CANACCORD CAPITAL INC.

ANNUAL INFORMATION FORM

For the fiscal year ended March 31, 2007

June 26, 2007

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Caution regarding forward-looking statements:

This document may contain certain forward-looking statements. These statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events including business and economic conditions and Canaccord's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target", "intend" or the negative of these terms or other comparable terminology. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, readers should specifically consider various factors, which may cause actual results to differ materially from any forward-looking statement. These factors include, but are not limited to, market and general economic conditions, the nature of the financial services industry and the risks and uncertainties detailed from time to time in Canaccord's interim and annual consolidated financial statements and this Annual Information Form filed on www.sedar.com. These forward-looking statements are made as of the date of this document, and Canaccord assumes no obligation to update or revise them to reflect new events or circumstances.

Notes:

Unless otherwise indicated or the context otherwise requires, the "Company" refers to Canaccord Capital Inc. "Canaccord" and the "Canaccord group" refer to the Company and its direct and indirect subsidiaries.

The Company's fiscal year end is March 31. Unless otherwise indicated, "fiscal" in connection with a year relates to the 12 month period ended March 31 in that year.

Unless otherwise indicated, the information provided herein is as of March 31, 2007 and expressed in Canadian dollars.

Corporate structure:

Name, address and incorporation

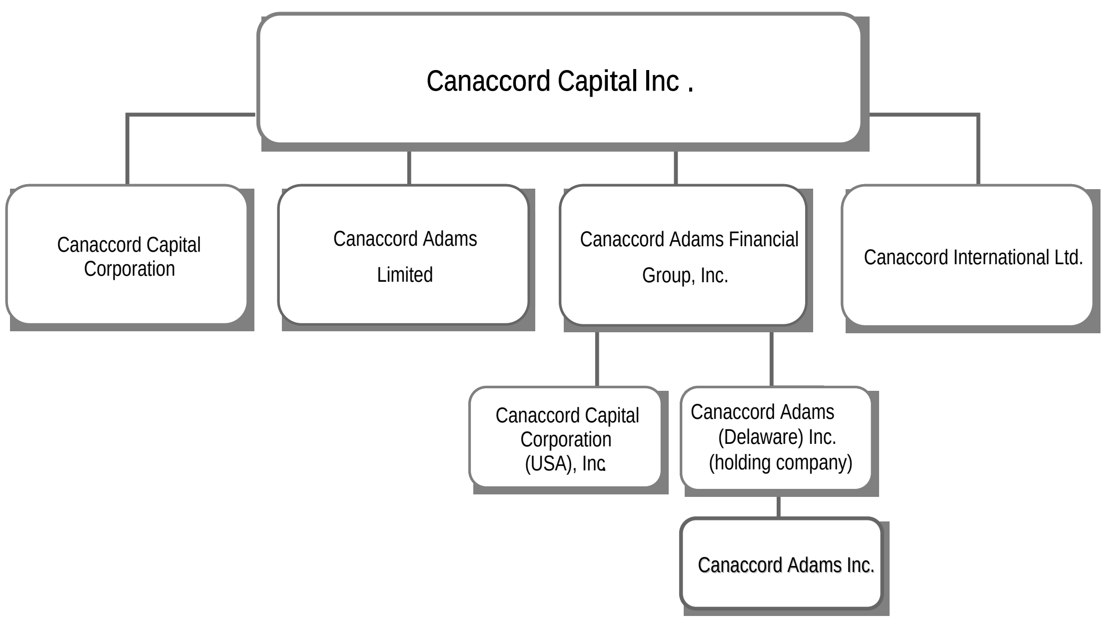
Canaccord Capital Inc. was incorporated as Canaccord Holdings Ltd. on February 14, 1997 by the filing of a memorandum and articles with the Registrar of Companies for British Columbia under the *Company Act* (British Columbia) and continues in existence under the *Business Corporations Act* (British Columbia). Pursuant to resolutions of the shareholders passed at the annual general meeting of the Company on June 21, 2004 and the subsequent filing of a notice of alteration to its articles and pursuant to an arrangement approved by an order of the Supreme Court of British Columbia made June 22, 2004, the Company changed its name to Canaccord Capital Inc. and altered its capital by converting all previously outstanding classes of common shares, preferred shares and debentures into common shares. The arrangement was made effective on June 30, 2004.

The Company's head office is located at 609 Granville Street, Vancouver, British Columbia, V7Y 1H2. The Company's registered office is located at 1000 – 840 Howe Street, Vancouver, British Columbia, V6Z 2M1.

On January 3, 2006, Canaccord's Global Capital Markets group, internationally, was re-branded as Canaccord Adams. As a result, Canaccord Capital (Europe) Limited (engaged primarily in capital markets activities in the United Kingdom and Europe) was renamed Canaccord Adams Limited, and the operating subsidiary of the acquired Adams Harkness Financial Group, Inc. (engaged in capital markets activities in the United States) was renamed Canaccord Adams Inc. In addition, the division of Canaccord Capital Corporation that is engaged in capital markets activities in Canada was branded as Canaccord Adams, a division of Canaccord Capital Corporation. Operating in 10 offices internationally, Canaccord Adams provides research and distribution in Mining and Metals, Energy, Technology, Life Sciences, Consumer Products, Real Estate and Industrial Growth sectors.

Intercorporate relationships

Canaccord Capital Inc. Corporate Structure



The Company owns, either directly or indirectly, all of the outstanding shares of the following principal subsidiaries:

Name of subsidiary [1]	**Jurisdiction of incorporation**	**Principal business**
Canaccord Capital Corporation	British Columbia	Investment dealer in Canada
Canaccord Adams Limited	England and Wales	Investment dealer in the United Kingdom
Canaccord Adams Inc.[2]	Delaware	Broker dealer in the United States
Canaccord Capital Corporation (USA), Inc.[3]	Minnesota	Broker dealer in the United States
Canaccord International Ltd.	Barbados	Bank and investment dealer outside Canada, the United States and the United Kingdom

(1) In addition to the principal subsidiaries listed above, there are four smaller operating subsidiaries.
(2) Canaccord Adams Inc. is an operating subsidiary of Canaccord Capital Inc. and its equity and voting shares are held by two holding companies: Canaccord Adams Financial Group, Inc. and Canaccord Adams (Delaware) Inc., both of which are incorporated in Delaware.
(3) On June 30, 2006 ownership of the equity, voting shares of Canaccord Capital Corporation (USA), Inc. was transferred to Canaccord Adams Financial Group Inc.

General development of the business:

Introduction

Canaccord, through the succession of various predecessor corporations, has been in business since 1950. Canaccord adopted a focused growth strategy to become one of the leading independent investment dealers in Canada. To reach this achievement, Canaccord made significant investments in its business infrastructure with a focus on building strong client relationships.

Canaccord's substantial investment in its infrastructure over the last decade has enabled it to create and support:

- An extensive network of 23 offices and 439 Investment Advisors (IAs) as at March 31, 2007 to provide quality products and services to private clients;
- An integrated and international capital markets group to meet the financing needs of a broad range of corporate clients and to provide sales and trading services to institutional clients, as well as comprehensive and timely research on a universe of over 500 companies across seven sectors.

One of Canaccord's core strengths is its independence. Our long-term goal is to maintain our employee ownership above 50% of fully diluted shares. Canaccord is independent, entrepreneurial and free from institutional constraints and conflicts that can exist at larger financial institutions. This independence also allows Canaccord to provide a wide range of local and international products for its clients and to act quickly when opportunities arise or when prompt solutions need to be found.

Canaccord has one of the largest non-bank retail brokerage sales forces in Canada and therefore has significant opportunities to drive growth in its Private Client Services segment. The elimination of the RRSP foreign content restrictions in Canada has led the shift to international investments that Canaccord is strategically positioned to facilitate, due to its international reach.

Canaccord has devoted substantial resources to the establishment of its international presence through its offices in Toronto, London, Boston, Vancouver, New York, Calgary, Montreal, San Francisco, Houston, and Barbados. The UK and US offices focus on providing service to Canaccord's corporate and institutional clients in the international capital markets community. Given its capital markets expertise, combined with its capital markets strength in Canada and distribution in the US, Canaccord is today in a favourable position to provide its clients with a wide array of international financing services and alternatives.

In addition to its growth and expansion, Canaccord continues to maintain an integrated global team and a corporate culture that is instrumental in attracting and retaining highly qualified professionals. Canaccord has successfully developed and nurtured an entrepreneurial culture among its IAs, capital markets employees and professional staff. These professionals are experienced individuals who wish to serve their clients in an environment free from the highly structured corporate culture often found at the larger dealers with an emphasis on in-house products.

Three-year history

In the last three years, Canaccord has focused primarily on the development of its two principal business units, Private Client Services and Canaccord Adams (previous Global Capital Markets), and its operating infrastructure to support their operations, including the development of leading proprietary information systems and technology.

Canaccord's strategy has been to continue building on the foundation it has established and to focus on its complementary capabilities that include:

- Intimate private client, corporate and institutional relationships
- Capital markets strength and expertise in North America and Europe
- Entrenched international trading operations
- Broad venture capital capability
- Comprehensive, timely and focused research coverage

As a brokerage firm deriving its revenue primarily from sales commissions, underwriting and advisory fees, and inventory trading activity, Canaccord's business is materially affected by conditions in the financial marketplace and economic conditions, primarily in North America and Europe. Canaccord's long term, international business development initiatives and infrastructure development, laid the solid foundation for revenue diversification and growth in revenue from fiscal 2005 to fiscal 2007.

From fiscal 2005 to fiscal 2007 Canaccord's revenue quality improved due to favorable market conditions and the Company's strategy to increase the percentage of recurring revenue by increasing the number and production level of its Private Client Services representatives, and adding breadth and depth to its capital markets coverage to adapt to the variable market cycles.

Private Client Services' revenue has increased steadily between fiscal 2005 to fiscal 2007 because of increased trading activities from improved market and economic conditions in North America and Europe, and the delivery of wealth management products and services. As a result, Private Client Services revenue increased 53.0% from fiscal 2005 to fiscal 2007, from $178.2 million to $272.6 million.

Record commodity prices have created a favorable business environment for capital markets activities. Canaccord Adams' revenue during this period increased as a result of more financings by corporate issuers, as well as Canaccord Adams' expanding capability to participate in larger transactions in Canada, the US and the UK. Revenue derived from Canaccord Adams increased from $239.7 million in fiscal 2005 to $449.7 million in fiscal 2007, an 87.7% increase, primarily from higher commission revenue and increased corporate finance activities.

Canaccord's revenue for the three year period ending March 31, 2007 was:

(C$ thousands)	Revenue for the year ended March 31 2007	2006	2005
Commission	$303,672	$239,461	$168,978
Investment banking	350,273	266,206	214,450
Principal trading	31,638	27,388	13,584
Interest	57,908	36,914	26,488
Other	13,423	13,446	9,278
Total	$756,914	$583,415	$432,778

The following table provides a breakdown of Canaccord's segmented revenue for the three years ending March 31, 2007:

(C$ thousands)	Revenue for the year ended March 31 2007	2006	2005
Private Client Services	$272,619	$225,194	$178,176
Canaccord Adams	449,717	333,666	239,654
Corporate and Other	34,578	24,555	14,948
Total	$756,914	$583,415	$432,778

In fiscal 2004, prior to Canaccord becoming a public company, revenue increased by 101.9% from $199.2 million in fiscal 2003 to $402.2 million in fiscal 2004. Both the private client and capital markets segments contributed to the increase in revenue. Private Client Services' revenue increased by 80.0% from $97.8 million to $176.0 million. In addition, Canaccord Adams' (previously Global Capital Markets) revenue increased by 131.1%, from $91.6 million to $211.8 million.

Initial public offering

To optimize its growth potential and to respond more effectively in today's competitive environment, Canaccord completed an Initial Public Offering (IPO) in June 2004. On June 23, 2004, the Company filed a final prospectus in respect of the IPO, which consisted of an offering by the Company of 6,829,268 common shares for gross proceeds of $70.0 million and a secondary offering by certain selling shareholders of 2,926,830 common shares for gross proceeds of $30.0 million. The IPO was completed on June 30, 2004. The selling shareholders granted to the underwriters, at any time until July 30, 2004, the option to purchase up to an additional 1,463,415 common shares on the same terms as the IPO to cover over-allotments, if any, and for market stabilization purposes. The option to purchase the additional shares was not exercised by the underwriters.

Becoming a public company was a significant milestone towards Canaccord's goal of remaining a leading independent Canadian investment dealer and to becoming the first dealer of choice for many highly qualified professionals. A portion of the funds generated from the IPO were utilized for business development purposes and recruitment of IAs. Furthermore, Canaccord gained the flexibility to design equity based incentive programs, and the ability to use publicly traded securities to finance strategic acquisitions.

Changes to Canaccord Adams compensation structure

Prior to April 1, 2005, Canaccord Adams' incentive compensation structure allowed its employees to earn variable percentage incentive payments based on their achievement of predetermined production targets. Starting in fiscal 2006, Canaccord Adams' incentive compensation was restructured to a flat percentage payout to better integrate our teams in Canada and Europe. As part of this change, certain salary and benefits expenses are now largely charged against the Canaccord Adams incentive compensation pool and are no longer incurred by Canaccord. A portion of the salary and benefits costs from Research are allocated to Private Client Services for services used by our IAs. Total compensation expense as a percentage of Canaccord Adams' revenue decreased from 55.2% in fiscal 2006 to 54.4% in fiscal 2007.

Changes to Private Clients Services compensation structure

On October 1, 2005, Canaccord implemented a Stock Compensation Plan aimed to reward and retain Investment Advisors (IAs). The cost of the plan is included in the incentive compensation expense for the business segment and is almost entirely offset by the change in the payout compensation grid for IAs. Canaccord's IAs may purchase stock on the open market with a forgivable loan from Canaccord through this program on a sliding scale and certain minimum requirements based on their gross production.

Stock-based compensation

In addition, Canaccord successfully implemented the following compensation plans in fiscal 2006:

Employee Stock Purchase Plan (ESPP)

On April 1, 2005, Canaccord implemented the Employee Stock Purchase Plan (ESPP). This Plan is available to all non-UK based Canaccord full-time permanent employees. Beginning May 2007, employee contributions will be matched on a one to one basis by Canaccord to a maximum of $3,000 per year per employee, up from a maximum of $1,500 matched by the Company. The ESPP is managed by an independent company, and all stock purchases through the ESPP take place in the open market. The ESPP cost for fiscal 2007 of $1.0 million, or 0.14% of Canaccord's annual consolidated revenue, was included in salaries and benefits expense.

Employee Stock Incentive Plan (ESIP)

The Employee Stock Incentive Plan (ESIP) was aimed at Canaccord's key executive-level employees as a reward and retention program and to balance employee share ownership. Canaccord loaned 40% of the purchase price of Canaccord Capital Inc.'s shares, which were purchased on the open market. These loans are forgivable over a four year period so long as the employee works for Company. The ESIP cost for fiscal 2007 was $2.2 million, or 0.3% of Canaccord's annual consolidated revenue, and was included in incentive compensation expense.

Stock Compensation Plan (SCP)

On October 1, 2005, Canaccord implemented a Stock Compensation Plan (SCP) aimed at rewarding and retaining IAs within the Private Client Services business segment. The cost of the SCP, which was $3.3 million or 0.4% of Canaccord's annual consolidated revenue, is included in the incentive compensation expense for the business segment and is almost entirely offset by the change in the payout compensation structure for IAs. Canaccord rewards IAs through this program based on their gross production and certain minimum requirements. Stock is purchased on behalf of IAs on the open market using a forgivable loan through this program and vests over a three-year period.

Admission to AIM

In June 2005, the Company was admitted to AIM of the London Stock Exchange. The Company is now publicly traded on the Toronto Stock Exchange in Canada and on AIM in the UK. Management believes that this will provide the Company and its shareholders with greater visibility, liquidity and a broader group of market comparables.

Over the past four years, Canaccord has continued to develop its European presence from its operations based in London, UK. Canaccord is one of the leading nominated advisers (Nomads) for new admissions to AIM. UK based activity increased 11.9%, from $116.1 million in fiscal 2005 to $129.9 million in fiscal 2007, and as of March 31, 2007, Canaccord was Nomad to 50 companies on the AIM and was either the broker or Nomad to four of the top ten AIM companies by market capitalization.

Acquisitions

Following Canaccord's strategy to build on its strong and established capital market distribution platform, Canaccord completed the acquisition of Enermarket Solutions Ltd. on November 11, 2005, an energy property acquisition and divestiture advisory services firm based in Calgary, Alberta. The business now operates as Canaccord Enermarket Ltd. as a component of our capital markets operations. Canaccord Enermarket Ltd. offers a wide range of technical evaluation and marketing services for buyers and sellers of oil and gas properties. The firm's expertise covers a wide range of asset transactions including corporate sales, sales of producing properties and joint ventures.

On January 3, 2006, Canaccord closed the acquisition of Adams Harkness Financial Group, Inc., which was a privately held Boston, Massachusetts based institutional investment bank. In connection with this acquisition, we launched Canaccord Adams, a new brand for Canaccord's Global Capital Markets operations worldwide. This new relationship between the Canadian, UK and US operations has enhanced Canaccord's international research, investment banking, and sales and trading capabilities. In fiscal 2007, total US revenue was $81.3 million compared to $20.0 million earned in fiscal 2006.

Operation by geographies

Canaccord's revenue by geographic segment for the three year period is as follows:

	Revenue for the year ended March 31		
(C$ thousands)	**2007**	**2006**	**2005**
Canada	$529,906	$437,479	$316,688
UK	129,852	125,900	116,090
US[1]	81,259	20,036	-
Other Foreign Location[2]	15,897	-	-
Total	$756,914	$583,415	$432,778

(1) Commencing January 3, 2006, as a result of the acquisition of Adams Harkness Financial Group, Inc., the US geographic segment includes operations for Canaccord Adams Inc., and Canaccord Capital Corporation (USA), Inc., which includes operations from Private Client Services and Corporate and Other business segments in the US.

(2) Revenue derived from capital markets activity outside of Canada, the US and the UK is reported as Other Foreign Location, which includes operations for Canaccord International Ltd.

Revenue from the UK and Other Foreign Location are derived entirely from Canaccord Adams' activity, while revenues in Canada and the US are derived from the Private Client Services, Canaccord Adams, and Corporate and Other segments. Revenue in the US is mainly derived from Canaccord Adams with an approximate 5.7% originating from Private Client Services and Corporate and Other segments operations in the US.

Canaccord has implemented the following initiatives in fiscal 2007:

- Build-out of the US operations to expand global platform
- Expansion and deepening of its presence in the core sectors of Mining and Metals, Energy, Technology, Life Sciences, Consumer Products, Real Estate and Industrial Growth
- Maintaining our corporate finance market share in the AIM
- Selective recruitment of IAs with quality assets

Description of the business

Overview

Canaccord has substantial operations in each of the two principal segments of the financial services industry: private client services and capital markets. These activities are supported by an infrastructure comprised of correspondent brokerage services, operations, information technology, compliance, legal and finance teams.

Canaccord

Approximately 1,590 employees

Private Client Services

Approximately 728 employees

Investment advice

Brokerage services

Managed accounts

Fee- based accounts

Wealth management services

Insurance and estate planning

- 23 retail offices throughout Canada
- 439 Investment Advisors (IAs)
- Revenue for fiscal 2007 of $272.6 million
- Assets under administration of $15.0 billion
- Assets under management of $652 million

Canaccord Adams

Approximately 502 employees

Research

Institutional equity sales and trading

Investment banking

Mergers and acquisitions advisory

Venture capital

International and principal trading

Fixed income trading

- Offices in Toronto, London, Boston, Vancouver, New York, Calgary, Montreal, San Francisco, Houston, and Barbados
- Revenue for fiscal 2007 of $449.7 million
- Canaccord Adams led 174 transactions globally for clients, each one over $1.5 million, with total proceeds of more than $5.1 billion. Also in fiscal 2007, the team participated in 497 transactions globally for clients, each one over $1.5 million, with total proceeds of more than $32.3 billion.. This includes:
  - Canada – 424 financing transactions with an aggregate deal value of $27.9 billion
  - UK – 43 financing transactions with an aggregate deal value of $2.1 billion
  - US – 30 financing transactions with an aggregate deal value of $2.3 billion

Corporate and Other

Approximately 360 employees

Pinnacle Correspondent Brokerage Services

Compliance and risk management

Operations

Finance

Legal

Information technology

Private Client Services

Private Client Services (PCS) revenue

(C$ thousands)	Revenue for the year ended March 31 2007	2006	2005
Private Client Services (PCS)	$272,619	$225,194	$178,176

Canaccord's private clients are primarily individuals and high net worth accounts. Canaccord provides a broad range of financial services and investment products to its private clients, including both proprietary and third party products.

Private Client Services' revenue is generated through traditional commission based brokerage services; the sale of fee-based products and services; client-related interest; and fees and commissions earned by private client Investment Advisors (IAs) for corporate finance and venture capital transactions. Commission revenue from the sale of investment products and the provision of brokerage and other financial services is based on an established commission schedule. Discounts and adjustments to this schedule are based on the client's level of business, transaction size, complexity and other relevant factors.

At the end of fiscal 2007, Canaccord had 439 IAs, a net increase of nine IAs from the end of fiscal 2006.

Canaccord's Private Client Services group has 23 retail offices throughout Canada in the following locations:

British Columbia		Yukon	Alberta	Ontario	Quebec	Nova Scotia
Abbotsford	*Vernon*	*Whitehorse*	*Calgary*	*Kingston*	*Beloeil*	*Halifax*
Campbell River	*Victoria*		*Edmonton*	*London*	*Montreal*	
Kelowna	*White Rock*			*Ottawa*	*Quebec City*	
Nanaimo				*Simcoe*		
Prince George				*Toronto*		
Vancouver – Head Office				*Waterloo*		
Vancouver - Bentall						

Services

The Private Client Services group is dedicated to providing a variety of comprehensive brokerage services and wealth management products and services to its longstanding clients. Our IAs assist their clients to build their financial assets and maximize their returns within the context of their investment objectives and risk tolerance. Canaccord offers its clients various account structures such as commission-based accounts, fee-based accounts, managed accounts and margin accounts.

Private Client Services offers various wealth management services with a fee-based structure, in addition to the traditional commission fee structure. With more individuals approaching retirement, the demand for various wealth management products and financial planning services is on the rise. With these changing demographics, more clients are choosing fee-based alternatives over the traditional commission based products and services.

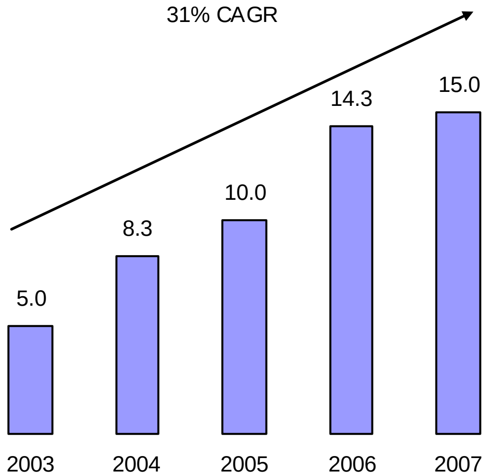
Canaccord's Private Client Services provide the following services:

- Investment advice
- Brokerage services
- Managed accounts
- Fee-based accounts
- Wealth management services
- Insurance and estate planning

The products and services listed above complement each other to support Canaccord's overall services to its private clients. Traditionally, revenue in this segment is generated through transaction-based commissions. However, changing demographics over the last decade has brought about a change in client's financial needs and, as a result, demand for managed account products such as separately managed accounts, retirement planning and wealth management services has increased. By responding to these expectations, Canaccord expects the composition of its Private Client Services revenue will increasingly reflect a greater proportion of recurring, managed product fee revenue.

Assets under administration
On March 31, 2007, assets under administration (AUA) were $15.0 billion, representing a 31.4% compound annual growth rate (CAGR) since fiscal 2003. This growth is the result of both recruiting established IAs with larger books of business, and organic asset growth, based on the strength in the equity markets since 2002.

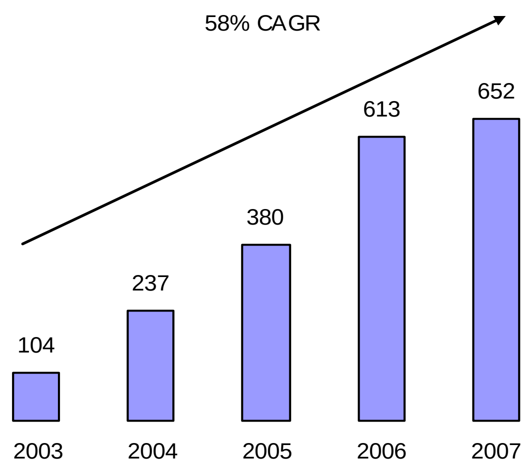
Assets under administration (AUA) [1]
(C$ billions)



[1] AUA is the market value of client assets administered by Canaccord, for which Canaccord earns commissions or fees. This measure includes funds in client accounts, as well as the aggregate market value of long and short security positions. Canaccord's method of calculating AUA may differ from approaches used by other companies and therefore may not be comparable. Management uses this measure to assess operational performance of the Private Client Services business segment.

Assets under management
On March 31, 2007, assets under management (AUM) were $652 million, which increased at a 58.2% compound annual growth rate (CAGR) since fiscal 2003.

Assets under management (AUM) [1]
(C$ millions)



(1) AUM is the market value of assets that are beneficially owned by clients and discretionarily managed by Canaccord as part of our *Independence Accounts* program. Services provided include the selection of investments and the provision of investment advice. AUM is also administered by Canaccord and is therefore included in AUA.

Separately Managed Accounts
Separately managed accounts (SMAs) are designed so that each account has individual ownership of securities rather than ownership of a pooled fund. Accounts are charged an all inclusive fee based on account size.

Canaccord has developed a new SMA Program known as the *Alliance Program*. This program includes *Canaccord's* internally managed *Independence Accounts* which offers professional portfolio management with a choice of strategies based on a client's investment objectives and a minimum account size of $100,000. Account holders receive weekly strategy notes from the portfolio managers describing current market conditions and portfolio transactions, as well as quarterly presentations.

Building on the success and momentum of Canaccord's *Independence Accounts*, Canaccord expanded its SMA product line to include a selection of nine external portfolio managers with additional investment mandates: AGF International Advisors, Barometer Capital Management, Bissett Investment Management, Brandywine Global Investment Management, Connor, Clark & Lunn Financial Group, Dixon Mitchell Investment Counsel, Jarislowsky, Fraser Limited, KBSH Capital Management Inc., and Seamark Asset Management Ltd. Together, these accounts offer professional portfolio management with a choice of strategies based on a client's investment objectives.

Canaccord continues to develop products and services with the purpose of offering our IAs the freedom to present the best product mix to their clients, while reinforcing an entrepreneurial culture in which our IAs may continue their business. During fiscal 2007, in addition to expanding the *Alliance Program*, Private Client Services implemented an investment policy statement and financial planning software program, with an accompanying national Investment Advisor's training program.

Canaccord Adams
Canaccord Adams operates out of 10 offices internationally and provides a broad range of research, sales and trading, and investment banking services to its clients. Canaccord Adams has developed comprehensive corporate finance knowledge and expertise, and strong research capabilities in the following industries: Mining and Metals, Energy, Technology, Life Sciences, Consumer Products, Real Estate and Industrial Growth.

The integrated team at Canaccord Adams provides comprehensive and high quality services to its corporate and institutional clients in:

- Research
- Institutional equity sales and trading
- Investment banking
- Mergers and acquisitions advisory
- Venture capital
- International and principal trading
- Fixed income trading

Canaccord Adams' ability to target and service key clients in global equity financing is a strong differentiator and competitive advantage for the Company. In fiscal 2007, the team led 174 transactions globally for clients, each one over $1.5 million, with total proceeds of more than $5.1 billion. Also in fiscal 2007, the team participated in 497 transactions globally for clients, each one over $1.5 million, with total proceeds of more than $32.3 billion. These transactions included 45.1% from the Mining and Metals and Energy sectors, due to strong global market demand for natural resources. Canaccord also participated in 162 venture capital transactions with an aggregate transaction value of over $742.6 million.

Top 10 investment dealers in Canada ranked by participation and number of led transactions – equity offerings of $1.5 million and greater
(Fiscal year 2007)

Dealer	Rank	Participation in # of transactions	Rank	Number of led[1] transactions
Canaccord Capital	**1**	**497**	**1**	**174**
CIBC World Markets	2	261	2	112
BMO Nesbitt	3	258	6	53
TD Securities	4	239	5	56
National Bank	5	229	15	21
Dundee Securities	6	223	7	49
Scotia Capital	7	215	10	42
Raymond James	8	195	16	20
RBC Capital Markets	9	191	3	95
Blackmont Capital	10	182	9	45

Source: Financial Post Data Group as of March 31, 2007. Canaccord's figure also includes transactions from its UK and US operations.
[1] Number of transactions led reflects both led and joint led transactions.

Canaccord Adams - overall

Sectors	For the year ended March 31, 2007 % of total transactions	% of transaction revenue
Mining & Metals	24.9%	42.1%
Energy	20.2%	22.6%
Technology	14.2%	12.2%
Life Sciences	6.7%	4.5%
Diverisfied[1]	34.0%	18.6%
Total	100.0%	100.0%

Canaccord Adams - Canada

Sectors	For the year ended March 31, 2007 % of total transactions	% of transaction revenue
Mining & Metals	25.3%	41.9%
Energy	24.6%	24.2%
Technology	8.2%	7.2%
Life Sciences	3.9%	2.9%
Diverisfied[1]	38.0%	23.8%
Total	100.0%	100.0%

Canaccord Adams Limited – UK

Sectors	For the year ended March 31, 2007 % of total transactions	% of transaction revenue
Mining & Metals	41.7%	55.7%
Energy	13.9%	25.9%
Technology	22.2%	10.9%
Life Sciences	6.9%	1.0%
Diverisfied[1]	15.3%	6.5%
Total	100.0%	100.0%

Canaccord Adams Inc. – US

Sectors	For the year ended March 31, 2007 % of total transactions	% of transaction revenue
Mining & Metals	-	0.2%
Energy	3.8%	5.9%
Technology	37.7%	35.3%
Life Sciences	22.6%	21.6%
Diverisfied[1]	35.9%	37.0%
Total	100.0%	100.0%

[1] Diversified includes Consumer Products, Real Estate and Industrial Growth.

Equity offerings of $1.5 million and greater

(C$ billions)	For the year ended March 31 2007		2006	
Market	# of transactions	Aggregate transaction value	# of transactions	Aggregate transaction value
Canada	424	$27.9	315	$22.2
UK	43	2.1	55	3.2
US	30	2.3	5	0.5
Total	497	$32.3	375	$25.9

Sources: Financial Post Data Group and Company sources.

Total mergers and acquisitions revenue increased in fiscal 2007 to $19.9 million, up $12.7 million, from $7.2 million in fiscal 2006. We will continue to invest in this service offering as we recognize that revenue generated from mergers and acquisitions advisory services tends to be counter-cyclical relative to other capital markets revenue streams and yields high margins with low capital requirements.

Canaccord Adams consists of approximately 502 employees and professionals primarily located in Toronto, London, Boston, Vancouver, New York, Calgary, Montreal, San Francisco, Houston, and Barbados. Canaccord Adams is comprised of the following geographic operating divisions:

- Canada
- UK and Other Foreign Location
- US

Canaccord Adams' revenue

	Revenue for the year ended March 31		
(C$ thousands)	**2007**	**2006**	**2005**
Canada			
Capital Markets	$187,562	$150,470	$95,559
International Trading	24,177	20,940	15,452
Registered Traders	7,878	9,124	4,275
Fixed Income	7,707	8,540	8,278
Total Canada	227,324	189,074	123,564
UK and Other Foreign Location	145,749	125,900	116,090
US	76,644	18,692	-
Total Canaccord Adams	$449,717	$333,666	$239,654

Revenue

Canaccord Adams' revenue is generated from commissions and fees earned in connection with investment banking transactions and institutional sales and trading activity, as well as trading gains and losses from Canaccord's principal and international trading operations. Accordingly, this revenue is directly affected by the level of corporate and institutional activity and general economic, market and business conditions in Canada and internationally. Furthermore, revenue from Canadian operations includes revenues generated from four business sub-segments: Capital Markets, International Trading, Registered Traders and Fixed Income.

Revenue from Canadian operations

Capital Markets

Capital markets revenue in Canada is originated from equity financing transactions, commissions, underwriting fees and management fees related to capital markets activity in Canada.

International Trading

Canaccord has an extensive international trading operation with approximately 16 employees who deal principally with US brokerage firms, executing orders on their behalf in Canadian listed equities and trading in US equities on behalf of Canadian clients. Revenue is generated through this trading activity. Canaccord has developed a secure online trading capability, for selected US dealers to process trades in Canadian securities through Canaccord's international trading operation. This system accesses Canaccord's order management system and delivers orders directly to the applicable exchange for execution and reporting.

Registered Traders

Canaccord has a total of approximately 21 registered traders that trade on behalf of Canaccord in its principal and inventory accounts. This registered traders group operates by taking positions, trading and making markets in equity securities including securities of companies with small to medium sized market capitalizations. Revenue is generated through inventory trading gains and losses.

Fixed Income

Canada's Fixed Income department operates from offices in Montreal, Toronto and Vancouver. Canaccord trades on a principal basis in various fixed income instruments including Canadian and US government bonds and treasury bills, provincial bonds, securities of federal and provincial government agencies and crown corporations, and corporate debt. Inventories of fixed income securities are generally carried to facilitate sales to clients. Canaccord also participates in the auction, underwriting, or acts as a selling group member in the distribution of, various government and corporate fixed income securities.

UK and Other Foreign Location Operations

Canaccord Adams operations in the UK include institutional sales and trading, corporate finance and research teams. Canaccord is an approved broker, sponsor and Nomad for AIM and LSE companies. Revenue derived from capital markets activity outside of Canada, the US and the UK is reported as Other Foreign Location, which includes operations for Canaccord International Ltd. Combined with its capital markets strength in both Canada and the UK, Canaccord is in a strong position to serve its corporate and institutional clients and capitalize on the opportunities in this market area.

US Operations

Canaccord Adams' US segment was created as a result of the acquisition of Adams Harkness Financial Group, Inc. in Q4/06 and it includes institutional sales and trading, corporate finance, and research teams. Canaccord Adams is now in a strong position to serve its corporate and institutional clients and capitalize on the opportunities in this market area. This division serves its clients through offices in Boston, New York, San Francisco, and Houston.

Corporate and Other segment

Corporate and Other revenue:

	Revenue for the year ended March 31		
(C$ thousands)	**2007**	**2006**	**2005**
Corporate and Other	$34,578	$24,555	$14,948

The Corporate and Other segment includes Pinnacle Correspondent Services along with interest, foreign exchange revenue and expenses not specifically allocated to Private Client Services and Canaccord Adams.

Canaccord operates a correspondent brokerage services operation under Pinnacle Correspondent Services. Pinnacle provides secure and confidential fully integrated clearing and settlement, administrative, trading and research services to other brokerage firms. The development of Pinnacle was a natural extension and application of Canaccord's substantial investment in its information technology and operating infrastructure. Canaccord's management believes that with the segregation of the Canadian securities industry into groups (bank or foreign owned large dealers; large, full service independent dealers; and an increasing number of small boutique and specialized dealers) there is significant growth potential for Pinnacle to provide correspondent brokerage services to the dealers in the boutique or specialized dealer category.

The Corporate and Other segment also includes operations and support services such as front and back office information technology, compliance and risk management, operations, legal, finance and other administrative functions. The information technology team maintains and supports Canaccord's front and back information technology systems. The compliance department is responsible for client credit and account monitoring in relation to certain legal and financial regulatory requirements. The operations group carries out all activity in connection with processing securities transactions including trade execution and settlement of securities transactions. They are also responsible for the custody of client securities. The finance department is responsible for internal financial accounting and controls, and external financial and regulatory reporting and compliance.

Operation and support staff, on March 31, 2007, totaled 360. Most of these employees are located in Canaccord's Vancouver, British Columbia office.

Canaccord's front office information technology systems include applications for providing and enhancing client service and increasing the effectiveness and information access capabilities of Canaccord's IAs and Canaccord Adams professionals. Canaccord's back-office information technology systems include applications for information and transaction processing, control systems and management information reporting. All information technology systems are supported by an overall network architecture comprised of hardware, software and key relationships with strategic service providers. For more information, please refer to the Information technology section.

Canaccord's risk management and compliance activities include procedures to identify, control, measure and monitor Canaccord's risk exposure at all times. These principal risk areas relate to market risk, credit risk, operational risk and regulatory and legal risk. For more information, please refer to the Risk management section.

Competition

On the retail brokerage front, Canaccord faces competition from other investment dealers, online brokerage firms, banks, insurance companies and other financial institutions. The industry is also experiencing an increase in demand for quality investment advisors. Canaccord competes on the basis of quality of its service, price, product selection, expertise, innovation, and reputation.

On the capital markets front, Canaccord competes with other domestic and foreign securities firms. Canaccord Adams competes on the basis of the caliber and abilities of its professional personnel, relative prices of the services and products it offers, capital available, institutional relationships, ability to assist with financing arrangements and quality of service.

There is also competition for investment advisors and other securities industry professionals. Canaccord competes with other financial institutions for advisors, investment bankers, trading professionals and other specialized personnel on the basis of its services and products breadth, its management, its entrepreneurial culture, and its ownership compensation structure.

Information technology

Canaccord is committed to providing its IAs, professionals and management with the information processing capability and real-time solutions required for maintaining a superior level of client service. Canaccord is also committed to ensuring that its technology platform continues to provide the resources necessary to meet the increased level of service, access to information and processing requirements critical for its future growth and business development. To accomplish these objectives, Canaccord's strategy is to invest in the best, most cost effective technology available and utilize strategic relationships to bring the latest in hardware, software and business process solutions to Canaccord.

An important factor in Canaccord's success to date, has been a strategy of developing strategic relationships with key industry suppliers enabling it to be free of the burden of legacy systems and providing it with the flexibility to adopt new technologies on a cost effective basis. With this strategy, Canaccord has developed key relationships with the following organizations:

- Dataphile (ADP) — a real-time integrated transaction system for client recordkeeping and reporting, multi-functional order management, transaction processing, account maintenance and account history
- Hewlett Packard — computer hardware and software related to servers, network storage, desktop hardware and critical systems support
- Telus — fully managed wide area network and telecommunications services
- Microsoft — software support for servers, workstations business systems
- Cisco — network and telecommunications equipment and network monitoring software
- Thomson — real-time stock quotes and market information
- Radiant Communications — internet content management and development software
- Icon — primary lease vendor for technology purchases

Canaccord also draws on the relationships described above for project development and non-strategic services allowing Canaccord's technology department to focus on strategic initiatives, business applications and systems and network management.

The primary development projects since 2000 include improvements to Canaccord's network system and architecture, enhancement of client service through the addition of value-added information processing applications and improvements to control systems, information processing and management information reporting.

The successful completion of these projects, their effective deployment and Canaccord's continued investment in improving its information technology platform are significant factors in the overall efficiency and effectiveness of Canaccord's business.

Risk management

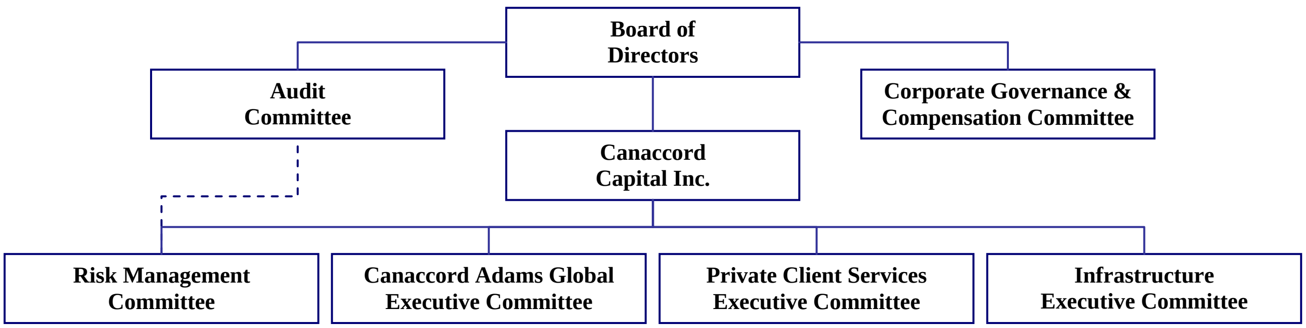
Overview

Canaccord has adopted a disciplined approach to its risk management process. This discipline encompasses a number of functional areas and requires constant communication, judgment and knowledge of the business, products and markets. Canaccord's senior management is actively involved in the risk management process and has developed policies and reports that require specific administrative procedures and actions to assess and control risks. These policies and procedures are subject to ongoing review and modification as activities, markets and circumstances change.

A cornerstone of Canaccord's risk philosophy is the continuation of the first line of responsibility for managing risk within prescribed limits by branch managers, department heads and trading desk managers. The monitoring and control of Canaccord's risk exposure is conducted through a variety of separate, but complementary, financial, credit, operational, compliance and legal reporting systems. In addition, the Risk Management Committee, which is shown in its organizational context below, is responsible for monitoring risk exposures and for general oversight of the risk management process. Canaccord created the Risk Management Committee in fiscal 2007 and it is led by the CFO. The committee members include the CEO, President, COO and senior management representation from the key revenue producing businesses and functional areas of Canaccord.

Governance

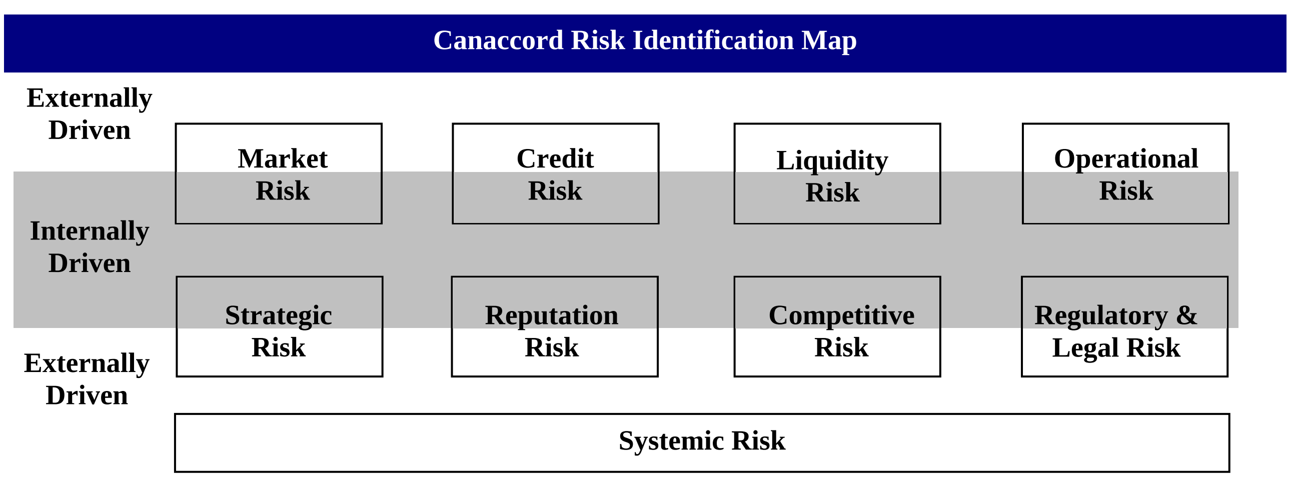
Canaccord's governance structure includes the following elements:



The segregation of duties and management oversight are important aspects of Canaccord's risk management process. Canaccord has a number of functions that are independent of the revenue producing businesses that perform risk management activities, including the monitoring, evaluating and analyzing of risk. These functions include Group Risk & Capital Management, which was created during fiscal 2007, Compliance, Operations, Treasury, Finance and Legal. Canaccord's Audit Committee receives various quarterly and annual updates and reports on key risk metrics and the overall risk management program.

Uncertainty and risk are inherent in any financial markets activity. As an active participant in the Canadian and international capital markets, Canaccord is exposed to risks that could result in financial losses. As identified in Canaccord's Risk Identification Map below, Canaccord's principal risks relate to market risk, credit risk, liquidity risk, operational risk, strategic risk, reputation risk, competitive risk, and regulatory and legal risk. Accordingly, risk management and control of the balance between risk and return are critical elements in maintaining Canaccord's financial stability and profitability.

Principal risks



Canaccord allocates considerable internal resources to risk management and has developed a number of policies and procedures to identify, control, measure and monitor its risk exposure at all times. Diversification across multiple business lines, product areas, deal size and industry sectors and geographical diversification, help to reduce risk and the overall impact of any volatility in revenues or profitability, as well as to minimize the impact of losses that may arise from any particular area of Canaccord's business.

Even with the policies and procedures that Canaccord has established for controlling or limiting risk, there is no certainty that they will be completely effective. Unforeseen events and changes in the economy may lead to market disruptions and unexpected large or rapid changes in market prices and conditions, which may have a significant adverse effect on Canaccord's business, financial prospects and stability.

Market risk

Market risk is the risk that a change in market prices, foreign exchange rates, interest rate levels, inflation, indices, liquidity and other market factors will result in losses. Each business area is responsible for ensuring that market risk exposures are prudent. In addition, Canaccord has established procedures to ensure that risks are measured, closely monitored, controlled and visible to senior levels of management.

Canaccord is exposed to equity price risk, liquidity risk and volatility risk as a result of its principal trading activities in equity securities. Canaccord is also exposed to specific interest rate risk due to its principal trading in fixed income securities. In addition to active supervision and review of trading activities by senior management, Canaccord mitigates its risk exposure through a variety of limits to control concentration, capital allocation and capital usage, as well as through trading policies and guidelines. Canaccord manages and monitors its risks in this area using both qualitative and quantitative risk measures, not only on a company wide basis, but also by trading desk and by individual trader. Management also reviews and monitors inventory levels and positions, trading results, aging and concentration levels. In this way, Canaccord can ensure that it is adequately diversified with respect to market risk factors and that trading activity is within the risk tolerance levels established by senior management.

With the competitive nature of financial markets in Canada, certain of Canaccord's investment banking activity is done on a 'bought deal' basis whereby an underwriting commitment is made subject to only very limited termination provisions. These termination conditions usually exclude reductions in market price and, accordingly, Canaccord faces a risk of loss in the event that underwritten securities cannot be resold to investors at the issue price because of changes in market price or other factors. Canaccord distributes and limits its risk exposure in this area by participating in most cases on a syndicated basis, requiring that all such transactions be approved by senior management in both finance (for purposes of capital allocation) and capital markets (for purposes of deal quality and marketability) and limiting the time period between the date a commitment is made and the date Canaccord is able to distribute or resell the underwritten securities to investors.

Securities held by Canaccord are recorded at market value and, accordingly, the consolidated financial statements of Canaccord reflect any unrealized gains and losses arising from changes in the market values of such securities. See ''Critical accounting estimates – Revenue recognition and valuation of securities'' on page 45 of the fiscal 2007 Annual Report. Losses arising as a result of any declines in market prices are therefore recognized at that time and recorded as a reduction of revenue.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The primary source for credit risk to Canaccord is in connection with trading activity by clients in the Private Client Services business segment and private client margin accounts. In order to minimize financial exposure in this area, Canaccord applies certain credit standards and conducts financial reviews with respect to clients and new accounts.

Canaccord provides financing to clients by way of margin lending. In a margin based transaction, Canaccord extends credit for a portion of the market value of a securities transaction in a client's account, up to certain limits. Margin loans are collateralized by securities in the client's account. In connection with this lending activity, Canaccord faces a risk of financial loss in the event a client fails to meet a margin call if market prices for securities held as collateral decline and if Canaccord is unable to recover sufficient value from the collateral held. For margin lending purposes, Canaccord has established limits that are generally more restrictive than those required by applicable regulatory policies. The determination on whether to add to the minimum regulatory capital requirements of securities eligible for margin is discretionary and is based on price, market, liquidity and quality. Canaccord adjusts its margin requirements if it believes that its risk exposure is not appropriate.

Canaccord also faces a risk of financial loss with respect to trading activity by clients if such trading results in overdue or unpaid amounts in under-secured cash accounts or failure by clients to meet cash calls, in the event market prices for securities sold short in short accounts increase, and Canaccord is unable to purchase the securities to cover the short position at prices covered by the available credit in the client's account. Canaccord has developed a number of controls within its automated trade order management system to ensure that trading by individual account and advisor is done in accordance with customized limits and risk parameters. Canaccord also utilizes a system of risk-adjusted reserve accounts to provide limited additional financial coverage.

Canaccord records a provision for bad debts in general and administrative expenses. Any actual losses arising from or associated with client trading activity as described above are charged to this provision. Historically, this provision has been sufficient to cover actual losses.

Canaccord is engaged in various trading and brokerage activities whose counterparties primarily include broker dealers, banks, clearing agents, exchanges, financial intermediaries and other financial institutions. These activities include securities borrowing and lending, and entering into repurchase agreements and reverse repurchase agreements. In the event counterparties do not fulfill their obligations, Canaccord may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty and/or the issuer of the instrument. Canaccord manages this risk by imposing and monitoring individual and aggregate position limits within each business segment for each counterparty, conducting regular credit reviews of financial counterparties, reviewing security and loan concentrations, holding and marking to market collateral on certain transactions and conducting business through clearing organizations that guarantee performance. Historically, Canaccord has not incurred any material loss arising from a default by a counterparty.

Liquidity risk

Liquidity risk is the risk that an institution is unable to generate sufficient cash or its equivalent in a timely and cost-effective manner to meet its commitments as they come due. Canaccord has a number of systems, policies and processes in place to monitor and manage regulatory capital requirements, working capital needs and cash flows to help provide a sufficient buffer against liquidity risk.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, fraud, people and systems or from external events, such as the occurrence of disasters or security threats. More specific examples of operational risk as it relates to Canaccord include the risk of financial loss resulting from Canaccord's own operations including, but not limited to, improper or unauthorized execution and processing of transactions, deficiencies in Canaccord's operating systems, and inadequacies or breaches in Canaccord's control procedures. Canaccord operates in different markets and relies on its employees and systems to process a high number of transactions. In order to mitigate this risk, Canaccord has developed a system of internal controls and checks and balances at appropriate levels, which include overnight trade reconciliation, control procedures related to clearing and settlement, cash controls, physical security, independent review procedures, documentation standards, billing and collection procedures, and authorization and processing controls for transactions and accounts. Canaccord also has disaster recovery procedures in place, business continuity plans and built-in redundancies in the event of a systems or technological failure. In addition, Canaccord utilizes third party service agreements and security audits where appropriate. Historically, Canaccord has not incurred any material losses arising from operational matters or technological failures.

Strategic risk

Strategic risk is the risk that a firm or one of its particular businesses will make inappropriate strategic choices, or is unable to successfully implement selected strategies or related plans and decisions. Furthermore, the effective management and allocation of resources, maintenance, retention and development of intellectual capital are internal strategic risk management factors.

In addition to its senior leadership, Canaccord has the above illustrated executive committees that meet regularly to address a number of strategic, tactical, competitive, operational and business development activities. The Company's Board of Directors and senior management conduct regular and periodic reviews of its strategies, annual budgeting plans and performance management reviews. Canaccord has a number of performance management systems and continues to invest in enhancing information systems and processes to provide further insights into Canaccord's performance versus its objectives.

Reputation risk

Reputation risk is the risk that an activity undertaken by an organization or its representatives will impair its image in the community or lower public confidence in it, resulting in the loss of business, legal action or increased regulatory oversight. Possible sources of reputation risk could come from operational failures and non-compliance with laws and regulations. Reputation risk can also be reflected within customer satisfaction and external ratings, such as equity analyst reports. In addition to its various risk management policies, controls and procedures, Canaccord has a Chief Ethics Officer, a formal Code of Business Conduct and Ethics and an integrated program of marketing, branding, communications and investor relations to help manage and support Canaccord's reputation.

Competitive Risk

Competitive risk is the risk associated with the inability to build or maintain sustainable competitive advantage in a given market or markets. Competitive actions in the areas of pricing, recruitment of staff, product replication, industry changes and new entrants can have an unfavourable impact on Canaccord.

Regulatory and legal risk

Regulatory risk includes the risk of non-compliance with applicable legal and regulatory requirements. Canaccord is subject to extensive regulation and oversight in the jurisdictions in which it operates. These regulations are established through government regulation by a variety of government agencies and through industry regulation by a variety of self-regulatory bodies. Canaccord has established procedures to ensure compliance with all applicable statutory and regulatory requirements in each jurisdiction. These procedures address issues such as regulatory capital requirements, disclosure requirements, internal controls over financial reporting, sales and trading practices, use of and safekeeping of client funds, credit granting, collection activity, money laundering and recordkeeping.

Legal risk includes litigation risk. As with other securities dealers, Canaccord is involved in litigation and is a defendant in various legal actions.

With respect to Canaccord's capital markets activity, Canaccord has procedures in place to review potential investment banking clients and proposed transactions and to ensure that all of its capital markets activity is compliant with regulatory requirements. These procedures include the active involvement of senior management through a regime of committee approvals and authorizations, the use of external legal counsel as appropriate, and utilizing in-house professionals with industry experience. Losses or costs associated with routine regulatory and legal matters are included in general and administrative expenses in Canaccord's consolidated financial statements.

Losses, if any, arising from significant legal matters, are recorded in general and administrative expenses in Canaccord's consolidated financial statements.

Systemic risk

Systemic risk is the risk that the financial system as a whole may not withstand the effects of a crisis resulting from extraordinary economic, political, country-specific, industry specific, company, social or financial circumstances. This could result in financial, reputation or other losses.

Risk factors

Overview

The securities industry and Canaccord's activities are by their very nature subject to a number of inherent risks. Economic conditions, competition and market factors such as volatility in the Canadian and international markets, interest rates, commodity prices, market prices, trading volumes and liquidity will have a significant impact on Canaccord's profitability. Revenue from Private Client Services' activity is dependent on trading volumes and, therefore, is linked to the level of market activity and investor confidence. Revenue from Canaccord Adams' activity is dependent on financing activity by corporate issuers and the willingness of institutional clients to actively trade and participate in capital markets transactions. There may also be a lag between market fluctuations and the level of Canaccord's market activity and the impact that these factors have on Canaccord's operating results and financial position. Furthermore, Canaccord's business is cyclical and thus experiences considerable variations in revenue and income from quarter to quarter and year to year due to the factors discussed above. These factors are beyond Canaccord's control and, as a result, revenue and net income will fluctuate, as they have historically.

An investment in the common shares of Canaccord involves a number of risks. Some of these, including market risk, credit risk, liquidity risk, operational risk, strategic risk, reputation risk, competitive risk, and regulatory and legal risk could be substantial and are inherent in Canaccord's business. Risk management at Canaccord is a significant priority due to the importance of its effectiveness on Canaccord's operations. For the discussion on Risk Management, please see pages 46 to 50 in the fiscal 2007 MD&A. Risks include, but are not necessarily limited to, those set out below. Investors should carefully consider the following information about risks, together with the other information in this document, before making investment decisions. It should be noted that this list is not exhaustive, but contains risks that Canaccord considers to be of particular relevance. Other risk factors may apply.

Risks associated with the financial services business generally

The financial services business is, by its nature, subject to numerous and substantial risks, particularly in volatile or illiquid markets and in markets influenced by sustained periods of low or negative economic growth, including the risk of losses resulting from the underwriting or ownership of securities, trading, counterparty failure to meet commitments, customer fraud, employee errors, misconduct and fraud (including unauthorized transactions by traders), failures in connection with the processing of securities transactions, the risk of litigation, the risk of lower revenue in periods of reduced demand for public offerings or less activity in the secondary markets and the risk of smaller spreads on the trading of securities.

Financial scandals in the earlier portion of this decade, including insider trading, accounting practices and misrepresentations to shareholders and the public by corporate issuers, and improper practices by financial institutions, affected the ability and willingness of participants to engage in capital markets transactions and to trade in securities. These scandals and any scandals in the future may have an adverse effect on Canaccord’s business and operating results, despite its non-involvement.

Canaccord may enter into large transactions in which it commits its own capital as part of its trading business. The number and size of these large transactions may materially affect Canaccord’s results of operations in a given period. Canaccord may also incur significant losses from trading activities, due to market fluctuations and volatility from quarter to quarter. Canaccord maintains trading positions in the fixed income and equity markets to facilitate client trading activities. To the extent that Canaccord has long positions, a downturn in the value of these assets or in related markets could result in losses. Conversely, to the extent that Canaccord has short positions, an increase in price or an upturn in related markets could expose Canaccord to potentially unlimited losses, as it attempts to cover short positions by acquiring assets in a rising market.

Risk management policies and procedures

Canaccord’s risk management policies and procedures are based on historical market behaviour and depend on evaluations of certain information regarding markets, clients and other matters. Canaccord’s risk management strategies and techniques may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk, and there may be situations where existing procedures and methods do not adequately identify existing risk exposure or predict future risk exposure or where risk exposure may be substantially higher than historical measures indicate. Accordingly, there is no certainty that Canaccord’s risk management policies, systems and procedures will be adequate to prevent substantial financial loss.

Risks of reduced revenues due to economic, political and market conditions

Reductions in the number and size of public offerings and mergers and acquisitions, and reduced securities trading activities, due to changes in economic, political or market conditions, could cause Canaccord’s revenues from Private Client Services’ and Canaccord Adams’ activities to decline materially. The amount and profitability of these activities are affected by many national and international factors, including economic, political and market conditions; the level and volatility of interest rates; legislative and regulatory changes; exposure to fluctuations in currency values; inflation; inflows and outflows of funds of mutual and pension funds; and availability of short term and long term funding and capital.

The financial scandals referred to above, particularly in the United States, led to insecurity and uncertainty in the financial markets and contributed to declines in capital markets during 2002. In response to these scandals, securities regulators made rules or rule proposals contemplating significant changes to corporate governance and public disclosure. To the extent that private companies, in order to avoid becoming subject to these new requirements, decide to forego initial public offerings, Canaccord’s equity underwriting business may be adversely affected. In addition, new corporate governance rules and proposals, coupled with economic uncertainty, may divert many companies’ attention away from capital market transactions, including corporate finance activities, which would have a negative impact on Canaccord’s business.

Risk of changes in foreign currency exchange rates

Canaccord's results are reported in Canadian dollars. A portion of Canaccord's business is conducted and denominated in UK pounds sterling and in US dollars. Any fluctuations in the value of the pound sterling and in the US dollar relative to the Canadian dollar may result in variations in the revenue and net income of Canaccord. Canaccord manages some of its foreign exchange settlement risk by periodically hedging pending settlements in foreign currencies. However, these procedures may not be adequate and do not address the impact that any changes in currency values may have on Canaccord's financial reporting in Canadian dollars and the possibility that such changes may have an adverse impact on Canaccord's business, results of operations and financial condition.

Risks of reduced revenue due to declining market volume, prices or liquidity

Canaccord's revenue may decrease in the event of a decline in market volume, prices or liquidity. Declines in the volume of securities transactions and in market liquidity generally result in lower revenue from trading activities and commissions. Lower price levels of securities may also result in a decreased volume of underwriting transactions and could cause a reduction in revenue from corporate finance activities as well as losses from declines in the market value of securities held in trading, investment and underwriting positions, reduced Private Client Services' fees and withdrawals of funds under management. Sudden sharp declines in market values of securities can result in illiquid markets and the failure of issuers and counterparties to perform their obligations, as well as increases in claims and litigation. In such markets, Canaccord may also experience declining revenue or losses in its principal trading and market-making activities.

Risks of reduced revenue during periods of declining prices or reduced activity in targeted industries or geographic markets

Canaccord's revenue is likely to be lower during periods of declining prices or inactivity in the market for securities of companies in Canaccord's focus sectors. Canaccord's business is particularly dependent on the market for equity offerings by companies in the Mining and Metals, Energy, Technology, Life Sciences, Consumer Products, Real Estate and Industrial Growth sectors. These markets have historically experienced significant volatility, not only in the number and size of equity offerings, but also in the aftermarket trading volume and prices of newly issued securities.

The growth in Canaccord's revenue is attributable in large part to the significantly increased number and size of underwritten transactions by companies in Canaccord's target industries and by the related increase in aftermarket trading for such companies. Underwriting activities in Canaccord's targeted industries can decline for a number of reasons, including market uncertainty, inflation, rising interest rates and related issues. Underwriting and brokerage activity can also be materially adversely affected for a company or industry segment by disappointments in quarterly performance relative to an analyst's expectations or by changes in long term prospects.

Canaccord's investment banking clients generally retain Canaccord on a short term basis in connection with specific capital markets or advisory transactions, rather than on a recurring basis under long term contracts. As these transactions are typically singular in nature and Canaccord's engagements with clients may not recur, Canaccord must seek out new engagements when current engagements are successfully completed or terminated. As a result, high activity levels in any period are not necessarily indicative of continuing high levels of activity in any subsequent period. If Canaccord is unable to generate a substantial number of new engagements that generate fees from the successful completion of transactions, its business and results of operations would likely be adversely affected.

Canaccord's revenue rose by almost 300% from fiscal 2003 to fiscal 2007, including more than a fivefold increase in revenue from UK and Other Foreign Location operations. There can be no assurance that this revenue level is sustainable.

Risks of underwriting activities

Participation in underwritings involves both financial and regulatory risks. Canaccord may incur losses if it is unable to resell the securities it is committed to purchase or if it is forced to liquidate its commitment at less than the agreed purchase price. In addition, Canaccord (including when acting as a co-manager) may retain a significant concentration in individual securities. Increasing competition is expected to continue to erode underwriting spreads, thereby reducing profitability. Canaccord may also be subject to substantial liability for material misstatements or omissions in prospectuses and other communications or offering documents with respect to underwritten offerings, and may be exposed to claims and litigation arising from such offerings.

Asset management revenue is subject to variability based on market and economic factors and the amount of assets under management

Asset management revenue includes revenues we receive from management, administrative and performance fees from funds managed by Canaccord, revenues from asset management and performance fees we receive from third-party managed funds, and investment income from Canaccord's investments in these funds. These revenues are dependent upon the amount of AUM and the performance of the funds. If these funds do not perform as well as Canaccord's asset management clients expect, these clients may withdraw their assets from these funds, which would reduce our revenues. Canaccord experiences fluctuations in its quarterly asset management revenue, which may contribute to Canaccord not meeting revenue expectations.

Fluctuations in market price

Certain factors, such as sales of common shares into the market by existing shareholders, fluctuations in Canaccord's operating results or those of its competitors, market conditions for similar securities, and market conditions generally for other companies in the investment banking industry or in industries that Canaccord focuses on, could cause the market price of the common shares to fluctuate substantially. In addition, the stock market has experienced significant price and volume fluctuations that have affected the market prices of equity securities, and have often been unrelated to the operating performance of such companies. Accordingly, the market price of common shares may decline even if Canaccord's operating results or prospects have not changed.

Interest rate risk may affect the value of financial instruments held by Canaccord

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments and fixed income securities held by Canaccord. Canaccord strives to reduce and monitor its exposure to interest rate risk through quantitative analysis of its net positions in fixed income securities. Canaccord hedges its positions but does not hedge its net exposure to interest rate risk as ongoing exposure is usually minimal.

Effects of inflation may affect costs, profitability and the value of financial instruments

As Canaccord's assets are generally liquid in nature, they are not significantly affected by inflation. However, the rate of inflation affects Canaccord's expenses, such as employee compensation, office space leasing costs and communications charges, which may not be readily recoverable in the price of services offered by Canaccord. To the extent that inflation results in rising interest rates and has other adverse effects upon the securities markets, it may adversely affect our financial position and operational results.

Dependence on availability of capital

Canaccord's business depends on the availability of adequate funding and regulatory capital under applicable regulatory requirements. Underwriting commitments require a charge against capital and, accordingly, Canaccord's ability to make underwriting commitments may be limited by the requirement that it must at all times be in compliance with applicable net capital regulations. Other Canaccord Adams' activity and Private Client Services' activity also require charges against capital for regulatory purposes. Although Canaccord expects to have sufficient capital to satisfy all of its capital requirements, there can be no assurance that any, or sufficient, funding or regulatory capital will continue to be available to Canaccord in the future on acceptable terms.

Credit risk and exposure to losses

Canaccord is exposed to the risk that third parties owing Canaccord money, securities or other assets will not meet their obligations. These parties include trading counterparties, clients, clearing agents, exchanges, clearing houses and other financial intermediaries as well as issuers whose securities are held by Canaccord. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons.

Canaccord provides financing to private clients by way of margin lending. In a margin based transaction, Canaccord extends credit for a portion of the market value of a securities transaction in a client's account up to certain limits. Margin loans are collateralized by securities in the client's account. In connection with this lending activity, Canaccord faces a risk of financial loss in the event a client fails to meet a margin call if market prices for securities held as collateral decline, and if Canaccord is unable to sell the securities held as collateral at a price that will cover the amount of the outstanding loan.

Although Canaccord regularly reviews credit exposure to specific clients, counterparties, industries, countries and regions that it believes may present credit concerns, default risk may arise from events or circumstances that are difficult to detect, such as fraud. Canaccord may also fail to receive full information with respect to the trading risks of a counterparty.

Significant fluctuations in quarterly results

Canaccord has experienced losses in one of the last five fiscal years. Canaccord's revenue and operating results may fluctuate from quarter to quarter and from year to year due to a combination of factors, including the number of underwriting transactions completed, the level of institutional and retail brokerage transactions, variations in expenditures for personnel, litigation expenses and expenses of establishing new business units. Canaccord's revenue from an underwriting transaction is recorded only when the underwriting transaction closes. Accordingly, the timing of recognition of revenue from a significant transaction can materially affect quarterly operating results. Canaccord's cost structure is oriented to meeting the current level of demand for investment banking transactions. As a result, despite the variability of incentive compensation, Canaccord could experience losses if demand for these transactions declines more quickly than its ability to change its cost structure, which includes fixed salaries and benefits expenses. Due to the foregoing and other factors, there can be no assurance that Canaccord will be able to sustain profitability on a quarterly or annual basis.

Significant competition may adversely impact revenues and profits

Canaccord is engaged in the highly competitive securities brokerage and financial services business. Canaccord competes directly with large Canadian, US and UK securities firms, securities subsidiaries of major chartered banks, major regional firms and smaller niche players. Many other companies have more personnel and greater financial resources than Canaccord does. These companies compete directly with Canaccord for private clients, investment banking clients, investment advisors, professional staff and other industry personnel. Larger competitors are able to advertise their products and services on a regional or national basis and may have a greater number and variety of distribution outlets for their products, including retail distribution. Discount brokerage firms market their services through aggressive pricing and promotional efforts. In addition, some competitors have a much longer history of investment banking activities than Canaccord and, therefore, may possess a relative advantage with regard to access to deal flow and capital. This competition could have a material adverse effect on Canaccord's operating results as well as Canaccord's ability to attract and retain highly skilled individuals. There can be no assurance that Canaccord will be able to compete effectively. Canaccord believes that some of the most significant opportunities for growth will arise outside Canada. In order to take advantage of these opportunities, Canaccord will have to compete successfully with financial institutions based in international markets, particularly in the United Kingdom. Certain institutions are larger, better capitalized and have a stronger local presence and a longer operating history in these markets.

Dependence on systems

Canaccord's business is highly dependent on communications and information systems. Any failure or interruption of Canaccord's systems, or those of third parties such as service providers, clearing corporations and exchanges, could cause delays or other problems in Canaccord's sales, trading, clearing, settlement and other client services, which could have a material adverse effect on operating results. There can be no assurance that Canaccord will be able to prevent any systems failures or interruptions, including those caused by an earthquake, fire, other natural disaster, power or telecommunications failure, act of God, act of war or terror or otherwise, or that back-up procedures and capabilities in the event of failure or interruption will be adequate. Even though Canaccord has back-up procedures and duplicate systems in place, excess capacity and business continuity plans, there is no assurance that procedures and plans will be sufficient or adequate in the event of a failure or catastrophe and, consequently, such an event could have a material adverse affect on Canaccord's operating results and financial condition.

In addition, Canaccord's ability to conduct business may be adversely affected by a disruption in the infrastructure that supports its businesses and the communities in which it is located. This may include a disruption involving electrical, communications, transportation or other services used by Canaccord or third parties with which Canaccord conducts business, whether due to fire, other natural disaster, power or communications failure, war or otherwise. Nearly all of Canaccord's employees in its primary locations, including Vancouver, Toronto, London (UK), and Boston, work in close proximity to each other. If a disruption occurs in one location and employees in that location are unable to communicate with or travel to other locations, Canaccord's ability to service and interact with clients may suffer and Canaccord may not be able to implement successfully contingency plans that depend on communication or travel.

Canaccord's operations also rely on the secure processing, storage and transmission of confidential and other information in computer systems and networks. Although Canaccord takes protective measures and tries to modify them as circumstances warrant, computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and events that could have a security impact. If one or more of these events occur, this potentially could jeopardize Canaccord's, or its clients' or counterparties' confidential and other information processed and stored in, and transmitted through, computer systems and networks, or otherwise cause interruptions or malfunctions in clients', counterparties' or third parties' operations. Canaccord may be required to expend significant additional resources to modify protective measures or to investigate and remediate vulnerabilities or other exposures, and Canaccord may be subject to litigation and financial losses that are either not insured against or not fully covered through any insurance maintained by Canaccord.

Dependence on ability to retain and recruit personnel

Canaccord's business is dependent on highly skilled, and often highly specialized employees. The establishment and maintenance of relationships with clients and potential clients depends in part on individuals. Retention of IAs, investment banking, research, sales and trading professionals, management and administrative personnel is particularly important to Canaccord.

From time to time, companies in the securities industry experience losses of investment advisors, investment banking, research, sales and trading professionals, and management and administrative personnel. The level of competition for key personnel has increased recently, particularly due to the market entry efforts of new retail brokerage operations, certain non-brokerage financial services companies and other investment banks targeting or increasing their efforts in all or some of the areas in which Canaccord operates. While Canaccord has historically experienced little turnover in professional employees, there can be no assurance that losses of key personnel, due to competition or otherwise, will not occur in the future. The loss of an investment advisor, investment banking, research or sales and trading professional, particularly any member of the senior management or other senior professional with a broad range of contacts in an industry, could materially and adversely affect Canaccord's operating results.

Canaccord expects further growth in personnel. Competition for employees with the desired qualifications is intense, especially with respect to investment banking and research professionals with expertise in industries in which corporate finance or advisory activity is robust. Competition for the recruiting and retention of employees has recently increased compensation costs, and Canaccord expects that competition will cause compensation costs to continue to rise. There can be no assurance that Canaccord will be able to recruit a sufficient number of new employees with the desired qualifications, in a timely manner and on financial terms that are acceptable to Canaccord. The failure to recruit new employees could materially and adversely affect future operating results.

Canaccord generally, except with its IAs, does not have employment agreements, although new hires sign offer letters and a variety of conduct policies. Canaccord attempts to retain employees with performance based incentives and a positive business environment. These incentives, however, may be insufficient in light of the increasing competition for experienced professionals in the securities industry, particularly if the value of Canaccord's common shares declines or fails to appreciate sufficiently to be a competitive source of a portion of professional compensation.

Management of growth

Over the past several years, Canaccord has experienced significant growth in its business activities, including the number of employees. This growth has required and will continue to require increased investment in management personnel, financial and management systems and controls and facilities, which, in the absence of continuing revenue growth, would cause Canaccord's operating margins to decline from current levels. In addition, as is common in the securities industry, Canaccord is and will continue to be highly dependent on the effective and reliable operation of its communications and information systems. Canaccord believes that its current and anticipated future growth will require implementation of new and enhanced communications and information systems and training of its personnel to operate these systems. Any difficulty or significant delay in the implementation or operation of existing or new systems or the training of personnel could adversely affect Canaccord's ability to manage growth.

As part of Canaccord's business strategy, Canaccord has acquired and may make further acquisitions of assets or businesses related to, or complementary to, its current operations. Any acquisitions will be accompanied by certain risks including exposure to unknown liabilities of acquired companies, higher than anticipated acquisition costs and expenses, the difficulty and expense of integrating operations and personnel of acquired companies, disruption of ongoing business, diversion of management's time and attention, and possible dilution to shareholders. Canaccord may not be able to successfully address these risks and other problems associated with acquisitions, which could adversely affect business.

Employee misconduct
There have been a number of highly publicized cases involving fraud or other misconduct by employees in the financial services industry in recent years, and Canaccord runs the risk that employee misconduct could occur. Misconduct by employees could include binding Canaccord to transactions that exceed authorized limits or present unacceptable risks, or hiding from Canaccord unauthorized or unsuccessful activities, which may result in unknown and unmanaged risks or losses. Employee misconduct could also involve the improper use of confidential information, which could result in regulatory sanctions and serious reputational harm. It is not always possible to deter employee misconduct and the precautions Canaccord takes to prevent and detect this activity may not be effective in all cases.

Potential conflicts of interest
Executive officers, directors and employees of Canaccord from time to time may invest in securities of private or public companies or investment funds in which Canaccord, or an affiliate of Canaccord, is an investor or for which Canaccord carries out investment banking assignments, publishes research or acts as a market maker. There are certain risks that, as a result of such investment, a director, officer or employee may take actions that would conflict with the best interests of Canaccord.

In addition, certain of the directors of Canaccord also serve as directors of other companies involved in a wide range of industry sectors; consequently, there exists the possibility these directors could potentially be in a conflict of interest.

Control risks
As of March 31, 2007, existing senior officers and director shareholders collectively owned approximately 28.3% of the common shares. If sufficient of these shareholders act or vote together, they will have the power to exercise significant influence over all matters requiring shareholder approval, including the election of the Company's directors, amendments to its articles, amalgamations and plans of arrangement under Canadian law and mergers or sales of substantially all of its assets. This could prevent Canaccord from entering into transactions that could be beneficial to the Company or its other shareholders. Also, third parties could be discouraged from making a tender offer or takeover bid to acquire any or all of the outstanding common shares of the Company. In addition, the single largest shareholder that management is aware of is MLI Resources Inc. – a wholly owned subsidiary of Manulife Financial Corporation – with 5.1% of the common shares. Any significant change in these shareholdings through sale or other disposition, or significant acquisitions by others of the common shares in the public market or by way of private transactions could result in a change of control and changes in business focus or practices that could affect the profitability of Canaccord's business.

Extensive regulation of the financial services industry poses a number of risks
The financial services business is subject to extensive regulation in Canada, the US, the UK and elsewhere. Compliance with many of the regulations applicable to Canaccord involves a number of risks, particularly in areas where applicable regulations may be subject to interpretation. In the event of non-compliance with an applicable regulation, securities regulators, the IDA, the NASD, and FSA and other authorities may institute administrative or judicial proceedings that may result in censure, fines, civil penalties, issuance of cease-and-desist orders, deregistration or suspension, loss of status as a Nomad, suspension or disqualification of the investment dealer's officers or employees or other adverse consequences. The imposition of any such penalties or orders on Canaccord could have a material adverse effect on its operating results and financial condition.

The regulatory environment in which Canaccord operates is subject to change. Currently, investment dealers are the subject of greater regulatory scrutiny that has led, for example, to increased sensitivity to the interaction between research analysts and investment banking departments. As a consequence, regulators have changed and may propose to make further changes to requirements with respect to research matters. Canaccord may be adversely affected as a result of new or revised legislation, regulations or policies imposed by the securities legislation of Canada, the UK and the US.

The current environment of increased scrutiny may reasonably be expected to lead to increasingly stringent interpretation and enforcement of existing laws and rules. Canaccord may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by securities regulatory authorities in Canada, the UK and the US.

Additional regulation, changes in existing laws and rules or changes in interpretations or enforcement of existing laws and rules often affect directly the method of operation and profitability of securities firms. Canaccord cannot predict the effect any such changes might have. Furthermore, business may be materially affected not only by regulations applicable to Canaccord as a financial market intermediary, but also by regulations of general application.

For example, the volume of Canaccord's investment banking and principal investment businesses in a given time period could be affected by, among other things, existing and proposed tax legislation, competition policy and other governmental regulations and policies, including the interest rate policies of the Bank of Canada or the board of governors of the Federal Reserve System; as well as changes in interpretation or enforcement of existing laws and rules that affect the business and financial communities. The level of business and financing activity in each of the industries on which Canaccord focuses can be affected not only by such legislation, or regulations of general applicability, but also by industry-specific legislation or regulations.

Canaccord's ability to comply with all applicable laws and regulations is dependent on the creation, implementation and maintenance of effective compliance systems, policies and procedures and on its ability to hire and retain qualified compliance personnel.

Restrictions on ownership and transfer of common shares

Restrictions on ownership and transfer of common shares in the articles of Canaccord to prevent unauthorized change in control without regulatory approval, in certain cases, could affect the marketability and liquidity of the common shares.

Litigation and potential securities laws liability

Many aspects of Canaccord's business involve substantial risks of liability. An underwriter is exposed to substantial liability under securities laws, other laws and court decisions, including decisions with respect to underwriters' liability and limitations on indemnification of underwriters by issuers. For example, a firm that acts as an underwriter may be held liable for misstatements or omissions of fact in a prospectus used in connection with the securities being offered and firms may be held liable for statements made by its securities analysts or other personnel. In recent years, there has been increasing litigation involving the securities industry, including class actions that seek substantial damages. Canaccord is subject to the risk of litigation, including litigation that may be without merit. As Canaccord intends to actively defend any such litigation, significant legal expenses could be incurred. An adverse resolution of any actions or claims against Canaccord may materially affect its operating results and financial condition.

Courts and regulatory authorities are imposing higher standards of care on the provision of services to clients by investment dealers, their employees and their agents. As Canaccord's business involves offering more products in the areas of wealth management and portfolio management, more clients are delegating discretion and authority over their financial assets and affairs to Canaccord and its employees and agents. Not only are more clients utilizing such discretionary accounts but the dollar level of funds invested in such accounts is also increasing. Canaccord's business may be materially adversely affected if Canaccord and/or its employees or agents are found to have not met the appropriate standard of care or exercised their discretion or authority in a prudent or appropriate manner in accordance with accepted standards.

The legal risks facing Canaccord also include potential liability under securities laws or through civil litigation in the event that Canaccord's IAs or employees violate investor suitability requirements, make materially false or misleading statements in relation to securities transactions, commit fraud, misuse client funds, or breach any other statute or regulatory rule or requirement.

By the very nature of Canaccord's business, it is expected that from time to time Canaccord will be subject to complaints or claims by clients in the normal course of business. There is no certainty that such claims or complaints will not be material and that any settlements, awards or legal expenses associated with defending or appealing against any decisions related to such complaints or claims will not have a material adverse effect on Canaccord's operating results or financial condition.

When Canaccord recruits IAs with existing clients from other employers, there may be existing non-competition or non-solicitation agreements and other contractual or common law obligations. The former employer may claim damages or injunctive relief against the IA or Canaccord, and Canaccord may incur expenses in awards, settlements and legal expenses.

Legal proceedings could result in substantial financial loss
Canaccord, in the normal course of business as an investment dealer, is involved in litigation and is a defendant in various legal actions. Canaccord has established accruals for matters that are probable and can be reasonably estimated. While the outcome of these actions is uncertain, management's evaluation and analysis indicates that, individually and in the aggregate, the probable ultimate resolution of these actions will not have a material effect on the financial condition of Canaccord. There is no certainty, however, that there will not be an adverse resolution that would be material and cause a substantial financial loss. See Note 16 on "Commitments and contingencies" in the audited consolidated financial statements.

Financial instruments
In the normal course of business Canaccord utilizes certain financial instruments to manage its exposure to credit risk, market risk and foreign exchange risk as mentioned above.

Additional information
Additional information relating to Canaccord, including Canaccord's Annual Information Form, can be found on SEDAR's Web site at www.sedar.com.

Dividends:
The Company declared the following dividends on its common shares for fiscal 2007:

Quarter	Dividend	Record date	Payment date
Q4/07	$0.10	June 1, 2007	June 8, 2007
Q3/07	$0.10	February 23, 2007	March 8, 2007
Q2/07	$0.08	November 24, 2006	December 8, 2006
Q1/07	$0.08	August 25, 2006	September 8, 2006

Although dividends are expected to be declared and paid quarterly, the Board of Directors, in its sole discretion, will determine the amount and timing of any dividends. All dividend payments will depend on general business conditions, Canaccord's financial condition, results of operations and capital requirements and such other factors as the Board determines to be relevant. In Q3/07, the Board approved a quarterly dividend increase of $0.02 per share to $0.10 per share. The Board approved a common share dividend of $0.10 per share for Q4/07, and Canaccord intends to pay a $0.10 regular quarterly common share dividend for each quarter in fiscal 2008.

Description of capital structure:
The authorized capital of the Company consists of an unlimited number of common shares, without nominal or par value and an unlimited number of preferred shares, issuable in series, of which 47,856,961 common shares and no preferred shares are issued and outstanding as of May 31, 2007.

Holders of common shares are entitled to receive dividends as and when declared by the Board of Directors of the Company and are entitled to one vote per share on all matters to be voted on at all meetings of shareholders. Upon voluntary or involuntary liquidation, dissolution or winding-up of the Company, the holders of common shares are entitled to share ratably in the remaining assets available for distribution, after payment of liabilities.

The preferred shares may be issued from time to time in one or more series. The Board of Directors of the Company may:

(a) Determine the maximum number of shares of each series or determine that there is no such maximum number or alter any such determination
(b) Create an identifying name for the shares of each series or alter such identifying name

(c) Attach special rights and restrictions to the shares of each series or alter any such special rights and restrictions

Restrictions on ownership and transfer of shares of the Company

Pursuant to rules established by certain securities regulatory authorities in Canada and the United States, the ownership of shares of an investment dealer is subject to certain restrictions. To enable Canaccord to comply with these requirements, the articles of the Company contain the following provisions:

- The Company may require a proposed subscriber or transferee of shares to submit a declaration with respect to the holding of shares of the Company as beneficial owner and any other matter that the directors consider relevant to determine if the registration of the subscription or transfer would result in a violation of the articles or applicable legislative or regulatory requirements. The Company also may require a declaration at any time if proxies are solicited from shareholders at any meeting of shareholders or before such a meeting or when, in the opinion of the directors, the holding of shares by any person could violate the articles or applicable legislative or regulatory requirements.

- The Company has the power to refuse to issue or record a transfer and to withdraw the voting rights, of any share of any class if:

  (a) Following the issue or recording of the transfer, the shareholder (along with his or her associates and affiliates) would beneficially own or control, directly or indirectly, a "significant equity interest" in the Company, unless the required approvals from all relevant securities regulatory authorities have been obtained; or
  (b) The person requesting the issue or recording of the transfer refuses to sign and deliver a declaration with respect to his or her beneficial ownership of shares of the Company.

For these purposes, a "significant equity interest" in the context of the Company means:

(a) In respect of the applicable rules of the Investment Dealers Association (IDA) and the TSX Venture Exchange Inc., the holding of: (i) voting securities carrying 10% or more of the votes carried by all voting securities of the Company, (ii) 10% or more of the outstanding participating securities of the Company or (iii) an interest of 10% or more of the total equity in Canaccord Capital Corporation;
(b) In respect of the applicable rules of the Toronto Stock Exchange, the holding, directly or indirectly and alone or in combination with any other person, of securities: (i) carrying 20% or more of the votes carried by all voting securities, (ii) carrying the right to receive 20% or more of any distribution of earnings and (iii) accounting for 20% or more of the total capital or equity of the Company;
(c) In respect of the applicable rules of the Bourse de Montreal Inc. (the Bourse) (where a significant equity interest is referred to as a "major position"), having the power to direct or cause the direction of the management or policies of Canaccord Capital Corporation whether through ownership of securities, by contract or otherwise and a person is considered to hold a major position in the capital of the Company pursuant to the rules of the Bourse if such person, directly or indirectly: (i) has the right to vote 10% or more of the voting securities or (ii) is entitled to receive 10% or more of the net profits of the Company;
(d) In respect of the applicable rules of the Autorité des marchés financiers in Quebec, the direct or indirect ownership or holding of more than 10% of the voting rights attached to securities issued by the Company; and
(e) In respect of the applicable rules of the National Association of Securities Dealers in the United States, a change in the equity ownership of the Company that results in one person or entity directly or indirectly owning or controlling 25% or more of the equity.

The Company is entitled to sell, as agent, through a stock exchange designated by the directors of the Company or, in the absence of such a designation, by private contract or in any other manner, any number of shares of any class held by any person in violation of the articles, if the directors of the Company determine that the sale is necessary or advisable to ensure compliance with the articles and applicable legislative and regulatory requirements. The Company is also entitled to effect such a sale if a person fails to reply to a request for a declaration contemplated by the articles. Any such sale will be subject to certain procedural requirements (which are set out in the articles) including notice of the proposed sale.

These restrictions relating to the transfer and the issue of shares of the Company do not generally apply in the case of an issue or a transfer in favour of an investment dealer or a holding company of an investment dealer so long as the transfer is effected in the ordinary course of the activities of its securities business. The board of directors of the Company has the power to establish the rules and procedures that it considers necessary and appropriate to implement these provisions.

The *Financial Services and Markets Act 2000* (UK) places an obligation on controllers and proposed controllers of Canaccord Adams Limited to obtain the approval of the Financial Services Authority before becoming a controller or increasing the level of control held (in certain circumstances). Failure to obtain approval is an offence under section 191(3) of the *Financial Services and Markets Act 2000* (UK). The Financial Services Authority has up to three months to consider whether to approve such a change in control. A controller or proposed controller should take this period into account when deciding when to give their notification. A “controller” in the context of Canaccord Adams Limited is a person who (along with his or her associates) holds 10% or more of the shares in the Company or is able to exercise significant influence over the management of the Company through his or her shareholding in the Company.
These restrictions on the ownership and transfer of the common shares may have an effect on the marketability and liquidity of the common shares. For more information, please refer to the Risk factors section.

Market for securities:

The common shares of the Company are listed on the Toronto Stock Exchange (TSX) under the symbol “CCI”. The common shares are also listed on AIM, a market operated by the London Stock Exchange, under the symbol “CCI”.

Trading price and volume

The following table presents the high and low closing prices and the monthly trading volume for the Company’s common shares on the TSX.

Month	High	Low	Monthly Trading Volume
March 2007	$22.64	$18.98	4,634,067
February 2007	$22.00	$17.55	7,070,451
January 2007	$18.49	$16.70	4,718,471
December 2006	$19.78	$16.28	5,436,678
November 2006	$18.45	$15.95	2,819,921
October 2006	$18.54	$15.80	3,628,179
September 2006	$18.50	$16.74	3,131,159
August 2006	$19.99	$17.56	3,779,561
July 2006	$20.60	$17.50	1,162,765
June 2006	$21.96	$16.25	2,595,752
May 2006	$27.50	$20.25	1,614,575
April 2006	$23.99	$20.53	1,326,516

Escrowed securities:

To the Company’s knowledge, the following common shares are held in escrow or are subject to restrictions which prohibit transfer before a certain date. In the case of all escrows, the Company may exercise discretion to release the shares from the escrow or from the date restrictions before the date otherwise set for the release.

	Total number of common shares held in escrow or subject to date restriction	Percentage of diluted shares outstanding	June 30, 2007	2007 (other than June 30)	June 30, 2008	2008 (other than June 30)	2009 (other than June 30)	2010 or later
IPO escrow	9,572,908	19.9%	4,997,417	–	4,575,491	–	–	–
Acquisition escrow	940,010	2.0%	444,493	26,622	444,493	24,402	–	–
Employee retention escrow	3,055,345	6.4%	–-	685,791	–	1,045,022	942,292	382,240

The “IPO escrow” was imposed at the time of the Company’s Initial Public Offering (IPO) on June 30, 2004, under an escrow agreement between the Company and Computershare Investor Services Inc. as escrow agent. The only shares that remain subject to this escrow are held by shareholders (other than The Manufacturers Life Insurance Company) who held immediately before the closing of the IPO 50,000 or more common shares. The shares that were not sold in the secondary offering component of the IPO have been held since then in escrow and have been or will be released as to approximately 25% of the shares on the first, second, third and fourth anniversaries of June 30, 2004.

The “Acquisition escrow” was imposed in connection with the acquisition of Adams Harkness Financial Group, Inc., on January 3, 2006 under an escrow agreement between the Company and Computershare Investor Services Inc. as escrow agent. All common shares issued in connection with the acquisition are held in escrow and released as to one-third of the shares on June 30 in each of 2006, 2007 and 2008. Some of the shares held by the Adams Harkness 401(k) plan have been released early in accordance with the diversification requirements of the U.S. Pension Protection Act of 2006. The “Acquisition escrow” also includes shares in connection with the acquisition of Enermarket Solutions Ltd. on November 11, 2005. All common shares issued in connection with the acquisition were subject to restrictions on transfer; 26,622 were non-transferable until November 11, 2006; 26,622 are non-transferable until November 11, 2007; and 24,402 are non-transferable until November 11, 2008."

The “Employee retention escrow” are shares restricted from trading held in connection with retention plans and hiring agreements for employees of the company. The shares are held in escrow and released based on the terms of each individual agreement.

Directors and officers:

Name, occupation and security holding

Set forth below, for each director and executive officer of the Company, is his name, municipality of residence, office, period of service and principal occupation during the immediately preceding five years. Each director of the Company holds office until the next annual general meeting of the shareholders of the Company (which has been called for August 2, 2007) or until his successor is duly elected or appointed, unless his office is earlier vacated in accordance with the articles of the Company or he becomes disqualified to act as a director.

Each executive officer holds office at the pleasure of the Board of Directors.

Name, municipality of residence and position held	Principal occupation for the past five years	Director since
PETER M. BROWN Vancouver, British Columbia Chairman of the Board, Chief Executive Officer and director	Chairman of the Board and Chief Executive Officer of the Company and Canaccord Capital Corporation	1997 (1)
ARPAD A. BUSSON London, England Director	Chairman of the Board of the EIM Group	2005
WILLIAM J. EEUWES (2, 3, 4) Burlington, Ontario Director	Vice President of Manulife Capital	2002
MICHAEL D. HARRIS (3, 5) Toronto, Ontario Director	Senior business adviser of Goodmans LLP	2004
BRIAN D. HARWOOD (2) West Vancouver, British Columbia Director	Retired	2004
TIMOTHY J.D. HOARE London, England Director	Chairman of the Board and Chief Executive Officer of Canaccord Adams Limited	2005
TERRENCE A. LYONS (2, 3, 6) Vancouver, British Columbia Lead Director	Chairman of the Board of Northgate Minerals Corporation	2004
MARK G. MAYBANK Toronto, Ontario Chief Operating Officer and director	Chief Operating Officer of the Company and President and Chief Operating Officer of Canaccord Capital Corporation; Head of Research of Canaccord Capital Corporation	2006
PAUL D. REYNOLDS London, England President and director	President of the Company and President and Chief Operating Officer of Canaccord Adams Limited	2005
MICHAEL A. WALKER West Vancouver, British Columbia Director	Senior Fellow of The Fraser Institute and President of The Fraser Institute Foundation	2006
JOHN B. ZAOZIRNY Calgary, Alberta Director	Vice Chairman of the Board of Canaccord Capital Corporation and counsel to McCarthy Tétrault LLP	2004

(1) In 1968, Mr. Brown joined the company that formerly carried on the business of Canaccord Capital Corporation; he became a director of the Company in 1997 when the Canaccord corporate group was reorganized and the Company was incorporated.

(2) Member of the Audit Committee.

(3) Member of the Corporate Governance and Compensation Committee.

(4) Mr. Eeuwes was a director of a private company, Micro-Optics Development Corp. , until April 2003. Within a year after his resignation as a director, the company was subject to a court appointed trustee and filed for court protection under insolvency statutes.

(5) Mr. Harris was a director of Naturade, Inc., a company publicly traded in the United States, until August 2006. Within a year after his resignation as a director, that company filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code.

(6) Mr. Lyons is the president and a director of FT Capital Ltd. which is presently subject to a cease trade order for failure to file financial statements. At the request of Brookfield Asset Management (formerly Brascan Corporation), Mr. Lyons joined the board of FT Capital Ltd. and was appointed its President in 1990 in order to assist in its reorganization, which is ongoing. Mr. Lyons was also a director of International Utilities Structures Inc. (IUSI) from 1991 to 2005. On October 17, 2003, IUSI was granted protection from its creditors under the Companies' Creditors Arrangement Act ("CCAA") by the Court of Queen's Bench in Alberta. On March 31, 2005, an Order was granted approving final plan and distribution to creditors for IUSI under the CCAA. That plan was accepted by all parties and Mr. Lyons resigned as a director concurrent with the final order under the CCAA.

In addition to Peter Brown, Mark Maybank and Paul Reynolds, the only other executive officers of Canaccord Capital Inc. are Brad Kotush of North Vancouver, British Columbia, who is an Executive Vice President and Chief Financial Officer of Canaccord Capital Inc. and Canaccord Capital Corporation and Peter Virvilis of Vancouver, British Columbia, who is the Executive Vice President of Operations and Treasurer of Canaccord Capital Inc. and Canaccord Capital Corporation. Mr. Kotush joined Canaccord in 1998 as Vice President of Special Projects and has served as Chief Financial Officer and Corporate Secretary for Canaccord Capital (Europe) Limited (now Canaccord Adams Limited), and Chief Information Officer and Senior Vice President of Finance for Canaccord Capital Corporation. Mr. Virvilis joined Canaccord in 1987 as Treasurer.

As of May 31, 2007, the directors and executive officers of the Company, as a group, beneficially own, directly or indirectly, or exercise control or discretion over, an aggregate of 4,071,551 common shares, representing approximately 8% of the common shares issued and outstanding.

Conflicts of interest

Executive officers, directors and employees of Canaccord from time to time may invest in securities of private or public companies, or investment funds in which Canaccord, or an affiliate of Canaccord, is an investor or for which Canaccord carries out investment banking assignments, publishes research or acts as a market maker. There are certain risks that, because of such investment, a director, officer or employee may take actions, which would conflict with the best interests of Canaccord. In addition, certain of the directors of Canaccord also serve as directors of other companies involved in a wide range of industry sectors; consequently, there exists the possibility for such directors to be in a conflict of interest.

Legal proceedings:

The Company, in the normal course of business as an investment dealer, is involved in litigation and as of March 31, 2007, it was a defendant in various legal actions. The Company has established accruals for matters that are probable and can be reasonably estimated. While the outcome of these actions is subject to future resolution, management's evaluation and analysis of these actions indicates that, individually and in the aggregate, the probable ultimate resolution of these actions will not have a material effect on the financial condition of the Company. The actions described below have been commenced against the Company and, although the Company has denied the allegations and intends to vigorously defend itself in each case, the outcome of each action cannot be predicted with certainty. The amounts claimed in respect of these actions, or which could potentially be claimed, are material and, accordingly, these actions are described in this Annual Information Form.

[i] In 2002, two actions were commenced in the Superior Court of Québec against the Company and other defendants including another investment dealer. Both are class action proceedings in which the plaintiffs make allegations of certain wrongful trading and disclosure practices by another defendant and that the Company was negligent in respect of a private placement in 2000. The extent of the classes and the quantification of damages have not been determined.

[ii] In 2002, an action was commenced in the Ontario Superior Court of Justice against the Company and other defendants including another investment dealer. The claim makes allegations of illegal activities by two of the Company's former investment advisors who were previously employed by the other investment dealer named in the action. The claim against the Company and the other investment dealer is, among other things, that there was a failure to supervise the conduct of the investment advisors. The damages claimed in this action are $27 million. Management's analysis of the claim is that it is substantially without merit.

[iii] Since 2002, a number of actions have been commenced in the Supreme Court of British Columbia against the Company by clients of a former investment advisor. The claims alleged that unsuitable and unauthorized

trades were made in the accounts of the plaintiffs by the former investment advisor and were for quantified damages in the aggregate amount of approximately $1.6 million and for other damages and amounts which have not been quantified. All the actions that were being actively prosecuted have been settled. However, the Company is aware of five actions that remain outstanding. None of these actions is being actively prosecuted.

[iv] In 2001, a wrongful dismissal action was commenced in the Ontario Superior Court of Justice against the Company. The plaintiff is seeking damages for wrongful dismissal of $4.5 million, an order requiring the Company to repurchase the shares he owned in the Company for approximately $4.3 million, other damages and amounts in the aggregate amount of an additional $2.8 million and a declaration from the court that he continues to own the shares or, in the alternative, an order requiring the Company to repurchase the shares at fair market value in an unspecified amount in excess of the amount already claimed. Prior to the commencement of the action, the applicable shares were repurchased for approximately $2.7 million. The Company has counterclaimed for losses in connection with a debenture in a private company which the Company alleges it purchased on the basis of false representations made by the plaintiff.

[v] In late 2005 and early 2006, proceedings were commenced in state court in Michigan, in the Ontario Superior Court of Justice and in the Québec Superior Court against the Company and other defendants. All were class action proceedings in which the plaintiffs made claims against an issuer of securities under a prospectus in an initial public offering in March 2005, its directors and senior officers, its auditor, the underwriters and others. The Company had participated in the IPO underwriting syndicate for $8 million. A settlement has been agreed with counsel for the class in all three jurisdictions and has been approved by the courts in Ontario and Québec and the action in Michigan has been dismissed.

Regulatory actions:

In December 2006, Canaccord Capital Corporation (CCC) entered into a settlement agreement with the Investment Dealers Association of Canada (the IDA) under which CCC agreed to pay $500,000 for failure to supervise the activities of a former registered representative who had already been disciplined by the IDA.

In April 2007, CCC entered into a settlement agreement with the IDA under which CCC agreed to pay $85,000 for failure to supervise improper trading activity of two of its employees.

Interest of management and others in material transactions:

To the best of the Company's knowledge, after due inquiry, none of the directors, officers or principal shareholders of the Company, nor any associate or affiliate of those directors, executive officers or principal executive shareholders, has had any direct or indirect material interest in any transaction or proposed transaction which has materially affected or will materially affect the Company during the three most recently completed financial years or during the current financial year.

Transfer agent and registrar:

The Company's transfer agent and registrar is Computershare Investor Services Inc., at its principal offices in Vancouver and Toronto.

Material contracts:

In March 2007, Canaccord Capital Corporation entered into a standby credit facility with the Bank of Montreal for up to $25 million. Canaccord has drawn $25 million under this facility and has subordinated that amount in accordance with a Uniform Subordinate Loan Agreement with the Bank of Montreal and the Investment Dealer Association of Canada. Other than these contracts and contracts entered into in the ordinary course of business, Canaccord has not entered into any contract before the most recently completed financial year but that is still in effect, which can reasonably be regarded as material.

Experts:

The Company's auditors are Ernst & Young, LLP who have prepared the Auditors' Report on page 58 of the fiscal 2007 Annual Report.

Audit committee:

The Audit Committee assists the board of directors in fulfilling its oversight responsibilities by monitoring Canaccord's financial reporting practices and financial disclosures. The members of the Audit Committee are Terrence Lyons (Chair), William Eeuwes and Brian Harwood. Each of them is financially literate. Messrs. Lyons and Eeuwes are independent of management and Mr. Harwood has been appointed at the discretion of the board of directors in accordance with the exemption in subsection 3.3(2) of Multilateral Instrument 52-110 because of his extensive experience in the industry and with the Company.

Specific responsibilities and duties of the Audit Committee include:

- Reviewing Canaccord's annual and interim consolidated financial statements, annual and interim management's discussion and analyses and press releases prior to dissemination to the public
- Assessing Canaccord's accounting policies and discussing the appropriateness of such policies with management and Canaccord's external auditors
- Assisting management to identify Canaccord's principal business risks
- Reviewing the external auditor's plans for evaluating and testing Canaccord's internal financial controls
- Overseeing Canaccord's external auditors, including the approval of the external auditor's terms of engagement

The education and related experience (as applicable) of each Audit Committee member is described below.

Terrence A. Lyons (Chair) – Mr. Lyons is a director of the Company. He is the Chairman of Northgate Minerals Corporation and has over 33 years of experience in the development and management of natural resource, manufacturing, real estate and merchant banking companies with an extensive background in corporate restructuring activities. After completing a Bachelor of Science in Civil Engineering, Mr. Lyons attended the University of Western Ontario, graduating with an MBA in 1974. Mr. Lyons was an applications engineer and marketing specialist with Caterpillar Tractor and subsequently Finning Tractor and General Manager of South Western Drug Warehouse Ltd. In 1976, he joined Versatile Corporation as Corporate Planning Manager, moving through a variety of senior positions in strategic planning, budgeting and finance, mergers and acquisitions and project management. In 1986, he became Senior Vice-President of Versatile Corporation and presided over the restructuring of the corporation which became known as B.C. Pacific Capital Corporation, a senior merchant and investment banking company and part of Brookfield Asset Management (formerly Brascan). Mr. Lyons was a Managing Partner of Brookfield and in charge of the merchant banking and restructuring activities in the natural resource sector. In May 2004, after 17 years with Brookfield, Mr. Lyons retired to pursue other opportunities.

William J. Eeuwes – Mr. Eeuwes is a director of the Company. Mr. Eeuwes is Vice President of Manulife Capital, the merchant banking arm of The Manufacturers Life Insurance Company. He has more than 26 years of experience in underwriting and the management of a broad range of asset classes, including private equity, mezzanine loans, structured and project finance and corporate loans. He is a director of several Canadian companies. He is a Fellow of the Institute of Canadian Bankers (FICB) and holds an honours degree in business from the University of Western Ontario.

Brian D. Harwood – Mr. Harwood is a director of the Company. He joined Hemsworth, Turton & Co. Ltd., a predecessor firm to Canaccord, in 1970 and remained with Canaccord until his retirement in 1994. Prior to joining Hemsworth, Turton & Co. Ltd., he held various positions with Bank of Montreal from 1953 to 1970. During his career at Canaccord, he was principally involved with operations, finance and administration; and from 1987 to 1994, he was President and Chief Operating Officer of Canaccord Capital Corporation. He is also a director and former Vice Chairman of Canaccord Capital Corporation. During his career, he has been actively involved with a number of industry committees and boards. He was a governor of the Vancouver Stock Exchange from 1985 to 1994, including acting as its Chairman from 1991 to 1993 and served on many of its committees including the audit, membership, capital and executive committees. He was a director of the Canadian Investor Protection Fund from 1990 to 1994 and its chairman from 1990 to 1992. He was a director of the Investment Dealers Association from 1989 to 1994 and a member of its Executive Committee from 1989 to 1991; and a member of the Pacific District Council from 1984 to 1987, and served as its Chairman from 1986 to 1987. From 1989 to 1992, Mr. Harwood was also a director of Loewen, Ondaatje, McCutcheon Inc.

A copy of the Audit Committee charter is attached hereto as Schedule “A”. The auditors track on an ongoing basis all fees for audit related and non-audit services. The board of directors has established a policy that fees for services other than audit and tax must not exceed 25% of the fees for audit and tax services without the prior approval of the Committee.

Corporate governance and compensation committee:

The Corporate Governance and Compensation Committee strives to maintain the high standards of corporate governance with a focus on a strong and diligent board of directors and prudent management of executive compensation. The committee must be comprised of at least three members appointed annually by the board of directors. The members of the Corporate Governance and Compensation Committee currently are Michael Harris (Chair), William Eeuwes and Terrence Lyons, each of whom is independent of management as determined under applicable securities legislation.

The Corporate Governance and Compensation Committee’s mandate includes:

- The development and recommendation to the board of directors of appropriate corporate governance guidelines
- The identification of future board and committee members and the annual review of the board’s performance
- Evaluating the Chief Executive Officer’s performance and determining his compensation
- Reviewing and making recommendations to the board of directors with respect to the compensation of all executive officers
- Fixing and determining (or delegating the authority to fix and determine) awards to employees of stock or stock options under Canaccord’s incentive plans
- Reviewing key human resources policies and programs

The education and related experience (as applicable) of each committee member is described below.

Michael D. Harris (Chair) – Mr. Harris is a director of the Company. is a senior business advisor with the law firm of Goodmans LLP in Toronto, President of his own consulting firm, Steane Consulting Ltd., and, in this capacity, acts as a consultant to various Canadian companies. Mr. Harris was born in Toronto in 1945, and was raised in Callander and North Bay, Ontario. Prior to his election to the Ontario Legislature in 1981, Mike Harris was a schoolteacher, a school board trustee and chair and an entrepreneur in the Nipissing area. On June 8, 1995, Mr. Harris became the 22nd Premier of Ontario following a landslide election victory. In 1999, he was re-elected – making him the first Ontario Premier in over 30 years to form a second consecutive majority government.

In addition to sitting on several boards of Canadian corporations, he also serves as a director of the Tim Horton Children’s Foundation and the Mount Royal College Foundation. Mr. Harris is also a Senior Fellow of The Fraser Institute. He has received his ICD.D certification from the Institute of Corporate Directors.

William J. Eeuwes – refer to profile presented under “Audit Committee”.

Terrence A. Lyons – refer to profile presented under “Audit Committee”.

External auditor service fees:

The aggregate fees billed for professional services rendered for the years ended March 31, 2007 and March 31, 2006 are as follows:

	2007	**2006**
Audit fees	$957,710	$615,250
Audit related fees (1)	562,436	523,819
Tax fees	830,590	294,785
All other fees (2)	41,128	104,539

(1) Includes special audits, quarterly reporting reviews and services relating to AIM listing.
(2) Includes other services due to acquisitions made by the Company.

Additional information:

Additional information relating to the Company may be found on SEDAR's Web site at www.sedar.com.
Additional information including directors' and executive officers' remuneration and indebtedness, principal holders of the Company's securities and options to purchase securities is contained in the Company's information circular for its most recent annual meeting of shareholders.

Additional financial information is also provided in the Company's consolidated financial statements and management's discussion and analysis for its most recently completed financial year.

Schedule "A" Audit Committee Charter:

1. MANDATE

The primary mandate of the audit committee (the "Audit Committee") of the Board of Directors of the Company (the "Board") is to assist the Board in overseeing the Company's financial reporting and disclosure. This oversight includes:

(a) reviewing the consolidated financial statements and financial disclosure that is provided to shareholders and disseminated to the public

(b) reviewing the systems of internal controls to ensure integrity in the financial reporting of the Company

(c) monitoring the independence and performance of the Company's external auditors and reporting directly to the Board on the work of the external auditors.

2. COMPOSITION AND ORGANIZATION OF THE COMMITTEE

2.1 The Audit Committee must have at least three directors.

2.2 Subject to the applicable securities legislation (including exemptions), every Audit Committee member must be independent. A member of the Audit Committee is independent if the member has no direct or indirect material relationship with an issuer. A material relationship means a relationship which could, in the view of the issuer's board of directors, reasonably interfere with the exercise of a member's independent judgment.[1]

2.3 Every Audit Committee member must be financially literate. Financial literacy is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.[2]

2.4 The Board will appoint from themselves the members of the Audit Committee on an annual basis for one year terms. Members may serve for consecutive terms.

2.5 The Board will also appoint a chair of the Audit Committee (the "Chair of the Audit Committee") for a one year term. The Chair of the Audit Committee may serve as the chair of the committee for any number of consecutive terms.

2.6 A member of the Audit Committee may be removed or replaced at any time by the Board. The Board will fill any vacancies in the Audit Committee by appointment from among members of the Board.

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[1] Multilateral Instrument 52-110 (*Audit Committees*) section 1.4.

[2] Multilateral Instrument 52-110 (*Audit Committees*) section 1.6.

3. MEETINGS

3.1 The Audit Committee will meet at least five times a year. Special meetings may be called by the Chair of the Audit Committee as required.

3.2 Quorum for a meeting of the Audit Committee will be a majority of the members in attendance.

3.3 Members may attend meetings of the Audit Committee by teleconference, videoconference, or by similar communication equipment by means of which all persons participating in the meeting can communicate with each other.

3.4 The Audit Committee Chair will set the agenda for each meeting, after consulting with management and the external auditor. Agenda materials such as draft consolidated financial statements must be circulated to Audit Committee members for members to have a reasonable time to review the materials prior to the meeting.

3.5 The Company's auditors will be advised of the names of the members of the Audit Committee and will receive notice of and be invited to attend meetings of the Audit Committee and to be heard at those meetings on matters related to the Auditor's duties.

3.6 Minutes of the Audit Committee meetings will be accurately recorded, with such minutes recording the decisions reached by the committee. Minutes of each meeting must be distributed to members of the Board, the Chief Executive Officer, the Chief Financial Officer and the external auditor.

4. RESPONSIBILITIES OF THE COMMITTEE

4.1 To assist the Board, the Audit Committee will:

External Auditor

(a) select, evaluate and recommend to the Board, for shareholder approval, the external auditor to examine the Company's accounts, controls and financial statements

(b) evaluate, prior to the annual audit by external auditors, the scope and general extent of their review, including their engagement letter

(c) set the compensation to be paid to the external auditors and recommend such payment to the Board

(d) obtain written confirmation from the external auditor that it is objective and independent within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Accountants to which it belongs

(e) recommend to the Board, if necessary, the replacement of the external auditor

(f) meet at least annually with the external auditors, independent of management, and report to the Board on such meetings

(g) pre-approve any non-audit services to be provided to the Company by the external auditor and the fees for those services

Consolidated Financial Statements and Financial Information

(h) review and discuss with management and the external auditor the annual audited consolidated financial statements of the Company and recommend their approval by the Board

(i) review and discuss with management, the quarterly consolidated financial statements and, if appropriate, recommend their approval by the Board

(j) review and if appropriate, recommend to the Board for approval the financial content of the annual report

(k) review the process for the certification of financial statements by the Chief Executive Officer and Chief Financial Officer

(l) review the Company’s management discussion and analysis, earnings guidance press releases, annual and interim earnings press releases, and audit committee reports before the Company publicly discloses this information

(m) review annually with external auditors, the Company’s accounting principles and the reasonableness of managements judgments and estimates as applied in its financial reporting

(n) review and consider any significant reports and recommendations issued by the external auditor, together with management’s response, and the extent to which recommendations made by the external auditors have been implemented

Risk Management, Internal Controls and Information Systems

(o) review with the external auditors and with management, the general policies and procedures used by the Company with respect to internal accounting and financial controls

(p) review adequacy of security of information, information systems and recovery plans

(q) review management plans regarding any changes in accounting practices or policies and the financial impact thereof

(r) review with the external auditors and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the consolidated financial statements

(s) discuss with management and the external auditor correspondence with regulators, employee complaints, or published reports that raise material issues regarding the Company’s financial statements or disclosure

(t) assisting management to identify the Company’s principal business risks

(u) review the Company’s insurance, including directors’ and officers’ coverage, and provide recommendations to the Board

Other

(v) review Company significant loans to employees/consultants

(w) conduct special reviews and/or other assignments from time to time as requested by the Board.

5. PROCESS FOR HANDLING COMPLAINTS REGARDING FINANCIAL MATTERS

5.1 The Audit Committee will establish a procedure for the receipt, retention and follow-up of complaints received by the Company regarding accounting, internal controls, financial reporting, or auditing matters.

5.2 The Audit Committee will ensure that any procedure for receiving complaints regarding accounting, internal controls, financial reporting, or auditing matters will allow the confidential and anonymous submission of concerns by employees.

6. REPORTING

6.1 The Audit Committee will report to the Board on:

(a) the external auditor's independence

(b) the performance of the external auditor and the Audit Committee's recommendations

(c) regarding the reappointment or termination of the external auditor

(d) the adequacy of the Company's internal controls and disclosure controls

(e) the Audit Committee's review of the annual and interim consolidated financial statements

(f) the Audit Committee's review of the annual and interim management discussion and analysis

(g) the Company's compliance with legal and regulatory matters to the extent they affect the financial statements of the Company

(h) all other material matters dealt with by the Audit Committee.

7. AUTHORITY OF THE COMMITTEE

7.1 The Audit Committee will have the resources and authority appropriate to discharge its duties and responsibilities. The Audit Committee may at any time retain outside financial, legal or other advisors at the expense of the Company without approval of management.

7.2 The external auditor will report directly to the Audit Committee.