MATERIAL CHANGE REPORT
PURSUANT TO
SECTION 85(1) OF THE *SECURITIES ACT* (BRITISH COLUMBIA)
SECTION 118(2) OF THE *SECURITIES ACT* (ALBERTA)
SECTION 84(1) OF THE *SECURITIES ACT* (SASKATCHEWAN)
SECTION 112 OF THE *SECURITIES ACT* (MANITOBA)
SECTION 75(2) OF THE *SECURITIES ACT* (ONTARIO)
SECTION 73 OF THE *SECURITIES ACT* (QUEBEC)
SECTION 81(2) OF THE *SECURITIES ACT* (NOVA SCOTIA)
SECTION 76(2) OF THE *SECURITIES ACT* (NEWFOUNDLAND)

ITEM 1: REPORTING ISSUER

Beamscope Canada Inc. (the "**Company**")
136 Yorkville
2nd Floor
Toronto, Ontario
M5R 1C2

ITEM 2: DATE OF MATERIAL CHANGE

September 25, 2000.

ITEM 3: PRESS RELEASE

The press release of the Company was issued at Toronto, Ontario, on September 26, 2000 (the "**Press Release**").

ITEM 4: SUMMARY OF MATERIAL CHANGE

The Company signed an asset purchase agreement for the sale of certain assets of its' video and Laing branded products businesses to Navarre Corporation, a Minnesota based distributor of music, software, interactive CD-ROM products and DVD videos.

ITEM 5: FULL DESCRIPTION OF MATERIAL CHANGE

A copy of the Press Release is annexed hereto as Exhibit "A". A summary of the particulars of the material change is contained in the Management Information Circular of the Company, dated the date hereof, annexed as Exhibit "B", under the heading "Sale of the Video and Laing Branded Products Businesses to Navarre Corporation".

ITEM 6: RELIANCE ON CONFIDENTIALITY SECTION OF THE ACT

Not Applicable

ITEM 7: OMITTED INFORMATION

Not Applicable

ITEM 8: SENIOR OFFICER – FOR FURTHER INFORMATION CONTRACT

Inquiries in respect of the material change referred to herein may be made to:

Tom Reeves
President & Secretary
Beamscope Canada Inc.
(905) 763-3000

ITEM 9: STATEMENT OF SENIOR OFFICER

The foregoing accurately discloses the material change referred to herein.

DATED at Toronto this 27th day of September, 2000.

BEAMSCOPE CANADA INC.

By: (signed)“Tom Reeves”

Name: Tom Reeves
Title: President & Secretary

EXHIBIT “A”

BEAMSCOPE

News Release

Stock Symbol: TSE:BSP

BEAMSCOPE SELLS VIDEO ENTERTAINMENT BUSINESS
ENTERS INTO LONG-TERM SERVICES AGREEMENT

Toronto, Ontario (September 26, 2000): Beamscope Canada Inc. today announced that it has entered into an asset purchase agreement (the “Purchase Agreement”) with Navarre Corporation, a publicly traded (NASDAQ: NAVR) Minnesota-based $US300mm distributor of music, software, interactive CD-ROM products and DVD videos, whereby Navarre will acquire the Company’s video entertainment and Laing branded products businesses. All proceeds to be realized by the Company from the sale of assets to Navarre will be used to reduce debt.

The sale to Navarre will be put to shareholders for their approval at a special meeting of the Company scheduled for October 30, 2000. The closing of the proposed transaction is scheduled to occur on or about October 31, 2000, subject to the Company and Navarre obtaining all requisite shareholder and lender approvals and subject to the satisfaction of all closing conditions.

Pursuant to the terms of the Purchase Agreement, Navarre will offer employment to all of the current Beamscope video and Laing associates. Lang Moffat will assume the role of General Manager of the new Navarre business in Canada. Navarre will also enter into a long-term contract with Flex Logistics (a wholly owned Beamscope subsidiary) for the provision of third party logistics and information technology services. Beamscope and Navarre have also agreed to a long-term profit sharing arrangement for Navarre’s Canadian video (to December 31, 2003) and Navarre’s Worldwide Laing branded products businesses (to December 31, 2004) to be paid by Navarre in accordance with the Purchase Agreement.

Commenting on the transaction, Beamscope President Tom Reeves said, “We believe that this new alliance affords the Company several unique advantages. First, it allows for a continued reduction in debt, which has been an important focus for the Company over the past year. Second, it allows for a smooth transition for all of our associates without lay-offs. Third, it secures a long-term anchor client for Flex Logistics, which gives it significant scale on which to build its future business while at the same time taking advantage of the exciting future opportunities in the video entertainment industry.”

Eric Paulson, Chairman and Chief Executive Officer of Navarre, commented, “We’re very excited about this transaction with Beamscope. We have been operating in Canada on a limited basis in our music and DVD businesses, but this agreement gives us the resources and market positioning to exploit further opportunities in Canada. This also gives us an entry into the video game business at one of the most dynamic and promising times for the industry, and provides for opportunities in both Canada and the U.S. for the Laing branded products. We believe the combination of Beamscope’s well established video entertainment and branded products business and Navarre’s strong financial position and complementary product lines is an ideal alliance.”

Larry Wasser, Chairman and Chief Executive Officer, described the organization after the completion of the transaction. “Following the completion of the transaction with Navarre, Flex Logistics will be well positioned with the Navarre contract as well as our ongoing business with Bell ExpressVu and our recently announced alliance with Canoe. Flex Logistics is actively pursuing other opportunities in both the B2B and B2C markets and expects to announce several new relationships in the coming months. Our joint venture in South America, Unisel, will continue to be an important part of our portfolio and Unisel continues to perform well. Finally, the Company’s investment in Ironside Technologies continues to show promise.”

Listed on The Toronto Stock Exchange under the trading symbol BSP, Beamscope is one of Canada’s leading sales, marketing and distribution companies of brand name video entertainment products and digital entertainment products for some of the world’s top manufacturers, including Sony, Nintendo, Sega and Bell ExpressVu. Beamscope sells and markets products for these and other companies to retail outlets across Canada. Through Flex Logistics, an independent third-party logistics company and a wholly owned subsidiary of Beamscope Canada Inc., Beamscope also provides a wide range of logistics services for suppliers, retailers and e-tailers, both within and outside the industry. In addition to Beamscope’s core business it has interests in two other ventures, Ironside Technologies Inc., a company that specializes in creating business-to-business Internet electronic commerce software solutions, and Unisel Holdings S.A., a joint venture in Latin America, which distributes computer products in Chile, Argentina and Brazil. Beamscope can be found at http://www.beamscope.com.

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For more information:

Beamscope Canada Inc.
Tom Reeves, President
(905) 763-3104

Navarre Corporation
Chuck Cheney, Exec.V.P., CFO
(612) 971-2702

EXHIBIT “B”

BEAMSCOPE

Beamscope Canada Inc.

Notice of Special Meeting of Shareholders
and
Management Information Circular

September 27, 2000

BEAMSCOPE CANADA INC.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a special meeting (the "**Meeting**") of shareholders of Beamscope Canada Inc. (the **"Company"**) will be held at the offices of Stikeman Elliott, 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario, M5L 1B9, on Monday, the 30th day of October, 2000, at 9:00 a.m. (Toronto time) to consider, and if thought appropriate, to approve of:

1. an amendment to the Amended and Restated Stock Option Plan (1998) of the Company (the "**Stock Option Plan**") to increase the number of common shares ("**Shares**") of the Company reserved for the issuance thereunder by 500,000 Shares to an aggregate of 2,750,000 Shares; and

2. the sale of the video and Laing branded products businesses of the Company (the "**Proposed Navarre Transaction**") to Navarre Corporation.

The proposed amendments to the Stock Option Plan and the Proposed Navarre Transaction are summarized in the accompanying Management Information Circular (the "**Circular**").

The Board of Directors has determined unanimously that the Proposed Navarre Transaction is in the best interests of the Company. Accordingly, the Board of Directors unanimously recommends that you vote to approve of the Proposed Navarre Transaction.

Shareholders who are unable to attend the Meeting in person are requested to complete and sign the enclosed form of proxy and return it to the Company at its registered office, 136 Yorkville Avenue, 2nd Floor, Toronto, Ontario, M5R 1C2, or to the transfer agent of the Company, Montreal Trust Company of Canada, Stock Transfer Services, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1. Proxies must be received by the Company or Montreal Trust Company of Canada at least 48 hours prior to the Meeting or, in the event the Meeting is adjourned, at least 48 hours prior to the day fixed for the adjourned Meeting.

If the Proposed Navarre Transaction becomes effective, a registered shareholder who dissents in respect of the Proposed Navarre Transaction is entitled to exercise his or her dissent rights in accordance with Section 185 of the *Business Corporations Act* (Ontario) (the "**Act**"), and in such case is entitled to be paid the fair market value of his or her shares. **Failure by a dissenting shareholder to strictly adhere to the requirements of Section 185 of the Act may result in the loss of such dissenting shareholder's rights.** Please refer to "**Dissenting Shareholders Rights**" in the accompanying Circular.

By Order of the Board of Directors

Toronto, September 27, 2000.

Thomas P. Reeves
President and Secretary
Beamscope Canada Inc.

BEAMSCOPE CANADA INC.

MANAGEMENT INFORMATION CIRCULAR

SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON OCTOBER 30, 2000 AT 9:00 A.M. (TORONTO TIME)

(Information as of September 15, 2000, except as otherwise provided)

Solicitation of Proxies

This Circular is furnished in connection with the solicitation by Management of the Company of proxies to be used at the Company's Special Meeting of Shareholders (the **"Meeting"**) to be held at the time and place and for the purposes set forth in the Notice of Meeting accompanying this Circular. The costs of such solicitation will be borne by the Company. The solicitation will be primarily by mail. However, the directors, officers and regular employees of the Company may also solicit proxies by telephone, facsimile or in person.

The persons specified in the enclosed form of proxy are directors and officers of the Company. **Each shareholder has the right to appoint a person (who need not be a shareholder) other than the persons designated in the enclosed form of proxy to attend and act for and on behalf of the shareholder at the Meeting or any adjournment thereof.** This right may be exercised by inserting the name of their nominee in the blank space provided for that purpose in the enclosed form of proxy or by completing another proper form of proxy and, in either case, delivering the form of proxy to the Company at its registered office or to the transfer agent of the Company, Montreal Trust Company of Canada, at least 48 hours prior to the time of the Meeting or any adjournment thereof. In either case, the proxy form should be dated and must be executed by the shareholder, or his or her attorney authorized in writing, and returned to the Company at its registered office, 136 Yorkville Avenue, 2nd Floor, Toronto, Ontario, M5R 1C2, or to Montreal Trust Company of Canada, Stock Transfer Services, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1.

Shareholders have the right to dissent pursuant to Section 185 of the *Business Corporations Act* (Ontario) (the "**Act**") with respect to the vote regarding the sale of the video and Laing branded products businesses of the Company (the "**Proposed Navarre Transaction**") to Navarre Corporation ("**Navarre**"). The execution or exercise of a proxy does not constitute a written objection for the purposes of subsection 185(6) of the Act (see **"Dissenting Shareholders Rights"**).

Voting by Proxies and Exercise of Discretion

The common shares of the Company (the **"Shares"**) represented by proxies in favour of Management will be voted or withheld from voting by the persons named in the form of proxy in accordance with the directions of the shareholder appointing them. **In the absence of any direction to the contrary, it is intended that the Shares represented by proxies in favour of Management will be voted on any ballot (a) FOR the amendment to the Amended and Restated Stock Option Plan (1998) (the "Stock Option Plan") to increase the number of Shares reserved for issuance thereunder by 500,000 Shares to an aggregate**

of 2,750,000 Shares; and (b) FOR the approval of the Proposed Navarre Transaction (all as summarized in this Circular). The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to matters not specifically mentioned in the Notice of Meeting but which may properly come before the Meeting or any adjournment thereof. Management knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting and routine matters incidental to the conduct of the Meeting. If any further or other matter is properly brought before the Meeting, the persons designated in the enclosed form of proxy will vote thereon in accordance with their best judgment pursuant to the discretionary authority conferred by such proxy with respect to such matters.

Shareholders who purchased their Shares through a broker are referred to as beneficial shareholders. **Any such beneficial shareholder who wishes to vote in person at the Meeting must insert their own name in the space provided on the voting instruction form provided by the broker and submit their instruction form to the broker in advance of the Meeting in accordance with the instructions supplied by such broker.** Every broker has its own mailing procedures and provides its own return instructions, which should be carefully followed.

Revocability of Proxies

A proxy given pursuant to this solicitation may be revoked, as to any motion on which a vote has not already been cast pursuant to the authority conferred by it, by an instrument in writing, including another proxy bearing a later date, executed by the shareholder or by his or her attorney duly authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized, and deposited either at the registered office of the Company at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chair of the Meeting on the day of the Meeting prior to the commencement thereof, or any adjournment thereof, or in any other manner permitted by law.

Voting Shares and Principal Holders Thereof

The holders of record of Shares as at the close of business on September 25, 2000 (the **"Record Date"**) are entitled to receive notice of the Meeting and will be entitled to vote at the Meeting, except that a transferee of such Shares acquired after the Record Date shall be entitled to vote the transferred Shares at the Meeting only if he or she produces properly endorsed certificates for such Shares or otherwise establishes that he or she owns such Shares and demands by written request, delivered to the Company at its registered office, 136 Yorkville Avenue, 2nd Floor, Toronto, Ontario, M5R 1C2 no later than ten days before the Meeting, that his or her name be included in the list of shareholders entitled to vote at the Meeting.

On the Record Date, there were 11,081,947 Shares issued and outstanding. Each Share entitles the holder thereof to one vote. To the knowledge of the directors and officers of the Company, the only persons on the Record Date who beneficially owned, directly or indirectly, or who on such date exercised control or direction over, more than 10% of the Shares issued and outstanding on the Record Date were Mr. Andres Navarro, the Company's joint venture partner in Unisel Holdings S.A., who beneficially owned on the Record Date, directly or indirectly, 1,450,000 Shares representing approximately 13.1% of the issued and outstanding Shares and Mr. Larry Wasser, who beneficially owned on the Record Date, directly or indirectly, 1,175,852 Shares representing approximately 10.6% of the issued and outstanding Shares.

The resolution regarding the Proposed Navarre Transaction requires approval by way of a special resolution in accordance with subsection 184(7) of the Act and, as such, must be approved by two-thirds of the votes cast at the Meeting. The resolution regarding the amendment to the Stock Option Plan requires the approval of a simple majority and, as such, must be approved by more than one-half of the votes cast at the Meeting, excluding votes cast by shareholders who are entitled to participate in the Stock Option Plan, and their associates.

Amendment to the Amended and Restated Stock Option Plan (1998)

The Company established a stock option plan in 1993, which was subsequently amended and restated in 1995, 1997 and 1998, as a means of attracting, retaining and rewarding key senior executives, managers and employees. Under the Stock Option Plan, options to purchase Shares ("**Options**") may be granted to eligible participants from time to time by the Board of Directors at an exercise price fixed by the Board of Directors in compliance with the Stock Option Plan, applicable law and with the rules of The Toronto Stock Exchange. The maximum number of Shares available for issuance to any one person under the Stock Option Plan is 5% of the aggregate number of Shares issued and outstanding on a non-diluted basis at the time of the grant. Options granted pursuant to the Stock Option Plan are non-transferable and non-assignable and are granted for terms not exceeding 10 years. Options are subject to earlier termination in the event that an optionee ceases to be an officer, director or employee of the Company.

The number of Shares that may be issued under the Stock Option Plan fluctuate due to the granting, termination and expiry of Options. At present, there is not a sufficient number of options remaining to effectively carry out the mandate of the Stock Option Plan and to retain and motivate key officers and employees of the Company. Therefore, the Company proposes to amend the Stock Option Plan to increase the maximum number of Shares reserved for issuance under the Stock Option Plan by 500,000 Shares to an aggregate of 2,750,000 Shares.

To amend the Stock Option Plan, shareholders will be asked at the Meeting to approve the resolution attached as Schedule "A" hereto (the "**Stock Option Plan Resolution**"), which must be passed with or without amendment by the affirmative vote of a majority of the votes cast by shareholders of the Company attending or represented by proxy at the Meeting, other than votes attaching to Shares beneficially owned by shareholders to whom Shares may be issued pursuant to the Stock Option Plan and associates of such persons. In absence of a contrary instruction, the persons named in the enclosed form of proxy intend to vote in favour of the passing of the Stock Option Plan Resolution.

Sale of the Video and Laing Branded Products Businesses to Navarre Corporation

Background to the Proposed Navarre Transaction

Based on a strategic review of market dynamics and an assessment of the Company's core competencies, profitability potential and outstanding debt, in the first calendar quarter of 2000, the Board of Directors determined that it was in the best interests of the Company to solicit any interest in the sale of some or all of its core distribution businesses in Canada. In connection with the foregoing, the Board of Directors instructed management of the Company to contact and solicit potential purchasers.

On or about May 17, 2000, representatives of the Company first contacted representatives of Navarre and had preliminary discussions regarding a potential purchase by Navarre of all of the Company's businesses in Canada. On or about May 25, 2000, the Company and Navarre executed counterparts of a confidentiality and non-disclosure agreement. At this time, information relating to the Company's businesses in Canada was supplied by the Company to representatives of Navarre. Shortly thereafter, representatives of Navarre determined that they were not interested in the PC hardware, PC software or satellite businesses of the Company in Canada, but indicated that they may be interested in the video and Laing branded products businesses of the Company. At this time, management of the Company deferred further meetings with Navarre given their mandate to find a buyer of all the Company's businesses.

On June 7, 2000, the Company's Board of Directors met to review the status of solicitations with potential buyers. At that time, management reported that they had been unable to find an interested buyer for all of the Company's businesses in Canada. The Board of Directors therefore instructed management to pursue separate buyers for each of the businesses of the Company. Given profitability and working capital utilization issues, the Board of Directors indicated that they were particularly interested in opportunities to divest the PC hardware and PC software businesses of the Company.

On or about June 16, 2000, representatives of the Company contacted representatives of Navarre and solicited Navarre's interest in purchasing the video and Laing branded products businesses of the Company. At the same time, several other companies were solicited who had earlier expressed an interest in the video and/or the Laing branded products businesses. On June 19, 2000, and subsequently on July 5, 2000, representatives of Navarre met with representatives of the Company in Toronto, Ontario. On July 11, 2000, representatives of the Company visited Navarre's offices in Minneapolis, Minnesota to discuss a potential transaction.

On July 14, 2000, meetings were held between the Company and the Company's principal lender, IBM Global Finance (together with IBM Canada Limited, "**IBM**"), to discuss a potential transaction between the Company and Navarre. The representatives of IBM preliminarily indicated that they would consider supporting a sale of the video and Laing branded products businesses of the Company to Navarre, subject to reviewing final terms and conditions of the potential transaction. On July 20, 2000 the Company's Board of Directors met and management of the Company updated the Board of Directors as to the discussions with Navarre and IBM. Given that the Company had only had preliminary discussions with Navarre, and that the discussions with Ingram Micro Canada for the sale of the PC Hardware and PC Software businesses of the Company had progressed sufficiently, at this time, the Board of Directors instructed management to focus on the divestiture of the PC hardware and PC software businesses of the Company.

On August 14, 2000, the Company announced that it had entered into an agreement with Ingram Micro Canada to sell the Company's PC hardware and software businesses. On August 28, 2000, representatives of the Company contacted representatives of Navarre to continue preliminary discussions on a potential sale of the video and Laing branded products businesses of the Company. On August 29, 2000, the Company's Board of Directors met, and management updated the Board of Directors on the discussions with Navarre. On September 1, 2000, the Company announced that it had completed the sale of the PC hardware and software businesses of the Company to Ingram Micro.

On September 5, 2000, representatives from Navarre met with representatives of the Company in Toronto, Ontario, to discuss the general terms of a proposed transaction regarding the sale of the video and Laing branded products businesses of the Company. A general negotiation timetable was agreed upon and legal counsel was retained by each of the Company and Navarre. On September 7, 2000, the Company's Board of Directors met and reviewed certain principal terms of a potential transaction with Navarre.

Throughout the period from September 11, 2000, through September 25, 2000, representatives of the Company and its legal advisers carried out negotiations with representatives of Navarre and its legal advisers to settle terms of the Purchase Agreement. During the same period, representatives of the Company met with IBM to confirm IBM's support of the proposed transaction with Navarre. On September 25, 2000, the Board of Directors of the Company met and approved the terms of the Purchase Agreement. The Purchase Agreement was executed by the Company and Navarre on September 25, 2000 and was publicly announced, on September 26, 2000.

The Board of Directors has determined unanimously that the Proposed Navarre Transaction is in the best interests of the Company. Accordingly, the Board of Directors unanimously recommends that you vote to approve of the Proposed Navarre Transaction.

Purchase Agreement between the Company and Navarre

The Company has entered into an asset purchase agreement dated September 25, 2000 (the "**Purchase Agreement**") with Navarre, a Minnesota based distributor of music, software, interactive CD-ROM products and DVD videos. Pursuant to the terms of the Purchase Agreement, the Company has agreed to sell to Navarre, certain assets (the "**Purchased Assets**") of the Company related to its video and Laing branded products businesses (the "**Businesses**") and Navarre has agreed to assume certain liabilities of the Company in connection therewith, subject to certain closing conditions, including lender approval and shareholder approval, as summarized below (see "**Closing Conditions**").

Assets Proposed to be Sold to Navarre

The assets to be sold to Navarre include inventory of the Businesses, accounts receivable, the benefits of certain contracts material to the Businesses and goodwill, including, certain intellectual property of the Businesses. The closing of the Proposed Navarre Transaction ("**Closing**") is scheduled to occur on or about October 31, 2000 (the "**Closing Date**"), subject to the Company and Navarre obtaining all requisite approvals, and subject to the satisfaction of the closing conditions summarized below (see "**Closing Conditions**").

Purchase Price

The estimated cash proceeds to be realized for the sale of the Purchased Assets is expected to be approximately $24 million, of which it is expected that approximately $13 million will be paid at Closing to IBM, on behalf of the Company, subject to working capital adjustments to the Closing Date. However, given the contingent nature and adjustments to the purchase price payable by Navarre for the Purchased Assets (the **"Purchased Price"**) summarized below, no assurances can be given that such amounts will be realized in full. The Company also expects some asset impairment associated with the sale of the Purchase Assets, currently estimated to be approximately $8 million.

Pursuant to the terms of the Purchase Agreement, the Purchase Price is summarized as follows. At Closing, Navarre is obliged to pay to IBM, on behalf of the Company, a percentage of the net book value of the video inventory and the Laing branded products inventory acquired by Navarre at Closing (the **"Purchased Inventory"**), plus the value of the accounts receivable acquired by Navarre at Closing (the "**Accounts Receivable**"), less the value of the accounts payable assumed by Navarre at Closing (the **"Assumed Payables"**). The balance of the Purchase Price will be paid after Closing as summarized below.

With respect to Purchased Inventory that, after Closing, is sold to customers, reordered from suppliers or returned to suppliers by Navarre, Navarre will pay to IBM, on behalf of the Company, the balance of the net book value of such Purchased Inventory, less any previously agreed upon mark-down, in accordance with a payment schedule set out in the Purchase Agreement. In addition, Navarre will pay to IBM, or as IBM may direct from time to time, 33% of the profits from Closing until December 31, 2003 (the "**Video Profits**") of the video business carried on from time to time by Navarre in Canada after Closing (the "**Video Business**") and 33% of the profits from Closing until December 31, 2004 (the "**Laing Profits**") of the Laing branded products business carried on from time to time by Navarre throughout the world after Closing (the "**Laing Business**"). However, the obligation of Navarre to pay the Video Profits after Closing would be terminated in certain circumstances, including if the Services Agreement (as defined below) between Flex Logistics Inc. ("**Flex**"), a wholly owned subsidiary of the Company, and a wholly owned subsidiary of Navarre which will be incorporated before Closing ("**Navarre Canada**") is terminated solely by Flex, or if Flex ceases to exist as a corporate entity and a successor corporation to Flex has not agreed to provide similar services to Navarre Canada.

Pursuant to the terms of the Purchase Agreement, the Company and Navarre may from time to time decide to liquidate some of the Purchased Inventory, and in such case, the Purchase Price would be adjusted. Navarre has also agreed to liquidate for the Company certain other inventory of the Company from time to time. Adjustments will be made for any of the Purchased Inventory which is unsold or which otherwise has not been returned to, or exchanged with, suppliers on or prior to March 31, 2001 and for uncollected Accounts Receivable.

On April 10, 2001, there will be a final accounting of the Purchase Price between the Company and Navarre (except with respect to the payment of the Laing Profits and the Video Profits which continue, as summarized above). On this date, all payments and adjustments to the Purchase Price in connection with any remaining Purchased Inventory, liquidated inventory, the uncollected Accounts Receivable and the reduction in any Assumed Payables between Closing and April 10, 2001 will be made.

Closing Conditions

The Proposed Navarre Transaction is subject to certain closing conditions of both parties, which may be waived, in whole or in part, by either party, including, among other things:

(a) the execution of a services agreement (the "**Services Agreement**") between Flex and Navarre Canada, whereby Flex will provide Navarre Canada with various logistics services, including operations, freight, receiving and warehousing services in relation to the video and Laing branded products businesses to be carried on by Navarre from time to time after Closing;

(b) exemption of the Company from the provisions of the *Bulk Sales Act* (Ontario) in connection with the purchase and sale of the Purchased Assets;

(c) approval of the shareholders of the Company in connection with the purchase and sale of the Purchased Assets;

(d) that no Material Adverse Effect (as defined in the Purchase Agreement) occurs between the date of execution of the Purchase Agreement and Closing;

(e) that Navarre obtains the necessary funding to satisfy in full the payment of the Purchase Price at Closing;

(f) an agreement is entered into between the Company and IBM pursuant to which IBM agrees to support the operations of Flex after Closing and Navarre is satisfied, acting reasonably, that such support is sufficient in order for Flex to carry out its obligations under the Services Agreement; and

(g) the Company obtaining the consent of IBM to the transactions contemplated in the Purchase Agreement and the release of liens of secured parties over the Purchased Assets.

The Proposed Navarre Transaction is also subject to certain closing conditions of the Company, which may be waived, in whole or in part, by the Company, including, among other things:

(a) holders of not more than 2% of the issued and outstanding Shares of the Company having exercised their statutory dissent rights at the time of the Meeting; and

(b) that the Company obtains releases from the Designated Employees (as defined below) who accept Navarre's offer of employment.

The Proposed Navarre Transaction is also subject to certain other conditions customary of such a transaction, including the receipt of all requisite closing documents, the truth of each party's representations and warranties as of the Closing Date, the performance by each party of all its pre-closing covenants under the Purchase Agreement prior to the Closing Date, the receipt of all required consents and the absence of any legal actions or proceedings.

Representations and Warranties; Indemnities

Each party has made to the other, representations and warranties customary of such transactions, including as to their due incorporation, the requisite corporate power and authority to enter into the Purchase Agreement, the absence of conflicting agreements, required consents, the execution and enforceability of the Purchase Agreement and the absence of any material litigation which would prevent either party from performing their obligations under the Purchase Agreement. Each party has also agreed to indemnify the other for any breach or inaccuracy of their respective representations and warranties given in the Purchase Agreement or any failure to fulfil any of their covenants under the Purchase Agreement.

Designated Employees

The terms of the Purchase Agreement require Navarre to make offers of employment to specified employees of the Businesses (the "**Designated Employees**") as soon as practicable after the execution of the Purchase Agreement, on substantially the same terms and conditions of their employment existing as at the Closing Date. Pursuant to the terms of the Purchase Agreement, the Company is responsible for all employment liabilities and all termination costs relating to all Designated Employees prior to Closing. Thereafter, Navarre is responsible for all employment liabilities and all termination costs relating to all Designated Employees who accept Navarre's offer of employment, provided that the Company is responsible under certain limited circumstances for the employment liabilities and termination costs relating to such employees who are terminated by Navarre after Closing.

Non-Solicitation

Pursuant to the terms of the Purchase Agreement, the Company has agreed that neither it nor Flex will solicit the customers or suppliers of the Businesses after Closing for one year after the earlier of the termination of the Services Agreement and December 31, 2003 (in the case of the Video Business) and December 31, 2004 (in the case of the Laing Business).

The Special Resolution

At the Meeting, shareholders will be asked at the Meeting to approve the special resolution attached as Schedule "B" hereto (the "**Special Resolution**"), which must be passed with or without amendment by the affirmative vote of two-thirds of the votes cast by shareholders of the Company attending or represented by proxy at the Meeting. Pursuant to Section 185 of the Act, shareholders have the right to dissent to this resolution. Please see "**Dissenting Shareholder Rights**" below for a description of this right. **In absence of a contrary instruction, the persons named in the enclosed form of proxy intend to vote in favour of the Special Resolution.**

Dissenting Shareholders Rights

The following description of the dissent procedure provided by Section 185 of the Act is qualified by reference to the provisions of the Act. Section 185 of the Act is reproduced in its entirety in Schedule "C" attached hereto.

Section 185 of the Act provides shareholders with the right to dissent from certain resolutions of a corporation which resolve to sell, lease or exchange all or substantially all its property under subsection 184(3) of the Act. Therefore, registered shareholders of the Company have the right to dissent from the Special Resolution pursuant to Section 185 of the Act. Any registered shareholder of the Company who dissents from the Special Resolution in compliance with Section 185 of the Act will be entitled, in the event the Proposed Navarre Transaction becomes effective, to be paid by the Company the fair value of the Shares held by such dissenting shareholder determined as of the close of business on the day before the Special Resolution is adopted.

Section 185 of the Act provides that a shareholder may only make a claim under that section with respect to all the shares of a class held by the shareholder on behalf of any one beneficial owner and registered in the shareholder's name. **One consequence of this provision is that a shareholder may only exercise the right to dissent under Section 185 of the Act in respect of Shares which are registered in that shareholder's name**. In many cases, shares beneficially owned by a person (a "**Non-Registered Holder**") are registered either: (a) in the name of an intermediary that the Non-Registered Holder deals with in respect of the shares (such as banks, trust companies, securities dealers and brokers, trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered educational savings plans and similar plans, and their nominees); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited ("**CDS**")) of which the intermediary is a participant. Accordingly, a Non-Registered Holder will not be entitled to exercise the right to dissent under Section 185 directly (unless the Shares are re-registered in the Non-Registered Holder's name). A Non-Registered Holder who wishes to exercise the right to dissent should immediately contact the intermediary with whom the Non-Registered Holder deals in respect of his or her Shares and either: (a) instruct the intermediary to exercise the right to dissent on the Non-Registered Holder's behalf (which, if the Shares are registered in the name of CDS or other clearing agency, would require that the Shares first be re-registered in the name of the intermediary); or (b) instruct the intermediary to re-register the Shares in the name of the Non-Registered Holder, in which case the Non-Registered Holder would have to exercise the right to dissent directly.

A registered shareholder who wishes to invoke the provisions of Section 185 of the Act must send to the Company a written objection to the Special Resolution (**the "Notice of Dissent**") to the Company at its registered office, 136 Yorkville Avenue, 2nd Floor, Toronto, Ontario, M5R 1C2 at or prior to the time fixed for the Meeting. The filing of a Notice of Dissent does not deprive a registered shareholder of the right to vote at the Meeting; however, the Act provides, in effect, that a registered shareholder who has submitted a Notice of Dissent and who votes in favour of the Special Resolution will no longer be considered a dissenting shareholder with respect to that class of shares voted in favour of the Special Resolution. The Act does not provide, and the Company will not assume, that a vote against the Special Resolution or an abstention constitutes a Notice of Dissent but a registered shareholder need not vote his or her Shares against the Special Resolution in order to dissent. Similarly, the revocation of a proxy conferring authority on the proxy holder to vote in favour of the Special Resolution does not constitute a Notice of Dissent; however, any proxy granted by a registered shareholder who intends to dissent, other than a proxy that instructs the proxy holder to vote against the Special Resolution, should be validly revoked (see "**Revocation of Proxies**") in order to prevent the proxy holder from voting such Shares in favour of the Special Resolution and thereby causing the registered shareholder to forfeit his or her right to dissent.

The Company is required, within 10 days after the shareholders adopt the Special Resolution, to notify each dissenting shareholder that the Special Resolution has been adopted. Such notice is not required to be sent to any shareholder who voted in favour of the Special Resolution or who has withdrawn his or her Notice of Dissent.

A dissenting shareholder who has not withdrawn his or her Notice of Dissent must then, within 20 days after receipt of notice that the Special Resolution has been adopted or, if the dissenting shareholder does not receive such notice, within 20 days after he or she learns that the Special Resolution has been adopted, send to the Company a written notice ("**Demand for Payment**"), containing his or her name and address, the number of Shares in respect of which he or she dissents, and a demand for payment of the fair value of such Shares. Within 30 days after sending a Demand for Payment, the dissenting shareholder must send to the Company or its transfer agent the certificates representing the Shares in respect of which he or she dissents. A dissenting shareholder who fails to send certificates representing the Shares in respect of which he or she dissents forfeits his or her right to dissent and has no right to make a claim under Section 185 of the Act. The Company or its transfer agent will endorse on any share certificate received from a dissenting shareholder a notice that the holder is a dissenting shareholder under Section 185 of the Act and will forthwith return the share certificates to the dissenting shareholder.

After sending a Demand for Payment, a dissenting shareholder ceases to have any rights as a holder of the Shares in respect of which the shareholder has dissented other than the right to be paid the fair value of such shares as determined under Section 185 of the Act, unless: (a) the dissenting shareholder withdraws the Demand for Payment before the Company makes an offer to pay (the "**Offer to Pay**"); (b) the Company fails to make a timely Offer to Pay to the dissenting shareholder and the dissenting shareholder withdraws his or her Demand for Payment; or (c) the directors of the Company revoke the Special Resolution, in all of which cases the dissenting shareholder's rights as a shareholder are reinstated.

The Company is required, not later than 7 days after the later of the effective date and the date on which the Company receives a Demand for Payment from a dissenting shareholder, to send such dissenting shareholder an Offer to Pay for his or her Shares in an amount considered by the Board of Directors to be the fair value thereof, accompanied by a statement showing the manner in which such fair value was determined. Every Offer to Pay must be on the same terms. The Company must pay for the Shares of a dissenting shareholder within 10 days after an Offer to Pay has been accepted by such dissenting shareholder, but any such offer lapses if the Company does not receive an acceptance thereof within 30 days after the Offer to Pay has been made.

If the Company fails to make an Offer to Pay for a dissenting shareholder's Shares, or if a dissenting shareholder fails to accept an offer which has been made, the Company may, within 50 days after the effective date or within such further period as the Superior Court of Justice in Ontario (the "**Court**") may allow, apply to the Court to fix a fair value for the Shares of dissenting shareholders. If the Company fails to apply to the Court, a dissenting shareholder may apply to the Court for the same purpose within a further period of 20 days or within such further period as the Court may allow. A dissenting shareholder is not required to give security for costs in such an application.

Before making application to the Court or not later than 7 days after receiving notice of an application to the Court by a dissenting shareholder, the Company shall give to each dissenting shareholder who has sent to the Company a Demand for Payment and has not accepted an Offer to Pay, notice of the date, place and consequences of the application and of his or her right to appear and be heard in person or by counsel. A similar notice shall be given to each dissenting shareholder who, after the date of the first mentioned notice and before termination of the proceedings commenced by the application, sends the Company a Demand for Payment and does not accept an Offer to Pay, such notice to be sent within 3 days thereafter. All such dissenting shareholders shall be joined as parties to any such application to the Court to fix a fair value and shall be bound by the decision rendered by the Court in the proceedings commenced by such application. The Court is authorized to determine whether any other person is a dissenting shareholder who should be joined as a party to such application.

The Court may, in its discretion, allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the Special Resolution is effective until the date of payment. An application by either the Company or a dissenting shareholder must be made to the Court. The final order of the Court in the proceedings commenced by an application by the Company or a dissenting shareholder shall be rendered against the Company and in favour of each dissenting shareholder who, whether before or after the date of the order, sends the Company a Demand for Payment and does not accept an Offer to Pay. The cost of any application to a Court by the Company or a dissenting shareholder will be in the discretion of the Court. Where the Company fails to make an Offer to Pay, the costs of the application by a dissenting shareholder are to be borne by the Company unless the Court otherwise orders.

The Company may not make a payment to a dissenting shareholder if there are reasonable grounds for believing that (a) the Company is or, after the payment, would be unable to pay its liabilities as they become due; or (b) the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities. Where the Company is unable to pay a dissenting shareholder in accordance with the foregoing, the Company must, within ten days after the pronouncement of the final order of the Court, notify each dissenting shareholder that is unable lawfully to pay dissenting shareholders for their shares, and in such case, a dissenting shareholder, by written notice sent to the Company within thirty days after receiving the aforementioned notice, may (a) withdraw its notice of dissent, in which case the Company is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or (b) retain a status as a claimant against the Company, to be paid as soon as the Company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the Company but in priority to its shareholders.

The foregoing is only a summary of the dissenting shareholder provisions of the Act, which are technical and complex. It is recommended that any shareholder of the Company wishing to avail himself or herself of his or her dissent rights under those provisions seek legal advice as failure to comply strictly with the provisions of the Act may prejudice the right of dissent.

A complete copy of Section 185 of the Act is attached hereto in Schedule "C".

Information Incorporated By Reference

The following information is hereby incorporated into and forms an integral part of this Circular:

(a) The information under the headings "Remuneration of Directors and Officers" and "Directors' and Officers' Insurance and Indemnification" contained in the Management Proxy Circular of the Company dated August 11, 2000 which was mailed to shareholders in connection with the Annual Meeting of Shareholders to be held on September 28, 2000;

(b) The Material Change Report of the Company relating to the Proposed Navarre Transaction dated September 27, 2000; and

(c) Any Material Change Report filed by the Company after the date hereof and before the Meeting.

General Matters

At the time of issue of this Circular, the Company has no matter of particular significance, other than the matters described in the accompanying Notice of Special Meeting, which it intends to place before the shareholders at the Meeting.

Approval by Board of Directors

The Board of Directors has approved the contents of this Circular and its sending to the shareholders of the Company.

Thomas P. Reeves
President and Secretary
Beamscope Canada Inc.

Toronto, September 27, 2000.

SCHEDULE “A”

RESOLUTION OF SHAREHOLDERS REGARDING THE AMENDMENT TO THE AMENDED AND RESTATED STOCK OPTION PLAN (1998) OF THE COMPANY

BE IT RESOLVED THAT:

1. An amendment to the Amended and Restated Stock Option Plan (1998) of Beamscope Canada Inc. (the “**Company**”) to increase the total number of common shares of the Company (the “**Shares**”) that may be issued thereunder by 500,000 Shares to an aggregate of 2,750,000 Shares, be and is hereby approved, and the making of any necessary filings with all relevant regulatory authorities be and is hereby approved; and

2. Any one officer or director of the Company is hereby authorized and directed, for and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or cause to be delivered, all such other documents and instruments, and to perform or cause to be performed all such other acts and things, as in such person’s opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

SCHEDULE “B”

SPECIAL RESOLUTION OF SHAREHOLDERS REGARDING THE SALE OF THE VIDEO AND LAING BRANDED PRODUCTS BUSINESSES OF THE COMPANY TO NAVARRE CORPORATION

BE IT RESOLVED THAT:

1. The sale of the video and Laing branded products businesses of Beamscope Canada Inc. (the “**Company**”) to Navarre Corporation pursuant to the purchase agreement (the “**Purchase Agreement**”) between the Company and Navarre Corporation dated September 25, 2000 (the ”**Asset Sale**”), a summary of which is provided in the attached Management Information Circular, be and is hereby approved, subject to any amendments, additions, deletions or variations thereto as the Chairman and Chief Executive Officer or President of the Company may approve;

2. Notwithstanding that this resolution has been passed by the shareholders of the Company, the directors of the Company are hereby authorized and empowered (a) to amend the Purchase Agreement, or (b) not to proceed with the Asset Sale without further approval of the shareholders of the Company, but only if the Purchase Agreement is terminated in accordance with its terms; and

3. Any one officer or director of the Company is hereby authorized and directed, for and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or cause to be delivered, all such other documents and instruments, and to perform or cause to be performed all such other acts and things, as in such person’s opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

SCHEDULE "C"

SECTION 185 OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO)

185. (1) Rights of dissenting shareholders — Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

(a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;

(b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;

(c) amalgamate with another corporation under sections 175 and 176;

(d) be continued under the laws of another jurisdiction under section 181; or

(e) sell, lease or exchange all or substantially all its property under subsection 184(3),

a holder of shares of any class or series entitled to vote on the resolution may dissent.

(2) Idem — If a corporation resolves to amend its articles in a manner referred to in subsection 170(1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,

(a) clause 170(1)(a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or

(b) subsection 170(5) or (6).

(3) Exception — A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,

(a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or

(b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986.

(4) Shareholder's right to be paid fair value — In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted.

(5) No partial dissent — A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(6) Objection — A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent.

(7) Idem — The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6).

(8) Notice of adoption of resolution — The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection.

(9) Idem — A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights.

(10) Demand for payment of fair value — A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder dissents; and

(c) a demand for payment of the fair value of such shares.

(11) Certificates to be sent in — Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

(12) Idem — A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section.

(13) Endorsement on certificate — A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder.

(14) Rights of dissenting shareholder — On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

(a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);

(b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or

(c) the directors revoke a resolution to amend the articles under subsection 168(3), terminate an amalgamation agreement under subsection 176(5) or an application for continuance under subsection 181(5), or abandon a sale, lease or exchange under subsection 184(8),

in which case the dissenting shareholders rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10), and the dissenting shareholder is entitled, upon presentation and surrender to the corporation or its transfer agent of any certificate representing the shares that has been endorsed in accordance with subsection (13), to be issued a new certificate representing the same number of shares as the certificate so presented, without payment of any fee.

(15) Offer to pay — A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

(a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

(16) Idem — Every offer made under subsection (15) for shares of the same class or series shall be on the same terms.

(17) Idem — Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

(18) Application to court to fix fair value — Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder.

(19) Idem — If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow.

(20) Idem — A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19).

(21) Costs — If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders.

(22) Notice to shareholders — Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

(a) has sent to the corporation the notice referred to in subsection (10); and

(b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made,

of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions.

(23) Parties joined — All dissenting shareholders who satisfy the conditions set out in clauses (22)(a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application.

(24) Idem — Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders.

(25) Appraisers — The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

(26) Final order — The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22)(a) and (b).

(27) Interest — The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

(28) Where corporation unable to pay — Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that is unable lawfully to pay dissenting shareholders for their shares.

(29) Idem — Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,

(a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(30) Idem — A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,

(a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

(31) Court order — Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission.

(32) Commission may appear — The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation.

BEAMSCOPE CANADA INC.

PROXY SOLICITED BY MANAGEMENT

For use at the Special Meeting of Shareholders to be held on Monday, the 30th day of October, 2000

The undersigned holder of common shares (the **"Shares"**) of Beamscope Canada Inc. (the **"Company"**) hereby nominates and appoints Larry Wasser, Chairman and Chief Executive Officer of the Company, or failing him, Thomas P. Reeves, President and Secretary of the Company, or instead of either of the foregoing ____, as the nominee of the undersigned to attend and act for and on behalf of the undersigned at the special meeting of shareholders of the Company to be held on Monday, the 30th day of October, 2000 (the **"Meeting"**) at 9:00 a.m. (Toronto time), at the offices of Stikeman Elliott, 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario and at any adjournment or adjournments thereof, to the same extent and with the same power as if the undersigned were present at the Meeting or at such adjournment or adjournments thereof and, without limiting the generality of the power hereby conferred, the nominees designated above are specifically directed, on any ballot that may be called for, to vote the Shares registered in the name of the undersigned as specified below (**see the Notes below**):

(a) **VOTE** ☐ or **WITHHOLD VOTE** ☐ for the amendment to the Amended and Restated Stock Option Plan (1998) of the Company; and

(b) **VOTE** ☐ or **WITHHOLD VOTE** ☐ for the sale of the video and Laing branded products businesses of the Company to Navarre Corporation;

a summary of which is provided in the Management Information Circular of the Company delivered to the shareholders of the Company in connection with the Meeting.

If any amendments or variations to the matters referred to above or to any other matters identified in the Notice of the Meeting are proposed at the Meeting or any adjournment or adjournments thereof or if any other matters which are not now known to Management of the Company should properly come before the Meeting or any adjournment or adjournments thereof, this proxy confers discretionary authority on the proxy nominees to vote on such amendments or variations or such other matters in accordance with the best judgment of the proxy nominees.

This proxy is solicited on behalf of Management of the Company for use at the Meeting and any adjournment or adjournments thereof. Shareholders of the Company have the right to appoint a person other than the nominee designated above to attend and act on their behalf at the Meeting and may exercise such right by inserting the name of their nominee in the blank space provided for that purpose above or by completing another proper form of proxy and, in either case, by returning the completed proxy to the Company at its registered office or to the Company's transfer agent, Montreal Trust Company of Canada, Stock Transfer Services, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, not less than 48 hours prior to the Meeting or any adjournment thereof.

DATED the _________ day of ______________________, 2000

Signature of Shareholder	Name of Shareholder (Please Print)

NOTES:

1. **The Shares represented by this proxy will be voted or withheld from voting on any ballot that may be called for in accordance with the foregoing directions and, if the shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly. In the event that no specification has been made with respect to voting for or against any of the resolutions described above, the proxy nominees are instructed to vote the Shares represented by this proxy FOR such resolution.**

2. **This proxy form must be signed and dated by the shareholder or his or her attorney authorized in writing or, if the shareholder is a Company, by any officer or attorney of the Company duly authorized. If the proxy form is not dated in the space provided, it is deemed to be dated on the date on which it is mailed by the Company.**