

NOTICE *and* MANAGEMENT  
INFORMATION CIRCULAR

*for the annual general meeting  
of shareholders to be held at*

The Four Seasons Hotel  
791 West Georgia Street  
Vancouver, British Columbia  
on Friday, August 5, 2005  
at 2:00 p.m. (Vancouver time)

**THIS BOOKLET CONTAINS  
IMPORTANT INFORMATION  
FOR SHAREHOLDERS**

CANACCORD

C A P I T A L

# ANNUAL GENERAL MEETING *of* SHAREHOLDERS

## THIS BOOKLET CONTAINS:

- > The notice of the annual general meeting of shareholders
- > The Management Information Circular
- > If you are a registered shareholder, a proxy form that you may use to vote your common shares without attending the Meeting
- > If you hold your shares through an intermediary such as a broker, instructions on how to ensure your shares are voted at the Meeting

Shareholders are invited to attend the annual general meeting (the "Meeting") of the shareholders of Canaccord Capital Inc. (the "Company") on August 5, 2005. At the Meeting, management will report on the Company's performance in the financial year ended March 31, 2005 ("fiscal 2005") and the Company's plans for the coming fiscal year.

The Meeting will deal with the presentation of financial results, the election of directors and the appointment of auditors.

Your presence (or your proxy if you are unable to attend in person) is important to us and we would like your support for all matters to be decided at the Meeting.

**If you have any questions about the Management Information Circular, or how to vote, please contact Georgeson Shareholder toll free at 1-888-999-9412.**

## REGISTERED SHAREHOLDERS

**PLEASE NOTE:** If your shares are registered in your name (and you are therefore a registered shareholder), then a proxy form is enclosed with this booklet. This proxy form may be used to vote your common shares if you are unable to attend the Meeting in person. Instructions on how to vote using this proxy form are found on page 2 of the Management Information Circular.

## NON-REGISTERED BENEFICIAL SHAREHOLDERS

**PLEASE NOTE:** If you are **not** a registered shareholder and your common shares are held on your behalf, or for your account, by a broker, securities dealer, bank, trust company or similar entity (an "Intermediary"), then a proxy form is not usually enclosed with this booklet. Instead, a voting information form (also known as a VIF) is usually enclosed. You may not be able to vote unless you carefully follow the instructions provided by the Intermediary with this booklet. Please also refer to page 3 of the Management Information Circular.

We hope that you will find the format of these proxy materials easy to read and, most importantly, easy to understand. We would welcome your comments and any suggestions for improvements.

NOTICE *of*  
ANNUAL GENERAL MEETING

TAKE NOTICE that the board of directors of Canaccord Capital Inc. (the “Company”) has called the 2005 annual general meeting of the shareholders of the Company for 2:00 p.m. on Friday, August 5, 2005, at the Four Seasons Hotel, 791 West Georgia Street, Vancouver, British Columbia.

As a shareholder, you are entitled to attend the Meeting and to cast one vote for each common share that you own.

If you are a registered shareholder and are unable to attend the Meeting, you will still be able to vote by completing the proxy form included with the Management Information Circular. The Circular explains how to complete the proxy form, and how the voting process works. **In order to vote at the Meeting, registered shareholders must submit the proxy form to the Company’s transfer agent, Computershare Trust Company of Canada (“Computershare”) at its Toronto offices no later than 5:00 p.m. (Toronto time) on Wednesday, August 3, 2005.**

**If you are a non-registered beneficial shareholder, a proxy form will not usually be included with the Circular; instead, a voting information form (also known as a VIF) is usually enclosed. You must follow the instructions provided by your intermediary in order to vote your shares.**

The following business will be conducted at the Meeting:

- (a) presentation of the reports of the Chairman of the Board of Directors and of the Chief Operating Officer;
- (b) presentation of the report of the Chief Financial Officer, the financial statements of the Company for the year ended March 31, 2005, and the auditors’ report on those statements;
- (c) election of directors for the coming year;
- (d) appointment of auditors for the coming year and authorization for the directors to set the auditors’ remuneration;
- (e) any other business properly brought before the Meeting.

Dated on June 27, 2005.

By order of the board of directors  
Dennis N. Burdett  
Corporate Secretary

## INFORMATION *for* SHAREHOLDERS *about the* 2005 ANNUAL GENERAL MEETING *of* SHAREHOLDERS

**All information in this Management Information Circular is current as of May 31, 2005, unless otherwise indicated.**

All amounts in this Management Information Circular are expressed in Canadian dollars unless otherwise indicated. Unless otherwise indicated or the context otherwise requires, the “Company” refers to Canaccord Capital Inc. and “Canaccord” and the “Canaccord group” refer to the Company and its direct and indirect subsidiaries.

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com).

Financial information is provided in the Company’s comparative financial statements and MD&A for its most recently completed financial year. Shareholders may contact the Company to request copies of the Company’s financial statements and MD&A by sending an email with that request to [investor\\_relations@canaccord.com](mailto:investor_relations@canaccord.com).

This Management Information Circular (referred to as the “Circular”) is being sent by the management of the Company to all shareholders of Canaccord Capital Inc., together with a notice of the annual general meeting of the shareholders (the “Meeting”) and documents required to vote at the Meeting. The Circular’s purpose is:

- > to explain how you, as a shareholder of the Company, can vote at the Meeting, either in person or by transferring your vote to someone else to vote on your behalf;
- > to request that you authorize the Company’s Chairman (or his alternate) to vote on your behalf in accordance with your instructions set out on the proxy form;
- > to inform you about the business to be conducted at the Meeting, including the election of directors for the coming year; and
- > to give you important background information to assist you in deciding how to vote.

### SOLICITATION OF PROXIES

Your vote is being solicited by the management of the Company.

The Company expects that the solicitation will be primarily by mail, but also may include telephone, email, fax or oral solicitations. If the Company does not receive your proxy by a certain time you may receive a telephone call from our proxy soliciting agent asking you to vote. The Company does not reimburse directors, officers or regular employees or agents of the Company involved in the solicitation of proxies. The Company has engaged Georgeson Shareholder Communications Canada Inc. (“Georgeson Shareholder”) to solicit proxies from brokers, banks, other institutional holders

and individual shareholders at an anticipated cost, including out-of-pocket expenses, ranging between \$30,000 and \$40,000. Georgeson Shareholder and its US affiliate, Georgeson Shareholder Communications Inc., will conduct a comprehensive proxy solicitation in Canada and the United States and applicable foreign jurisdictions. The cost of soliciting proxies, including the fees of a proxy soliciting agent, is borne by the Company.

**If you have any questions about this Circular or how to vote, please contact Georgeson Shareholder toll free at 1-888-999-9412.**

### VOTING AND APPOINTMENT OF PROXY

Your rights to attend and vote at the Meeting depend on whether you are a **registered shareholder** (that is, the shares of the Company are actually registered in your name) or a **non-registered beneficial shareholder** (for example, a person who holds shares of the Company through a broker or a bank).

#### *Registered shareholders*

If you are a registered shareholder, you may attend the Meeting in person. You may also appoint someone (known as a proxyholder) to represent you at the Meeting and vote on your behalf. If you complete and submit the proxy form without alteration, then you will have appointed the Company’s Chairman (or his alternate) to attend the Meeting and vote on your behalf.

**You have the right to appoint a person or company to represent you at the Meeting other than the persons designated in the proxy form.** If you wish to appoint some other person or company to represent you at the Meeting, you may do so by striking out the names of the persons designated in the proxy form and inserting the name of the person or company to be appointed in the blank space provided and signing the proxy form.

If you wish to vote at the Meeting by proxy, you must either (a) complete the proxy and return it to the Company’s transfer agent, Computershare Trust Company of Canada, or (b) follow the instructions in the proxy to vote by telephone or on the Internet. In order to be valid, the telephone or Internet voting must be completed or the proxy must be received by Computershare at 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, or by fax at (416) 263-9524, no later than 5:00 p.m. (Toronto time) on Wednesday, August 3, 2005, or in the case of any adjournment or postponement of the Meeting, no later than 48 hours (excluding Saturdays and holidays) before the time of such reconvened meeting.

Even if you give a proxy, as a registered shareholder, you may still attend and vote in person at the Meeting.

#### Revoking your proxy

A proxy is revocable. If you have given a proxy, you (or your attorney authorized in writing) may revoke the proxy by giving notice of the revocation in writing at the Company's registered office, located at 1000-840 Howe Street, Vancouver, British Columbia V6Z 2M1, at any time up to and including the last business day before the Meeting or to the chair of the Meeting before any vote in respect of which the proxy is given. The notice of the revocation must be signed as follows: (a) if you are an individual, then the notice must be signed by you or your legal personal representative or trustee in bankruptcy and (b) if you are a corporation, then the notice must be signed by the corporation or by a representative appointed for the corporation in accordance with the articles of the Company.

#### *Non-registered beneficial shareholders*

If your common shares are not registered in your own name, then they are being held in the name of an intermediary (which is usually a trust company, a securities dealer or broker or another financial institution) or in the name of a clearing agency such as the Canadian Depository for Securities Limited. You are usually called either a non-registered or a beneficial shareholder or owner.

There are various procedures for the voting of your shares, and these procedures may vary among intermediaries and clearing agencies in ways over which the company has no control. **If you are a beneficial shareholder, you should carefully follow the instructions of the intermediary or clearing agency, including instructions regarding when and where any voting instruction form or proxy form is to be delivered.**

Typically, you will receive one of the following:

1. **A Computershare voting instruction form.** This is a form also known as a VIF. If you receive a VIF and wish to vote at the Meeting, you must either (a) complete the VIF and return it to Computershare or (b) follow the instructions in the VIF to vote by telephone or on the Internet. The telephone or Internet voting should be completed or the VIF should be received by Computershare at 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, or by fax at (416) 263-9524, no later than 5:00 p.m. (Toronto time) on Wednesday, August 3, 2005, or in the case of any

adjournment or postponement of the Meeting, no later than 48 hours (excluding Saturdays and holidays) before the time of such reconvened meeting. If you wish also to **attend** the Meeting in person and vote (or have another person attend and vote on your behalf), you must follow the instructions in the VIF. Unless you follow these instructions you will not be permitted to attend the Meeting in person.

2. **A facsimile signed proxy.** This is a proxy which has been signed by the intermediary (typically by a facsimile, stamped signature) and already indicates the number of common shares you beneficially own but that is otherwise uncompleted. You do not need to sign this form. If you receive a facsimile signed proxy and you wish to vote at the Meeting, you must properly complete the proxy and deposit it with Computershare at 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, or by fax at (416) 263-9524, no later than 5:00 p.m. (Toronto time) on Wednesday, August 3, 2005, or in the case of any adjournment or postponement of the Meeting, no later than 48 hours (excluding Saturdays and holidays) before the time of such reconvened meeting. If you wish also to **attend** the Meeting in person and vote (or have another person attend and vote on your behalf), simply strike out the names of the persons indicated in the proxy form and insert your (or such other person's) name in the blank space provided.
3. **An ADP proxy form.** This is a form of proxy provided by ADP Investor Communications ("ADP") in accordance with arrangements often made by brokers to delegate the responsibility for obtaining voting instructions to ADP. If you receive an ADP proxy form and wish to vote at the Meeting, you must return the ADP proxy form to ADP or follow the instructions on the form for telephone voting. ADP will tabulate the results and then provide instructions to Computershare respecting the voting of shares to be represented at the Meeting. You must return the proxy to ADP or give the telephone voting instructions well in advance of the Meeting in order to have your shares voted. If you wish also to **attend** the Meeting in person and vote (or have another person attend and vote on your behalf), simply strike out the names of the persons indicated in the proxy form and insert your (or such other person's) name in the blank space provided.

**If you have any questions about this Circular or how to vote, please contact Georgeson Shareholder toll free at 1-888-999-9412.**

### Revoking your proxy

A non-registered holder may revoke a proxy or voting instruction form which has been given to an intermediary by written notice to the intermediary. In order to ensure that an intermediary acts upon a revocation of a proxy form or voting instruction form, the written notice should be received by the intermediary well in advance of the Meeting.

### PROVISIONS RELATING TO VOTING OF PROXIES

If you are a registered shareholder and submit a proxy in the form of the proxy form enclosed in the mailing to registered shareholders (the "Proxy"), then the shares represented by the Proxy will be voted or withheld from voting in accordance with your instructions on any ballot that may be called for and, if you specify a choice with respect to any matter to be acted upon, the shares will be voted accordingly. If you do not give any instructions or specify any choice, then your shares will be voted in favour of all proposals set out in the Proxy and for the election of directors and the appointment of the auditors as set out in this Circular.

The Proxy gives the person named in it the discretion to vote as he or she sees fit on any amendments or variations to matters identified in the notice of meeting, or any other matters which may properly come before the Meeting. At the time of printing this Circular, the management of the Company knows of no other matters which may come before the Meeting other than those referred to in the notice of meeting.

### SIGNIFICANT EQUITY RESTRICTIONS

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

At any time if proxies are solicited from shareholders at any meeting of shareholders or before such a meeting, the Company may require 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 holding of shares by any person could violate the articles or applicable legislative or regulatory requirements.

The Company has the power to withdraw the voting rights of any share of any class if:

- (a) a person beneficially owns or controls, directly or indirectly, a "significant equity interest" in the Company and has not obtained the required approvals from all relevant securities regulatory authorities;
- (b) a person who wishes to exercise voting rights, in person or by proxy, refuses to sign and deliver, with respect to his or her beneficial ownership of shares of the Company, a declaration or other information reasonably necessary to assist the directors in making their determinations under the articles; or
- (c) if the directors have determined, on the basis of the declaration or information provided by a person who wishes to exercise voting rights, that such person may own or control, directly or indirectly, a "significant equity interest" in the Company and has not obtained the required approvals from all relevant securities regulatory authorities.

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 of Canada (the "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 Montréal 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 Québec, 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 *Financial Services and Markets Act 2000* (UK) places an obligation on controllers and proposed controllers of Canaccord Capital (Europe) 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). 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 Capital (Europe) 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.

#### VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

On May 31, 2005, the Company had 46,129,268 common shares outstanding. Each common share carries the right to one vote.

The directors of the Company have set June 13, 2005, as the record date for determining which shareholders are entitled to vote at the Meeting. If a shareholder sells some or all of the

common shares that he or she owns after the record date, the person who purchased the common shares will become a shareholder of the Company but may only vote at the Meeting if he or she has asked the Company’s transfer agent, Computershare Trust Company of Canada, to include his or her name in the list of shareholders eligible to vote at the Meeting. This request must be made at least 10 days before the Meeting.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, the only person or company that beneficially owns, directly or indirectly, or controls or directs, common shares of the Company carrying 10% or more of the voting rights attached to the common shares is The Manufacturers Life Insurance Company which owns 6,028,369 common shares of the Company (13.07% of the outstanding common shares of the Company).

#### ELECTION OF DIRECTORS

The management of the Company proposes to nominate the persons listed on the following page for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, proxies given pursuant to the solicitation by the management of the Company will be voted for the nominees listed in this Circular. **Management does not contemplate that any of the nominees will be unable to serve as a director. If any vacancies occur in the slate of nominees listed on the following page before the Meeting, management will exercise discretion to vote the Proxy for the election of any other person or persons as directors.**

The following table sets out the names of the nominees for election as directors, the offices they hold within the Company, their principal occupations, the length of time they have served as directors of the Company, the members of each committee of the board of directors and the number of common shares of the Company and its subsidiaries beneficially owned, directly or indirectly, or controlled or directed by each proposed director. The directors of the Company are elected by its shareholders at each annual general meeting and serve until the next annual general meeting or until they resign or their successors are duly elected or appointed.

The information as to shares beneficially owned has been provided by the directors themselves.

Name and residence	Position with the Company	Principal occupation	Director since	Shares owned
<b>Peter M. Brown</b> 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 <sup>(1)</sup>	2,202,979
<b>Michael G. Greenwood</b> Edmonton, Alberta	President, Chief Operating Officer and director	President and Chief Operating Officer of the Company and Canaccord Capital Corporation	1997 <sup>(1)</sup>	1,710,042
<b>Arpad A. Busson</b> London, England	Nominee for director	Chairman of the Board of the EIM Group	—	0
<b>William J. Eeuwes</b> <sup>(2, 3, 4)</sup> Burlington, Ontario	Director	Vice-President of Manulife Capital	2002	0
<b>Michael D. Harris</b> <sup>(3)</sup> Toronto, Ontario	Director	Senior business advisor of Goodmans LLP	2004	30,000
<b>Brian D. Harwood</b> <sup>(2)</sup> West Vancouver, British Columbia	Director	Retired	2004	30,000
<b>Timothy J.D. Hoare</b> London, England	Nominee for director	Chairman of the Board and Chief Executive Officer of Canaccord Capital (Europe) Limited	—	860,448
<b>Terrence Lyons</b> <sup>(2, 3, 5)</sup> Vancouver, British Columbia	Director	Chairman of the Board of Northgate Minerals Corporation	2004	30,000
<b>James A. Pattison</b> <sup>(6)</sup> Vancouver, British Columbia	Director	Chairman and Chief Executive Officer of The Jim Pattison Group	2004	605,687
<b>Paul D. Reynolds</b> London, England	Nominee for director	President and Chief Operating Officer of Canaccord Capital (Europe) Limited	—	1,202,041
<b>John B. Zaozirny</b> Calgary, Alberta	Director	Vice-Chairman of the Board of Canaccord Capital Corporation and counsel to McCarthy Tétrault LLP	2004	301,319

(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. Mr. Greenwood became a director of the Company at the same time. Mr. Greenwood has also been a director of Canaccord Capital Corporation since 1994.

(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, that company was subject to a court appointed trustee and filed for court protection under insolvency statutes.

(5) 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 Brascan Financial 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 has also been a director since 1991 of International Utilities Structures Inc. ("IUSI"). 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 a 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.

(6) Mr. Pattison was a director of Livent Inc. until September 1999. Livent Inc. was subject to a cease trade order from August 28 to November 20, 1998, pending the filing of financial and other information satisfactory to the Ontario Securities Commission. Livent Inc. filed for court protection under insolvency statutes on November 18, 1998.



## BACKGROUND OF THE NOMINEES

Set forth below is a brief profile of each of the nominees for election as a director of the Company. Other than as set forth below, each nominee has held the same principal occupation for the last five years.

**Peter Brown, O.B.C., LL.D.**, is the Chairman of the Board, Chief Executive Officer and a director of the Company and Canaccord Capital Corporation. Mr. Brown entered the securities industry in 1962 with Greenshields Incorporated. In 1968 he joined Hemsworth, Turton & Co., Ltd., which subsequently became known as Canaccord Capital Corporation. Since 1968, Mr. Brown has been an active participant in the public venture capital markets and in the trading and financing of small and medium sized companies in the mining, oil and gas and industrial sectors. He has been involved in the financing of many major mining discoveries and their ongoing development. Over the years, Mr. Brown has served on the boards of numerous private sector and crown corporations. He is a past Chairman of the University of British Columbia, the Vancouver Stock Exchange, BC Place Corporation and B.C. Enterprise Corporation. He was also the Vice Chairman of Expo '86 Corporation. He is currently on the Board of Trustees for the Fraser Institute, a Canadian economic, social research and education organization. He is a past member of the Chief Executives Organization and the Young Presidents Organization and a current member of the World Presidents Organization. Mr. Brown is a past recipient of the BC Chamber of Commerce Businessman of the Year award. He was awarded the BC & Yukon Chamber of Mines Financier Award for 2000, the Pacific Entrepreneur of the Year Award for 2001 and in 2002 the Distinguished Service Award by the Prospectors and Developers Association of Canada. In January 2003, Mr. Brown received a Commemorative Medal for the Golden Jubilee of Her Majesty Queen Elizabeth recognizing his community service. In June 2003, he was awarded the Order of British Columbia recognizing his fundraising efforts for various charities and organizations in British Columbia as well as the vital role he has played in financing hundreds of British Columbia businesses. In February 2004, Mr. Brown was named "Person of the Year" by the Brotherhood Inter-Faith Society of British Columbia. In 2005 Mr. Brown received an honorary Doctor of Laws from the University of British Columbia.

Mr. Brown is not a director of any public companies other than Canaccord Capital Inc.

**Michael Greenwood** is the President, Chief Operating Officer and a director of the Company and Canaccord Capital Corporation. Mr. Greenwood joined Canaccord Capital Corporation in 1994. With more than 22 years of experience in corporate and government finance, Mr. Greenwood has held senior investment banking positions with a number of

national investment dealers. He has covered a broad base of major Canadian corporations and has had active participation in the Canadian capital markets and merger and acquisition sectors. With extensive experience in all industry sectors, Mr. Greenwood has acted in the capacities of either financial advisor, underwriter or valuator for the federal government and various provincial governments as well as for many Canadian corporations. Mr. Greenwood is a member of the Board of the Canadian Investor Protection Fund and was a member of the Board of the Investment Dealers Association. Mr. Greenwood has a Bachelor of Science degree from Mount Saint Vincent/Dalhousie University and an MBA from the University of Calgary. He is also a chartered business valuator.

Mr. Greenwood is not a director of any public companies other than Canaccord Capital Inc.

**Arpad Busson** was educated in France and at Le Rosey Institute in Switzerland. In 1981 he started work in the United States and helped pioneer first the Moore Group and then the Tudor Group (two of the largest and best known hedge fund management groups in the world). He is a founding member of the Alternative Investment Management Association (AIMA) which is the largest hedge fund association in the world. In 1991 Mr. Busson founded the EIM Group, one of the largest fund of funds companies in the world with over 150 employees and over \$10 billion of assets under management. He has served on different panels as a financial industry expert to French, Swiss, German and US regulatory bodies in connection with the impact of the hedge fund industry on financial markets. Mr. Busson is also the founding trustee of ARK (Absolute Return for Kids) and continues as the chairman of its board of directors. In 2003-04, ARK raised over £5 million for its mission to transform the lives of children who are victims of abuse, disability, illness and poverty. The Busson Family Trust has given to over 30 different charities over the years.

**William Eeuwes** is Vice President of Manulife Capital, the merchant banking arm of The Manufacturers Life Insurance Company. Mr. Eeuwes has more than 25 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. Mr. Eeuwes is a director of several Canadian companies. He is a Fellow of the Institute of Canadian Bankers (FICB) and he has an honours degree in business from the University of Western Ontario.

Mr. Eeuwes is a director of the following public company: VFC Inc.

**Michael Harris** is a senior business advisor with Goodmans LLP in Toronto. He was Premier of the Province of Ontario from 1995 to 2002. In addition to sitting on several boards of Canadian corporations, he also serves as a director of the Tim Horton Children's Foundation and sits on the board of St. John's Rehabilitation Hospital. Mr. Harris is also a Senior Fellow of the Fraser Institute.

Mr. Harris is a director of the following public companies: ACE/Security Laminates Corporation, Chartwell Seniors Housing Real Estate Investment Trust, Environmental Management Solutions Inc., Grey Island Systems International Inc. and Magna International Inc.

**Brian Harwood** joined Hemsworth, Turton & Co. Ltd., a predecessor firm to Canaccord Capital Corporation, in 1970 and remained with Canaccord until his retirement in 1994. Prior to joining Hemsworth, Turton & Co. Ltd., Mr. Harwood 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 & Chief Operating Officer of Canaccord. He is now a director 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.

Mr. Harwood is not a director of any public companies other than Canaccord Capital Inc.

**Timothy Hoare** is the Chairman & Chief Executive Officer of Canaccord Capital (Europe) Limited. Mr. Hoare began his career in the securities industry when he joined Laing & Cruikshank, a London-based investment dealer, in 1975 as a mining analyst. He became a partner of that firm in 1979. In 1988 the firm was acquired by Credit Lyonnais and Mr. Hoare became a director of Credit Lyonnais Laing International in 1990. In 1993 Mr. Hoare established T. Hoare & Co. Limited, an investment dealer based in London, England which focused on research and institutional accounts and specialized in financing companies in the international resource sector. The Company acquired a minority interest in T. Hoare & Co. Limited in 1993 and through a series of corporate reorganizations it became a wholly owned subsidiary

of the Company in 1999 and now operates as Canaccord Capital (Europe) Limited. Throughout his career Mr. Hoare has been an active participant in the mining finance sector. He has arranged financings for resource companies around the world including intermediate producers and companies with properties at the exploration and development stage as well as international oil and gas companies.

**Terrence Lyons** is the Chairman of Northgate Minerals Corporation and he is a director of B.C. Pacific Capital Corporation, Diamonds North Resources Ltd. and several private companies. In 1986, he became Senior Vice-President of Versatile Corporation and presided over the restructuring of the corporation which is now known as B.C. Pacific Capital Corporation, a senior merchant and investment banking company which is part of Brascan Financial Corporation. He obtained a Bachelor of Science degree in civil engineering from the University of British Columbia in 1972 and an MBA from the University of Western Ontario in 1974.

Mr. Lyons is a director of the following public companies: B.C. Pacific Capital Corporation, Diamonds North Resources Ltd., FT Capital Ltd. and Northgate Minerals Corporation.

**James Pattison, O.C., O.B.C.**, is the Chairman, Chief Executive Officer and sole owner of The Jim Pattison Group. The Jim Pattison Group has more than 27,000 employees, annual sales of \$5.7 billion and assets totalling over \$3.3 billion. With investments in Canada, the US, Mexico, Europe, Asia and Australia, The Jim Pattison Group is involved in a wide variety of industries including food services, packaging, distribution, manufacturing, communications, entertainment, transportation and export services. Mr. Pattison has served as a director on a number of boards, and serves as a trustee on the board of the Ronald Reagan Presidential Foundation. He held the position of Chairman and President of Expo '86 Corporation. This position was served in a volunteer capacity. Mr. Pattison was created an officer of the Order of Canada in April of 1987 and was appointed to the Order of British Columbia in 1990. He is also the recipient of the Governor General's Commemorative Medal for the 125<sup>th</sup> Anniversary of Canada. Mr. Pattison is an inductee of the Canadian Business Hall of Fame and the Canadian Professional Sales Association Hall of Fame.

Mr. Pattison is a director of the following public companies: BCE Inc., Canfor Corporation and Sun-Rype Products Ltd.

**Paul Reynolds** is the President & Chief Operating Officer of Canaccord Capital (Europe) Limited; in that capacity, he is responsible for managing Canaccord's office in London, England and is very active in Canaccord's European investment banking operations. As of April 1, 2005, Mr. Reynolds was appointed Vice Chair, Head of Global Capital Markets, for Canaccord Capital Corporation; in that capacity, he leads

Canaccord's Global Capital Markets division. Mr. Reynolds has over 20 years of experience in the securities industry beginning as a trader on the floor of the Vancouver Stock Exchange. He joined Canaccord in 1985. He worked as an investment advisor with Canaccord in Vancouver and specialized in financing emerging and developing companies in the technology and biotechnology sectors and largely focused on institutional clients principally in Europe. In 1999, he moved to London, England to become the President of Canaccord Capital (Europe) Limited. He has been integral to the development of Canaccord's business in Europe and a primary contributor to the successful progress that Canaccord has made in positioning Canaccord as an active participant in the European equity markets specializing in small to medium sized emerging companies.

**John Zaozirny, Q.C.**, joined Canaccord Capital Corporation in January 1996 as Vice-Chairman of its board and a director. He is currently a member of its capital markets group. Currently he also serves as counsel to McCarthy Tétrault LLP. Mr. Zaozirny served in the Alberta legislature as minister of energy from 1982 to 1986. In 1984, he was named a Queen's Counsel for the Province of Alberta. Among his many honours, Mr. Zaozirny was named "Resource Man of the Year" in 1985 by the Alberta Chamber of Resources. He also received the Distinguished Alumnus Award from the University of Calgary in 1987. Mr. Zaozirny obtained a Bachelor of Commerce degree from the University of Calgary in 1969, a Bachelor of Laws degree from the University of British Columbia in 1972 and a Master of Laws degree from the University of London (London School of Economics and Political Science) in 1973. Mr. Zaozirny is a member of the Law Societies of Alberta and British Columbia.

Mr. Zaozirny is a director of several public companies including Canadian Oil Sands Limited, Fording Canadian Coal Trust, IPSCO Inc. and Pengrowth Energy Trust.

#### **COMMITTEES OF THE BOARD OF DIRECTORS**

The board of directors of the Company has an Audit Committee and a Corporate Governance and Compensation Committee.

#### *Audit Committee*

The Audit Committee assists the board of directors in fulfilling its oversight responsibilities by monitoring the Company's financial reporting practices and financial disclosures. Specific responsibilities and duties of the Audit Committee include reviewing the Company's annual and interim consolidated financial statements, annual and interim management's discussion and analysis and press releases relating to them prior to dissemination to the public; assessing the Company's accounting policies including discussing the appropriateness of such policies with management and the Company's external auditors; assisting management to identify the Company's principal business risks; reviewing the external auditors' plans for evaluating and testing the Company's internal financial controls; and overseeing the Company's external auditors including approving the external auditors' terms of engagement. Members of the Audit Committee are appointed annually by the board of directors. The members of the Audit Committee are Terrence Lyons (Chairman), 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 applicable securities legislation.

The information about the Audit Committee required to be disclosed under MI 52-110 (including the charter of the Audit Committee and details of external auditor service fees) are contained in the Company's annual information form (AIF) for the year ended March 31, 2005, which can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

#### *Corporate Governance and Compensation Committee*

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 the Company's incentive plans; and reviewing key human resources policies and programs. This committee should be composed of at least three members, each of whom is appointed annually by the board of directors. The members of the Corporate Governance and Compensation Committee are Michael Harris (Chairman), William Eeuwes and Terrence Lyons, each of whom is independent of management as determined under applicable securities legislation.

**EXECUTIVE COMPENSATION**

*Summary compensation table*

The following table discloses information on compensation of the “Named Executive Officers” (NEOs). “Named Executive Officers” means the chief executive officer of the Company (CEO); the chief financial officer of the Company (CFO); each of the Company’s three most highly compensated executive officers (other than the CEO and the CFO) who were serving as executive officers at March 31, 2005, and

whose total salary and bonus exceeds \$150,000; and any additional individuals for whom disclosure would have been required as one of the Company’s three most highly compensated executive officers (other than the CEO and the CFO) except that the individual was not serving as an officer of the Company at March 31, 2005.

NEO name and principal position (a)	Year (b)	Annual compensation			Long term compensation				
		Salary (\$) (c)	Variable compensation (\$) (Note 1) (d)	Other annual compensation (\$) (e)	Awards		Payouts		All other compensation (\$) (i)
					Securities under options/SARs granted (#) (f)	Shares or units subject to resale restrictions (\$) (g)	LTIP payouts (\$) (h)		
Peter Brown CEO	2005	210,000	3,133,854	—	—	—	—	—	
	2004	210,000	3,390,843	—	—	—	—	—	
	2003	94,500	537,096	—	—	—	—	—	
Dennis Burdett CFO	2005	210,000	1,535,656	—	—	—	—	—	
	2004	210,000	2,065,265	—	—	—	—	—	
	2003	170,000	284,977	—	—	—	—	—	
Michael Greenwood	2005	210,000	3,012,097	—	—	—	—	—	
	2004	210,000	3,249,197	—	—	—	—	—	
	2003	170,000	352,253	—	—	—	—	—	
Timothy Hoare	2005	165,000	8,797,277	—	—	—	—	—	
	2004	168,000	8,260,124	—	—	—	—	—	
	2003	167,776	1,472,359	—	—	—	—	—	
Paul Reynolds	2005	165,000	8,827,403	—	—	—	—	—	
	2004	168,000	8,458,802	—	—	—	—	—	
	2003	167,776	1,583,255	—	—	—	—	—	

(1) These amounts represent variable and incentive based compensation.

**REPORT ON EXECUTIVE COMPENSATION**

*Overview and philosophy*

The Company and its operating subsidiaries (referred to as “Canaccord”) have a formal performance management process with defined objectives for each employee, including executives, which support the success of the company and enhances shareholder value. These defined objectives are a part of our performance-oriented culture which holds both leaders and employees accountable for results. These objectives are particularly important for senior officers who have a significant impact on corporate strategies and long term business planning.

Because of the seasonal nature of much of the Company’s revenue, it strives to minimize fixed compensation costs and instead employ variable, incentive based cash compensation as

a major component of all executive (and other senior employee) compensation. Variable compensation is structured to directly reward merit and links compensation with both individual and company performance. Approximately 51% of the Company’s revenue was allocated to the incentive compensation pool in fiscal 2005 from which executives and other employees were remunerated. An additional 10.6% of company revenue was expensed for salaries and benefits for both executives and employees of the Company. Although the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer all receive a base salary, the greater part of their compensation comes from variable cash incentive compensation.

The Company has both long and short term business plans and objectives. The separate business units and individual executives, senior officers and employees within each unit have specific quarterly and annual performance targets. Variable compensation is based on the achievement of these targets, the overall performance of the Company, the leadership provided to the Company or business unit and general market conditions.

#### *Criteria*

Executive compensation is established based on the following criteria:

- > Attract and retain the best individuals in their field by offering competitive compensation within current industry and peer group norms and expectations
- > Enhance shareholder value by directly linking compensation to both personal and business results and overall market performance
- > Enhance executive accountability to key stakeholders

Executive compensation has two components:

- > Base salary, which is based on the market value of the role, internal pay equity and the individual's demonstrated ability to perform
- > Short term incentive compensation which is linked to the results of their specific operating group or the company as a whole, depending on their role in the organization, the strategic positioning of the Company and the leadership provided to the Company and individual business units

#### *Executive share ownership guidelines*

Canaccord strongly encourages all executives to hold shares in the Company. Employee ownership in Canaccord exceeded 60% in fiscal 2005 with executive officers holding 28.8% of the total outstanding common shares. To facilitate maximum levels of share ownership among key employees, the board of directors has approved an Employee Share Incentive Plan commencing March 2005, which is targeted at key, executive level employees of the Company who do not currently have significant holdings of CCI shares.

#### *Chief Executive Officer's compensation*

Peter M. Brown has served as Chairman, Chief Executive Officer ("CEO") and a director of the Company during fiscal 2005.

The board of directors has delegated day-to-day management of the Company to the Chairman & CEO and other senior officers. The Chairman & CEO provides overall leadership and vision in developing, in concert with the board, the Company's strategic direction and the tactics and business plans necessary to effectively implement these plans. The Chairman & CEO is responsible for meeting the annual corporate objectives which conform with the overall strategic plan and budgets. The results are monitored and reported to the board as financial and operational objectives are met.

The Corporate Governance and Compensation Committee (the "CGCC") measures the performance of the Chairman & CEO, in part by the degree to which the Company successfully meets its objectives and carries out the business plans within set budgetary limits.

Mr. Brown's compensation has two components which in fiscal 2005 were base salary in the amount of \$210,000 and cash incentive compensation in the amount of \$3,133,854.

The Committee has approved a similar compensation package for Mr. Brown in fiscal 2006.

#### *Global Capital Markets compensation*

Canaccord's Global Capital Markets team has operations in both North America and London, England. Compensation for the senior officers of this business segment is benchmarked against average compensation paid to senior officers of comparable financial institutions who hold similar positions and is designed to both recruit and retain the most talented individuals in the marketplace. Effective April 1, 2005, the incentive compensation structure for this segment was changed based on the progress of this business segment and its relative position in the benchmarked group.

Eligible employees of Global Capital Markets participate in incentive compensation programs that are linked to both the performance of the capital markets group and the overall results of the Company and which reflect compensation practices within the industry in their geographic location. Individual bonuses are based on the results of the business unit and the contribution of the individual to that profitability.

#### *Private Client Services compensation*

Canaccord's Private Client Services ("PCS") business segment has 434 Investment Advisors located in offices across Canada. Compensation for the senior officers of the PCS segment is benchmarked against average compensation paid to senior officers of comparable financial institutions who hold similar positions and is designed to both recruit and retain the most talented individuals in the marketplace.

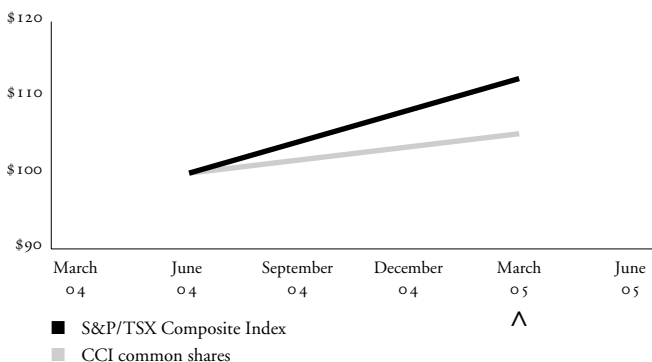
Individual bonuses of senior officers of PCS are based on the results of the business unit which the senior officer oversees and the contribution of the senior officer to the profitability of that business unit.

*Composition of the Corporate Governance and Compensation Committee (“CGCC”)*

Members of the CGCC are appointed by the Board of Directors and the committee must be composed entirely of unrelated directors. The CGCC receives and reviews the company’s strategic plan and budgets, which are prepared by senior management, on at least an annual basis and these are then submitted to the Board of Directors for approval. In fiscal 2005 the members of the CGCC were Messrs. Harris, Lyons and Eeuwes, who are all unrelated members. Mr. Harris is Chairman of the committee.

**PERFORMANCE GRAPH**

The following performance graph shows the cumulative return from June 30, 2004 (when the initial public offering for the Company was completed) to the end of fiscal 2005 (March 31, 2005) for the common shares of the Company (assuming reinvestment of dividends) compared to the S&P/TSX Composite Index. The graph and table show what a \$100 investment in the index and the Company’s common shares, made on June 30, 2004, would be worth at the end of fiscal 2005.



**COMPENSATION OF DIRECTORS**

Non-executive directors are paid an annual fee of \$25,000. In addition, non-executive directors are paid a fee of \$1,000 for each directors’ meeting or committee meeting attended. Any lead non-executive director will be paid an additional \$25,000 per annum. The chairman of the Audit Committee is paid \$10,000 per annum and other committee chairmen are paid \$5,000 per annum.

*Insurance coverage and indemnification*

The Company’s directors and officers and the directors and officers of its affiliate entities are covered under a directors and officers insurance policy providing an aggregate limit of liability to the insured directors and officers of \$30 million.

The Company’s articles also provide for mandatory indemnification of its directors and former directors from and against liability and costs in respect of any action or suit against them in connection with the execution of their duties or office, either for the Company or any affiliated entity, subject to certain customary limitations.

	June 30, 2004	March 31, 2005
S&P/TSX Composite Index	\$100.00	\$112.48
CCI common shares	\$100.00	\$105.50

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

**Equity compensation plan information**

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	0	—	4,612,927
Equity compensation plans not approved by securityholders	0	—	0
<b>Total</b>	<b>0</b>	<b>—</b>	<b>4,612,927</b>

The Company has a share option plan (the “Share Option Plan”) whereby it may grant options to purchase common shares to directors, officers, employees and consultants of the Company and its affiliates. The Share Option Plan is designed to advance the interests of Canaccord by encouraging directors, officers, employees and consultants to have equity participation in the Company through the acquisition of common shares. Options to purchase common shares may be granted from time to time by the board of directors at an exercise price determined by them, which in no case would be less than that required by any applicable regulatory authority. The Share Option Plan was approved by the Company’s shareholders at the Company’s 2004 annual general meeting on June 21, 2004.

The number of common shares issuable pursuant to options granted under the Share Option Plan is fixed at 4,612,927 common shares. The maximum number of common shares available for issuance to any one person under the Share Option Plan is 5% of the common shares outstanding at the time of the grant. Options granted under the Share Option Plan are non-transferable other than in accordance with the Share

Option Plan and must be exercised no later than 10 years after the date of the grant or a lesser period as determined by the board of directors and approved by any applicable regulatory authority.

There are no outstanding options to purchase securities of the Company, and the Company does not intend to grant any options in the near future.

The Share Option Plan also provides for share appreciation rights subject to activation of such provisions by the board of directors. If such rights are activated, an optionee would be entitled to elect to terminate his or her option, in whole or in part, and, in lieu of purchasing the common shares to which the terminated option relates, receive that number of common shares which, when multiplied by the value per share of the common shares, has a total value equal to the product of the number of such common shares multiplied by the difference between the value per share and the exercise price per share of such common shares.

#### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets out the aggregate indebtedness (other than “routine indebtedness”) outstanding as at May 31, 2005, entered into in connection with a purchase of securities of the

Company and all other indebtedness of all executive officers, directors, employees and former executive officers, directors and employees of the Company or any of its subsidiaries.

#### Aggregate indebtedness (\$)

Purpose (a)	To the Company or its subsidiaries (b)	To another entity (c)
Share purchases	2,872,651	0
Other	9,086,967	0

None of the directors or executive officers of the Company has more than “routine indebtedness” to the Company.

#### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS AND MATTERS TO BE ACTED UPON

None of The Manufacturers Life Insurance Company; the persons who are directors or executive officers of the Company, of The Manufacturers Life Insurance Company or of any of the subsidiaries of the Company; the proposed nominees for election to the board of directors of the Company or the associates or affiliates of those persons has or has had any material interest, direct or indirect, in any transaction since April 1, 2004, or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

#### APPOINTMENT OF AUDITORS

Ernst & Young LLP have been the auditors of the Company since June 21, 2004. The management of the Company intends to nominate that firm for re-appointment. Forms of proxy given pursuant to the solicitation of the management of the Company will, on any poll, be voted as directed and, if there is no direction, for the re-appointment of Ernst & Young LLP at a remuneration to be fixed by the directors.

Since the time of their appointment until March 31, 2005, Ernst & Young LLP were paid \$461,117 for audit related and other non-audit services. Of this amount \$428,000 related to the Company’s initial public offering in June 2004.

**STATEMENT ON CORPORATE GOVERNANCE PRACTICES**

A comparison of the Company’s governance practices with the TSX corporate governance disclosure guidelines (“TSX Guidelines”) is set out below. Throughout this comparison, references to documents and information available on the Company’s Web site can be found at [www.canaccord.com](http://www.canaccord.com).

TSX Corporate Governance Guideline	Does the Company align?	Comments
I. The board should explicitly assume responsibility for stewardship of the Company and specifically for:	Yes	The board of directors (the “Board”) assumes responsibility for the stewardship of the Company, acting as a whole and through its committees, and has approved a formal Board Governance Manual (the “Mandate”) including terms of reference for the Board and setting forth the Board’s stewardship responsibilities and other specific duties and responsibilities. The Board’s responsibilities are also governed by the <i>Business Corporations Act</i> (British Columbia), the Company’s articles, the charters of its committees and other corporate policies and applicable laws. The Board met five times in the period from June 30, 2004, to June 27, 2005.
(a) Adoption of a strategic planning process	Yes	The Board’s Mandate provides that the Board is responsible for ensuring that the Company has an effective strategic planning process. The Board annually reviews, approves, monitors and provides guidance on the Company’s strategic plan. The Company’s strategic plan addresses the opportunities, risks, financial projections and other key performance indicators for each of the major business segments in addition to an assessment of industry and economic conditions and how they may impact the Company and its strategic plan.  The Chairman and Chief Executive Officer and senior management team of the Company have direct responsibility for the ongoing strategic planning process, the establishment of long term goals for the Company, and once the strategic plan has been approved by the Board, its implementation.
(b) Identification of principal risks and implementation of risk management systems	Yes	The Board’s Mandate specifically includes identifying the principal risks of the Company’s business and using reasonable steps to ensure the implementation of appropriate systems to manage and monitor those risks. The principal risks inherent in the Company’s business include those related to 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. The Board addresses specific risks and risk management in its review of the Company’s annual audited financial statements. The Audit Committee reviews quarterly internal control reports with the Chief Financial Officer and senior finance staff.
(c) Succession planning, including appointing, training and monitoring senior management	Yes	The Board’s Mandate includes keeping in place adequate and effective succession plans for the Chairman and Chief Executive Officer and senior management. On the recommendation of the Chairman and Chief Executive Officer, the Board appoints the senior officers of the Company.  The Corporate Governance and Compensation Committee receives periodic updates on the Company’s succession plan at the senior officer level and monitors the succession planning process within the general management ranks of the Company. The succession plan is reviewed, at least annually by the Corporate Governance and Compensation Committee.



TSX Corporate Governance Guideline	Does the Company align?	Comments
(d) Communications policy	Yes	<p>The Company has a disclosure policy that addresses the accurate and timely communication of all important information relating to the Company and that addresses the Company’s interaction with shareholders, investment analysts, other stakeholders and the public generally. The policy includes measures to avoid selective disclosure of material information and includes guidance on trading by directors, officers and employees. The policy is reviewed annually by the Board.</p> <p>The Board oversees the Company’s disclosure policy with a view to providing effective communication by the Company, including effective means to enable shareholders to communicate with the Company. The Board, either directly or through the activities of the Audit Committee, reviews all quarterly and annual financial statements and related management discussion and analysis, the Company’s earnings releases, management information circulars, annual information forms and financing documents.</p>
(e) Integrity of internal control and management information systems	Yes	<p>The Board requires management to maintain effective internal controls and information systems. The Board, with the assistance of the Audit Committee, oversees the integrity of the Company’s internal control and information systems. The Audit Committee meets no less than five times a year with the Company’s Chief Financial Officer and senior finance staff to review the Company’s internal controls over financial reporting and related information systems. In addition, for each quarterly reporting period and for the annual reporting period, the Company’s Chief Financial Officer provides confirmation to the Audit Committee as to whether the compilation of the Company’s financial disclosure was done using the same information systems used for the prior reporting period and as to whether there are any known weaknesses in such information systems. The Company’s external auditors provide recommendations to the Audit Committee on an annual basis on the Company’s internal controls and information systems.</p>
2. Majority of directors should be “unrelated”.	No	<p>The Company currently has eight directors, four of whom are “unrelated” to the Company as that term is used in the TSX Guidelines. If all the proposed nominees for election as directors are elected, then the Company will have 11 directors, five of whom will be “unrelated”. The Board recognizes the current trend towards having a majority of “unrelated” directors but also acknowledges that the Company continues to be a largely employee owned company.</p> <p>The Board is of the view that the number of its members that are, and (if all the proposed nominees for election as directors are elected) will be, “unrelated” directors adequately reflects the perspectives and interests of the minority shareholders.</p> <p>Under the TSX Guidelines an “unrelated director” is one who is independent of management and is free from any interest in any business or other relationship that could, or could reasonably be perceived to, materially interfere with the directors’ ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding. A “related” director is one who is not an “unrelated” director.</p>

TSX Corporate Governance Guideline	Does the Company align?	Comments
3. Disclose for each director whether he is related or unrelated, and how that conclusion was reached.	Yes	<p>The Board, with the assistance of the Corporate Governance and Compensation Committee and counsel to the Company, is responsible for determining whether or not each director is an “unrelated director”. To carry out this determination, all relationships with the Company and its subsidiaries are reviewed.</p> <p>The Board has determined the “unrelated” directors of the Company are Messrs. Eeuwes, Harris, Lyons and Pattison. If he is elected as a director, Mr. Busson will also be an “unrelated” director.</p> <p>None of the “unrelated” directors work in the day-to-day operations of the Company or any of its subsidiaries, are party to any material contract with the Company or any of its subsidiaries or receive any fees from the Company or its subsidiaries, other than directors’ fees and expenses. The “related” directors are considered to be so because of the offices they hold with the Company or the business relationship they have with the Company.</p> <p>More information about each director, including any relationship they have with the Company, and other directorships, can be found on pages 6 to 10 of this Circular.</p>
4. Appoint a committee responsible for the appointment and assessment of directors composed exclusively of outside directors (that is, non-management directors), the majority of whom are unrelated.	Yes	<p>The Board has constituted a Corporate Governance and Compensation Committee which is responsible for periodically reviewing the composition and the criteria regarding the composition of the Board and its committees. New nominees to the Board are proposed by the Corporate Governance and Compensation Committee for presentation to the full Board for approval. The Corporate Governance and Compensation Committee has been mandated by the Board to implement a system for assessing and providing recommendations to the full Board on the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors.</p> <p>All of the members of the Corporate Governance and Compensation Committee are non-management and are unrelated directors.</p>
5. Implement a process for assessing effectiveness of the Board as a whole, its committees and the contribution of individual directors.	Yes	<p>The Board has mandated that a formal annual assessment process be established, which initially is to include feedback by all the directors to the full Board. It is further anticipated that the directors will be asked to complete a survey. The survey will be strictly confidential to encourage full and frank comments (with an outside consultant compiling the results to ensure such confidentiality). With the recommendations of the Corporate Governance and Compensation Committee, the full Board will then assess the effectiveness of the Board as a whole, the committees of the Board and the contributions of individual directors.</p> <p>The full Board will then take whatever steps are necessary, based on the feedback and surveys, to make any changes necessary to enhance the performance of the Board.</p>
6. Provide orientation and education programs for new directors.	Yes	<p>New directors are provided with substantial reference material pertaining to the Company, its strategic focus, financial and operating history, corporate governance practices and corporate vision. All directors receive a handbook containing, among other things, constating documents, an organization chart of the Company and its subsidiaries, corporate fact sheets, strategic plan, list of committees and committee charters and various corporate policies.</p>

TSX Corporate Governance Guideline	Does the Company align?	Comments
		Information sessions for all directors are held from time to time during the year on topics relating to significant aspects of the Company's business and operations, including the legal, regulatory and industry requirements and environment in which the Company operates.
7. Examine size of board to determine whether the number of directors facilitates effective decision making.	Yes	The Board is of the opinion that its size and composition provide for effective decision making for a large independent investment dealer. The only plans of the Board to alter the composition of the Board are reflected in this Circular and the proposal to increase the size of the Board by three with the addition of representatives of the Company's English subsidiary, Canaccord Capital (Europe) Limited, and one additional independent director. The Corporate Governance and Compensation Committee reviews the composition and size of the Board periodically.
8. Review the adequacy and form of compensation of directors and ensure the compensation realistically reflects the risks and responsibilities involved in being an effective director.	Yes	<p>The Corporate Governance and Compensation Committee reviews annually the compensation paid to directors. In assessing compensation the committee reviews external surveys and other third party information pertaining to compensation paid by the Company's industry peers to their directors. The committee strives to set the cash compensation paid to the Company's directors at the median of that paid by other senior investment dealers. See page 12 of this Circular for information on the cash compensation received by the directors in fiscal 2005.</p> <p>The directors receive an annual retainer and attendance fees as compensation for their activities as directors of the Company and are entitled to reimbursement for out-of-pocket expenses for attendance at meetings of the Board and any committees of the Board. The chairs of each committee of the Board also receive an additional annual retainer.</p>
9. Committees should generally be composed of non-management directors, a majority of whom are unrelated.	Yes	<p>The Board has delegated certain of its responsibilities to two committees, each of which has specific roles and responsibilities as defined by the Board. All Board committees are made up solely of non-management directors, a majority of whom are unrelated directors. The Audit Committee comprises two unrelated directors and a third director who is related only as a director of a subsidiary. The Corporate Governance and Compensation Committee comprises three unrelated directors.</p> <p><b>Audit Committee</b> The members of the Audit Committee are Messrs. Lyons (Chair), Eeuwes and Harwood. The Audit Committee met five times in the period from June 30, 2004, to June 27, 2005.</p> <p><b>Corporate Governance and Compensation Committee</b> The members of the Corporate Governance and Compensation Committee are Messrs. Harris (Chair), Eeuwes and Lyons. The Corporate Governance and Compensation Committee met three times in the period from June 30, 2004, to June 27, 2005.</p>

TSX Corporate Governance Guideline	Does the Company align?	Comments
10. Appoint a committee responsible for the Company's approach to corporate governance issues.	Yes	The Company has appointed a Corporate Governance and Compensation Committee which is responsible for developing the Company's approach to governance issues, reviewing the Company's overall governance principles, recommending changes to those principles from time to time, and recommending to the Board for approval the statement of corporate governance practices included in this Circular.
11.1 The Board, together with the Chief Executive Officer, should develop position descriptions for the Board and Chief Executive Officer, involving definition of the limits to management's responsibilities.	Yes	The Board has adopted terms of reference which set forth position descriptions for the Board and the Chairman and Chief Executive Officer. The Board has delegated day-to-day management to the Chairman and Chief Executive Officer and other senior officers. In the terms of reference, the roles of the Board, the Chairman and Chief Executive Officer and the Chief Operating Officer are defined. Certain matters remain the sole responsibility of the Board. The Board appoints the Chairman and Chief Executive Officer who is a member of the Board. The Chairman and Chief Executive Officer provides overall leadership and vision in developing, in concert with the Board, the Company's strategic direction and providing overall leadership and vision in developing the tactics and business plans necessary to realize corporate objectives. The Board has delegated to the Chairman and Chief Executive Officer the authority to manage the business of the Company to ensure strategic and business plans are effectively implemented, the results are monitored and reported to the Board and financial and operational objectives are attained.
11.2 Board should approve or develop the corporate objectives which the Chief Executive Officer is responsible for meeting.	Yes	The Chairman and Chief Executive Officer is responsible for meeting the annual corporate objectives of the Company which are consistent with the Company's overall strategic plan and budgets. A strategic plan and budgets are prepared by senior management on at least an annual basis and are submitted to the Board for approval. The Board, through the Corporate Governance and Compensation Committee, measures the performance of the Chairman and Chief Executive Officer and senior management, in part by the degree to which they are successful in achieving the objectives set out in the strategic plan and budgets.
12. Establish structures and procedures to ensure the Board can function independently of management.	No	<p>The Board has appointed a Chairman who is also the Chief Executive Officer. At this stage of development of the Company with its strong employee shareholder base, this combination of the roles of Chairman and Chief Executive Officer is considered appropriate. The principal responsibilities of the Chairman are managing the affairs of the Board (including ensuring that the Board is organized properly, functions effectively and meets its obligations and responsibilities) and ensuring effective relations among members of the Board, shareholders, other stakeholders and the public.</p> <p>The Audit Committee and the Corporate Governance and Compensation Committee each comprise wholly or mainly unrelated directors and these committees have full access to staff and resources. At all regular committee meetings during the year, a portion of such meeting is held without management present to allow a more open discussion.</p>

TSX Corporate Governance Guideline	Does the Company align?	Comments
13.1 Ensure an Audit Committee has a specifically defined mandate setting out its roles and responsibilities, has direct communication channels with internal and external auditors and has oversight responsibility for management reporting and internal control.	Yes	<p>The Audit Committee has adopted a charter which specifically defines the roles and responsibilities of the Audit Committee. The Audit Committee Charter can be found in the Company's AIF filed on SEDAR. The Audit Committee has direct communication channels with the external auditors and Chief Financial Officer and senior finance staff and discusses and reviews issues with each of them on a regular basis.</p> <p>The Audit Committee is responsible to ensure management has designed and implemented an effective system of internal control.</p> <p>The external auditors are hired by and report directly to the Audit Committee. After consultation with management, the Audit Committee is responsible for setting the external auditors' compensation. The external auditors attend each meeting of the Audit Committee, and a portion of each meeting held without the presence of management. The Audit Committee reviews and approves annually the external auditors' audit plan and must approve any non-audit work by the external auditors. The Chief Financial Officer and senior finance staff attend each meeting of the Audit Committee. The Audit Committee reviews and approves annually the internal audit plan.</p>
13.2 All members of the Audit Committee should be non-management directors.	Yes	<p>All members of the Audit Committee are non-management directors. Two of the three members are unrelated and the third is related only as a director of a subsidiary. All members of the Audit Committee are financially literate; that is, they are able 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 Company's financial statements.</p>
14. Implement a system to enable individual directors to engage outside advisors, at the Company's expense, in appropriate circumstances.	Yes	<p>The Board is supportive of individual directors and committee chairs engaging independent advisors at the expense of the Company in appropriate circumstances. The engagement of an independent advisor is subject to the approval of the committee.</p>

**OTHER MATTERS TO BE ACTED UPON**

It is not known whether any other matters will come before the Meeting other than those set forth above and in the notice of meeting, but if any other matters do arise, the persons named in the Proxy intend to vote on any poll, in accordance with their best judgement, exercising discretionary authority with respect to amendments or variations of matters ratified in the notice of meeting and other matters which may properly come before the Meeting or any adjournment.

Dated on June 27, 2005.

By order of the board of directors  
Dennis N. Burdett  
Corporate Secretary

If you have any questions about this Circular or how to vote, please contact Georgeson Shareholder toll free at 1-888-999-9412.

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