ANGOSS Software Corporation

DIRECTORS' CIRCULAR

Recommending

REJECTION

of the Offer by

SLM Software Inc.

dated November 18, 1997

to Purchase all of the issued and outstanding
Common Shares of

ANGOSS Software Corporation

November 28, 1997

TABLE OF CONTENTS

DIRECTORS' CIRCULAR

This Directors' Circular is issued by the board of directors (the "Board of Directors") of ANGOSS Software Corporation ("ANGOSS") in connection with the offer (the "Offer") made by SLM Software Inc. ("SLM") to purchase all the issued and outstanding Common Shares of ANGOSS Software Corporation upon the terms and subject to the conditions set forth in the offer to purchase and the offering circular (together, the "Offering Circular") of SLM dated November 18, 1997 and mailed to registered shareholders of ANGOSS common shares on or about that date.

The basis of the Offer is $0.12 per Common Share payable in common shares of SLM Software Inc. on the basis of the greater of $14.00 per share and the 20 day weighted average price of such shares as of the expiry date of the Offer.

Except as otherwise expressly indicated in this Directors' Circular, all amounts are expressed in Canadian Dollars.

REJECTION RECOMMENDATION

THE BOARD OF DIRECTORS OF ANGOSS SOFTWARE CORPORATION UNANIMOUSLY RECOMMENDS THAT THE OFFER BE REJECTED AND THAT SHAREHOLDERS NOT TENDER THEIR COMMON SHARES IN RESPONSE TO THE OFFER OF SLM.

REASONS FOR RECOMMENDATION

On November 10, 1997 SLM announced its unsolicited take-over bid for the common shares of the Corporation. Its circular was mailed to shareholders of the Corporation on or about November 18, 1997. SLM has indicated that its offer was made due to its inability to obtain a favourable response from management of the Corporation to a proposed transaction involving SLM.

Management of the Corporation has engaged in various discussions with representatives of SLM from time to time, it has consistently advised SLM and its financial advisor Yorkton Securities Inc., both directly and through Griffiths McBurney & Partners, its financial advisors, that the range of values proposed by SLM for the shares of the Corporation is inadequate and that the structure of the SLM Offer is deficient.

The Board of Directors of ANGOSS has carefully considered the Offer and received the benefit of advice from Griffiths McBurney & Partners. At meetings held on November 28, 1997, the Board of Directors' received a report of Griffiths McBurney & Partners analyzing the Offer and an opinion of Griffiths McBurney & Partners. Based on the report and opinion and on consideration of other factors deemed relevant, the Board of Directors unanimously concluded that the Offer is unfair and inadequate for the following reasons:

(a) the SLM offer, at $0.12 per common share, places a value below the low end of the range of management's estimate of the fair value of the common shares of the Corporation;

(b) SLM's offer is below the current trading price for the shares of the Corporation;

(c) SLM proposes a share exchange offer, rather than a cash offer;

(d) SLM's proposed share exchange is made on the basis of a trading price for SLM's common shares which is the greater of $14 or a weighted average trading price of SLM's shares at the expiry of the offer, a structure which imposes substantial risks on the shareholders of ANGOSS and expropriates to SLM any incremental value of the merger transaction reflected in the SLM stock price;

(e) SLM's common shares closed on Friday, November 28, 1997 at $11.00 which is substantially below the minimum exchange price of the SLM Offer, a decline of 21.4% from the original Offer price of $14.00 per share.

Based on the current trading price of SLM shares and a minimum share exchange price of $14.00, the SLM Offer effectively results in a value of $0.09 per ANGOSS common share. Management of ANGOSS believes that the SLM Offer was premised on the assumption that a sale transaction for the Corporation was inevitable based on its working capital constraints and that no alternative transactions would be consummated prior to the expiry of the SLM Offer.

REJECTION OF OFFER BY DIRECTORS, OFFICERS AND MAJOR SHAREHOLDERS

None of the directors or officers of ANGOSS, their respective associates nor, to the knowledge of the directors and officers of ANGOSS after reasonable inquiry, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over more than 10% of the Common Shares of ANGOSS or any person or company acting jointly or in concert with ANGOSS has accepted or intends to accept the Offer in respect of any ANGOSS securities that such person may beneficially own, directly or indirectly, or over which such person may exercise control or direction.

BACKGROUND

During the 1997 fiscal year the Corporation has expended considerable effort in developing its position as a pre-eminent supplier of software solutions within the data mining industry through its focus on the KnowledgeSEEKER product opportunity. Sales of KnowledgeSEEKER products for the nine months ended August 31, 1997 were $2,409,203 (compared with $983,159 at August 31, 1996, an increase of 145%). KnowledgeSEEKER sales currently represent 89.1% of the Corporation's revenues. Sales trends since August 31, 1997 have also been positive despite the financial constraints affecting the Corporation described below which have necessitated a reduction in its sales and marketing efforts. In addition, KnowledgeSEEKER is now sold with an annual license. Going forward, this generates a minimum recurring license and maintenance revenue stream of approximately 17.5% of revenues with no material additional expenses. It is anticipated that this recurring revenue stream will favourably impact the Corporation's cash position during the 1998 fiscal year.

In addition to its sales and marketing efforts, the Corporation has invested substantial resources in developing and expanding the functionality of its data mining technology. To this end, KnowledgeSEEKER IV.3 was released in September 1997. Expanding on the quality of KnowledgeSEEKER, the company has aggressively pursued the development of KnowledgeSTUDIO. KnowledgeSTUDIO incorporates multiple data mining technologies and major architectural advances. Although KnowledgeSTUDIO has not been commercially released, development is proceeding in accordance with the Corporation's development timetable. BETA versions of the product have been demonstrated for and favourably received by some of the Corporation's key customers and a commercial release of the product is expected to be available during the first quarter of the 1998 fiscal year.

Despite these efforts, it became increasingly clear during the 1997 fiscal year that the length of the sales cycle for the Corporation's current products, the seasonality of sales in the Corporation's industry segment (which are heavily weighted to the second half of the calendar year), the timing of new sales orders, the resources required to be expended on sales, marketing and development activities, and the absence of cash reserves to fund the Corporation's anticipated operating requirements combined to create a significant working capital constraint for the Corporation which is expected to continue over the next several months. These developments have occurred against a back drop of increasing market awareness of the potential opportunities for data mining applications in a wide variety of industry contexts. With appropriate financing and additional sale and marketing resources in place, the Corporation is positioned well to develop and expand its business in the 1998 fiscal year.

In June, 1997 the board of directors of the Corporation reviewed with management the operations of the Corporation for the six month period ended May 31, 1997, the Corporation's business plan for such period and subsequent fiscal periods, and the expected performance of the Corporation over the balance of the 1997 fiscal year. Based on its review the board of directors determined that it would be necessary to pursue a financing for the Corporation to address the anticipated working capital requirements confronting the Corporation. Griffiths McBurney & Partners was engaged by the Corporation in July 1997 to pursue a financing transaction. At that time, in addition to the measures which had been previously implemented to reduce the Corporation's operating expenses, additional reductions in operating expenses were implemented.

Although considerable effort was expended by the Corporation with both new investors and strategic partners to pursue a financing transaction during the third quarter of 1997, the Corporation was unable to conclude a financing transaction with new investors on acceptable terms. Among other parties, SLM Software Inc. was approached as a participant in a potential refinancing of the Corporation. Prospective investors were concerned primarily with the uncertainty surrounding the TRIFOX litigation and its implications for the Corporation, as well as the declining cash position of the Corporation and its dependence of the Corporation on its KnowledgeSEEKER product line and its positioning in the data mining marketplace. In August, 1997 consideration was given to the completion of a rights offering to existing shareholders, but the significant decline in the trading price of the Corporation's common shares during the period from August through October, 1997 resulted in the elimination of this financing strategy as a viable alternative for the Corporation.

As a result of its assessment of the operations and prospects of the Corporation the board of directors implemented a further reduction in the operating expenses of the Corporation in September 1997 pending a final resolution of the Corporation's cash flow difficulties. These decisions, though necessary, substantially reduced the ability of the Corporation to effectively market its products. In September, 1997 the mandate of Griffiths McBurney & Partners was also broadened to pursue a variety of strategic alternatives for the Corporation, up to and including the merger of the Corporation with another party. In accordance with its mandate, Griffiths McBurney & Partners approached numerous prospective investors, including SLM. Among those investors who expressed interest, it was clear that such transaction would be implemented in the form of an acquisition of the shares or of the material data mining assets of the Corporation.

Since September, 1997 the principal focus of the Corporation has been to preserve and enhance the value of its business to ensure that the Corporation would be able to maximize the value to its shareholders of any strategic transaction. In addition to the significant time commitments which have been required of management in dealing with the various parties identified by Griffiths McBurney & Partners as strategic partners, management has devoted considerable effort to maintaining and expanding the Corporation's relationships with key customers and strategic partners, including the recently announced relationship with WhiteCross which is expected to have a material impact on revenues for the Corporation during the 1998 fiscal year. The board of directors is appreciative of the significant efforts of management to preserve the value of the Corporation’s business during what has been a very difficult time for the Corporation.

RESPONSE OF ANGOSS

In response to SLM's unsolicited offer announced in early November 1997, the board of directors of the Corporation was required to advise its financial advisor to obtain from the many other interested parties expressions of interest in definitive form so that a formal response to the SLM offer could be made.

On November 19, 1997 the board of directors of the Corporation met with its financial advisors to consider two alternative offers for the shares of the Corporation. Both of those offers provided offers superior to the offer of SLM in all respects.

On November 28, 1997 the board of directors and management of the Corporation met with representatives of the offeror and its professional advisors to review and discuss their proposed offer and related matters. Agreement was reached with respect to a proposed timetable for the completion of due diligence by the offeror and the entry by the parties into definitive agreements. Management of the Corporation expects that an announcement with respect to an alternative transaction for consideration by the shareholders of the Corporation will be made prior to the current scheduled expiry date of SLM's offer.

OWNERSHIP OF SECURITIES BY DIRECTORS AND OFFICERS

Except for options granted and disclosed below under the heading DEALINGS IN SECURITIES OF ANGOSS, the following table sets forth the number of common shares of ANGOSS beneficially owned or over which control or direction is exercised by officers and directors of ANGOSS and, where known after reasonable inquiry, by their respective associates:

Name and Position	Number of Common Shares	Percentage of Issued and Outstanding Securities of the Class owned (1)
Joe Martin, Director	75,000	0.22%
Eric Apps, Director	100,000	0.30%
Lon Vining, Vice President Finance and Chief Financial Officer	21,000	0.06%
Ken Ono, Vice President - R&D	1,124,080	3.32%
Jim Estill, Director	273,580	0.81%

(1) Based on 33,882,713 common shares which are currently outstanding.

PRINCIPAL HOLDERS OF SHARES

To the knowledge of the directors and officers of ANGOSS, after reasonable inquiry, (i) there is no person or company acting jointly or in concert with ANGOSS who owns or exercises control or direction over any ANGOSS securities; and (ii) there are no ANGOSS Securities, beneficially owned, directly or indirectly, or over which control or direction is exercised, by any person or company ("Significant Shareholder") who beneficially owns, directly or indirectly, or also exercises control or direction over, more than 10% of the ANGOSS Securities.

DEALINGS IN SECURITIES OF ANGOSS

No gain has resulted from the purchase and sale of common shares by the directors and officers of ANGOSS nor, to the knowledge of the directors and officers of ANGOSS after reasonable inquiry, any of their respective associates, any Significant Shareholder or any person or company acting jointly or in concert with ANGOSS has traded in any ANGOSS Shares during the period commencing on the date that is six months preceding the date of this Directors' Circular.

Except as disclosed in the following table, no options convertible into Common Shares have been issued to any of the directors or officers of ANGOSS during the two year period preceding the date of this Directors' Circular.

Name	Date issued	Description and Number of Securities issued	Issue Price per Security
Directors			
Jim Estill	September 14, 1994	75,000 options	$1.00
Jim Estill	January 17, 1996	20,000 options	$0.51
Joe Martin	June 3, 1996	100,000 options	$0.40
Eric Apps	June 3, 1996	100,000 options	$0.40
Jim Estill	June 3, 1996	100,000 options	$0.40
Joe Martin	June 3, 1997	50,000 options	$0.26
Eric Apps	June 3, 1997	25,000 options	$0.26
Jim Estill	June 3, 1997	25,000 options	$0.26
Donald Paterson	June 3, 1997	25,000 options	$0.26
Officers			
Ken Ono	February 26, 1993	75,000 options	$0.32
Lon Vining	June 5, 1995	300,000 options	$0.30
John Mangold	November 10, 1995	300,000 options	$0.45
Rick Ernst	October 23, 1996	100,000 options	$0.30
Lon Vining	January 23, 1997	102,757 options	$0.26
John Mangold	November 10, 1995	205,514 options	$0.26
Lon Vining	September 20, 1997	47,243 options	$0.13
John Mangold	September 20, 1997	94,486 options	$0.13

None of the directors or officers of ANGOSS presently intends to purchase Common Shares during the period that the offer is open nor do any of the directors and officer of ANGOSS know of any person who presently intends to purchase Common Shares during the period that the Offer is open.

OWNERSHIP OF SECURITIES OF SLM

No securities of SLM are beneficially owned, directly or indirectly, nor is control or direction exercised over any securities of SLM by ANGOSS or any director or officer of ANGOSS nor, to the knowledge of such directors and officers after reasonable inquiry, by the associates of such directors or senior officers, any 10% shareholder or any person or company acting jointly or in concert with ANGOSS.

ARRANGEMENTS WITH ANGOSS

Except as disclosed below, no arrangement has been made or is proposed to be made between ANGOSS and any of its officers or directors pursuant to which a payment or other benefit is to be made or given by way of compensation for loss of office or as to their remaining in or retiring from office if the Offer is successful and, except as disclosed below, no service contracts having an unexpired term of more than 12 months are in existence between ANGOSS or any of its affiliates and any of the directors or officers of ANGOSS.

In the event of loss of position due to a change of control, Mr. Vining will be entitled to receive termination payments equivalent to seven months salary. In the event of termination, Mr. Ernst is entitled to four months full compensation.

ARRANGEMENTS WITH SLM

No contract, arrangement or agreement has been made or is proposed to be made between SLM and any directors or officers of ANGOSS, and no payment or other benefit is proposed to be made or given by SLM to any directors or officers of ANGOSS, by way of compensation for loss of office or as to their remaining in or retiring from office if the Offer is successful. To the knowledge of the directors and officers of ANGOSS, no special contract, arrangement or understanding, formal or informal, has been made or is proposed to be made between SLM and any holder of ANGOSS Securities with respect to this Offer.

None of the directors and officers of ANGOSS is a director or officer of SLM or any of its subsidiaries. None of the directors and officers of ANGOSS, their respective associates, nor, to the knowledge of the directors and officers of ANGOSS after reasonable inquiry, any 10% Shareholder has any interest in any material contract to which SLM is a party.

MATERIAL CHANGES IN THE AFFAIRS OF ANGOSS

Except as disclosed in the Section, RESPONSE OF ANGOSS, no other information is known to the Directors’ or senior officers of ANGOSS that indicates any material change in the affairs of ANGOSS since August 31, 1997, the date of the last published unaudited financial statements of ANGOSS.

STATUTORY RIGHTS

Securities legislation in certain provinces and territories of Canada provides holders of Shares with, in addition to any other rights they might have under law, rights of rescission or to damages, or both, if there is a misrepresentation in a circular or a notice that is required to be delivered to the holders of Shares. However, such rights must be exercised within prescribed time limits. Holders of Shares should refer to the applicable provisions of the securities legislation of their province for particulars of those rights or consult with a lawyer.

APPROVAL OF THE DIRECTORS' CIRCULAR

The contents of this Directors' Circular have been approved and delivery of this Directors' Circular has been authorized by the Directors of ANGOSS.

CERTIFICATE

Dated November 28, 1997

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it is made.

(Signed)	"John Mangold" John Mangold President	(Signed)	"Lon L. E. Vining" Lon L. E. Vining Vice President Finance and Chief Financial Officer

On behalf of the Board of Directors:

(Signed)	"Joe Martin" Joe Martin Director	(Signed)	"Eric Apps" Eric Apps Director