kim Wong, Robert W. Laidlaw, Michael F. Hill, Curtis Mayert and Alfred Sailer.