

# CANACCORD BGF

*Canaccord's Strategic Expansion into Australia and Hong Kong*

August 2011

# Canaccord BGF: Growing our Global Presence

- **Canaccord Financial has entered into a definitive agreement to acquire a 50% equity interest in BGF Equities<sup>1</sup>**
  - Consideration of AUD\$40 million
  - Transaction to close in the calendar fourth quarter (subject to regulatory approvals)
  - Grows Canaccord's global platform with offices in Melbourne, Sydney and Hong Kong
  - Adds listing capabilities on the ASX and HKEx
  - Business to be re-branded Canaccord BGF when the transaction closes
  - A strong cultural, strategic and accretive fit with Canaccord.

## WHEN THE TRANSACTION CLOSES:

**Canaccord will operate in five geographies and have the capabilities to list companies on nine stock exchanges.**

**Canaccord's Institutional clients will benefit from an extensive, global distribution network with sales and trading desks in 11 cities worldwide.**

**Corporate clients will benefit from our strong integrated investment banking team, who operate from 14 cities globally.**

<sup>1</sup> Canaccord Financial Inc. has entered an agreement to purchase a 50% interest in BGF Equities Group Pty Ltd – the parent company of BGF Equities

# The Canaccord Growth Strategy

- Our goal is to be the pre-eminent global investment dealer focused on growth companies
  - Global platform, local focus
- Continually evaluating growth opportunities
  - Committed to further development in our key markets and sectors
  - Exploring business strategies in countries of high economic growth
  - Must be accretive to earnings, and a good strategic and cultural fit

## WE ARE COMMITTED TO:

- ✓ Providing best of breed products and services to clients
- ✓ Leveraging our legacy of capital markets strength
- ✓ Improving our wealth management business in Canada
- ✓ Protecting our strong balance sheet and global distribution
- ✓ Operating as a values driven firm, putting our clients first

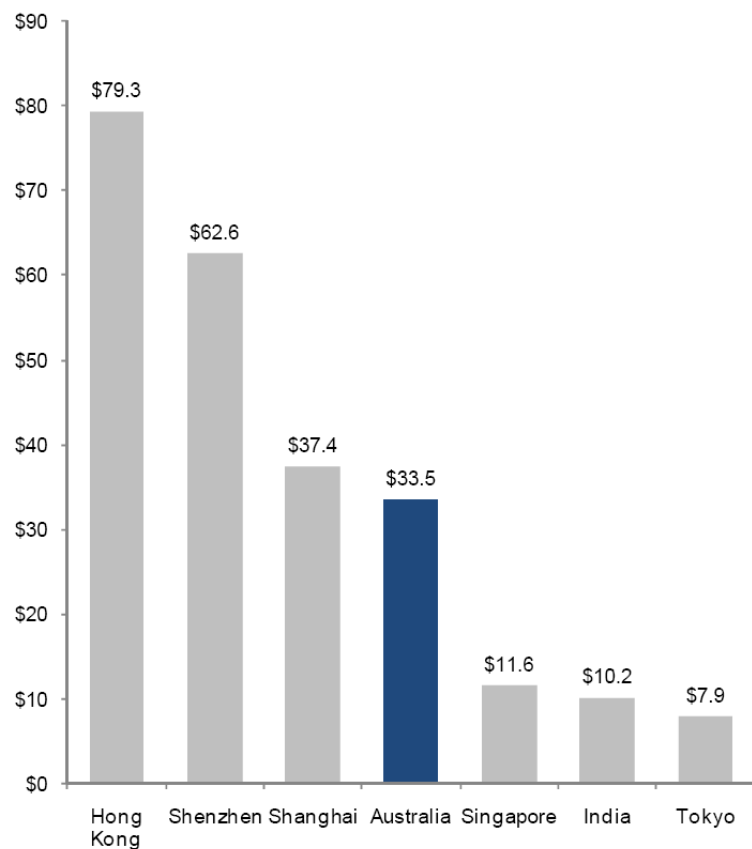
## MOST RECENT ACQUISITIONS

- August 2011**  
**Announced partnership with BGF Equities**  
*Australia/Hong Kong*
- January 2011**  
**Acquisition of The Balloch Group**  
*China*
- April 2010**  
**Acquisition of Genuity Capital Markets**  
*Canada*
- September 2009**  
**Acquisition of Intelli Partners Limited**  
*United Kingdom*
- January 2006**  
**Acquisition of Adams Harkness & Hill**  
*United States*

# Asia Pacific Securities Market

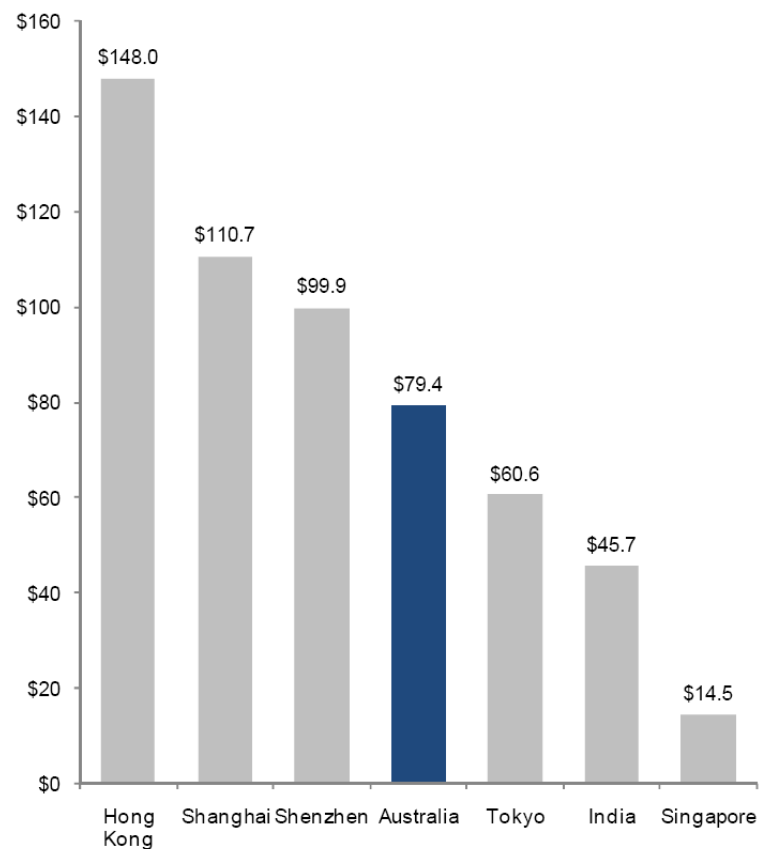
## IPO Funds Raised 2010 – YTD 2011

(US\$ in billions)



## Total Funds Raised 2010 – YTD 2011

(US\$ in billions)



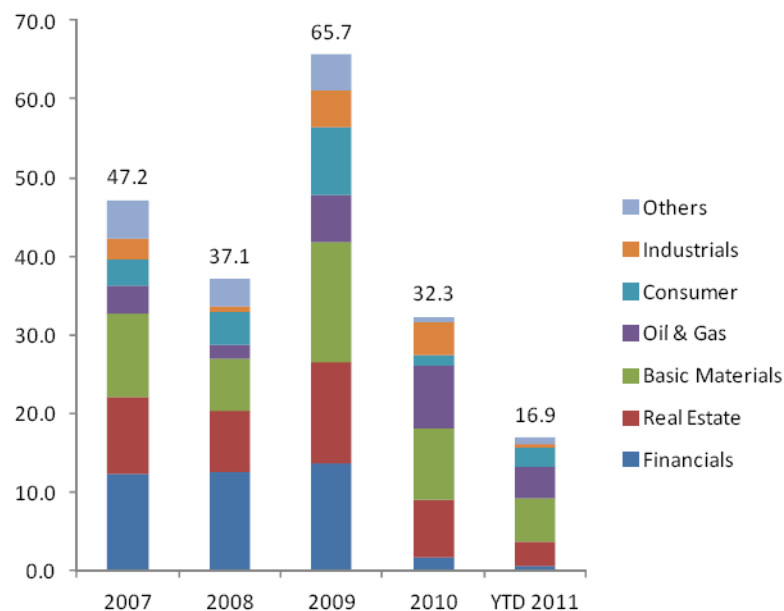
Source: World Federation of Exchanges; YTD as of June 2011

# Australian Market Opportunity

- The Australian resource sector continues to show momentum
  - Equity offerings from companies in the resource and industrial sectors were 66% of total proceeds raised on the ASX during calendar 2010, and make up 59% of the total proceeds raised so far this year<sup>1</sup>
  - 39% of the total value of M&A transactions in the Australian market were resource sector related in 2010; as are 37% of the total value of M&A transactions so far this year<sup>1</sup>

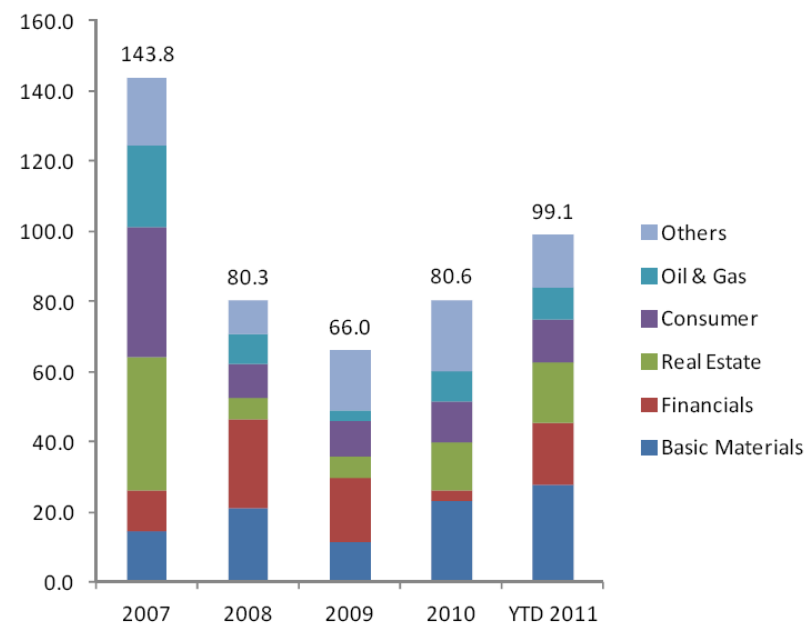
## ECM Offerings in Australia

(US\$ in billions)



## M&A Transactions

(US\$ in billions)



Source: ASX

<sup>1</sup> YTD - January 1, 2011 to June 30, 2011

# Meeting Canaccord's Acquisition Criteria

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## Strategic Fit

- Leverages Canaccord's resource sector expertise in these new markets
- Adds capabilities to list companies on both the Australian and Hong Kong stock exchanges
- Enhances our global distribution platform

## Cultural Fit

- Shared entrepreneurial and values-based culture
- Equally committed to building strong client relationships
- Similar foundations as independent investment brokerages

## Accretive to earnings

- On a pro-forma basis excluding revenue and cost synergies

## Acquisition Criteria

# BGF Equities: Overview

## BGF Equities is a Melbourne-based, growth-focused boutique investment bank

- 40 employees located in offices in Melbourne, Sydney and Hong Kong
- Licenses to list companies on the ASX and HKEx
- Strong corporate relationships in Australia's mining sector
- Similar entrepreneurial culture and growth-company focus as Canaccord

## Targeted services catering to growth companies

BUSINESS LINES			
<b>INVESTMENT BANKING</b> <ul style="list-style-type: none"><li>• Led or co-led 61 equity transactions in the past 2 years</li><li>• Raised over \$600 MM for corporate clients through share placements and rights issues</li><li>• Create relationships with early stage companies</li><li>• Prior experience working with ASX client seeking exposure to Canadian investment markets</li><li>• Strong mining bias</li></ul>	<b>SALES &amp; TRADING</b> <ul style="list-style-type: none"><li>• Extensive distribution network of more than 137 institutional investors spread across Australia, Asia and the UK</li><li>• Monthly turnover averages approx. \$450 MM per month, which places BGF in the top 40 bankers by turnover according to the ASX</li></ul>	<b>RESEARCH</b> <ul style="list-style-type: none"><li>• In-depth research coverage in Metals and Mining</li><li>• Expanding coverage into Industrials</li><li>• Specialize in emerging company research</li></ul>	<b>WEALTH MANAGEMENT</b> <ul style="list-style-type: none"><li>• Relationships with 1,200 high net worth clients</li><li>• Doubled Wealth Management staff in only two years</li><li>• Transactional business, moving towards Wealth Management model (much like Canaccord)</li><li>• Developing specialist discretionary managed account products for clients</li></ul>

# BGF Equities: A Snapshot

## Leading boutique broking firm focused on emerging companies

- BGF is one of the fastest growing boutique equities advisory firms in Australia with 40 employees and offices in Melbourne, Sydney and Hong Kong
- Specializes in the identification, research and support of emerging growth companies in the Metals, Mining, Energy and Industrial sectors.

## Specialist in emerging company research

- BGF's research team specializes in emerging companies
- Currently has a team of nine analysts
- Quickly developed a reputation for thorough, high-quality, high conviction research ideas
- Pursuing rapid growth in companies under its research coverage including recent expansion into industrial company sector research

## Strong distribution network of Institutions and High-net worth Investors

- BGF offers a growing distribution network of more than 137 institutional investors spread across Australia, Asia and the UK (network has doubled over past 12 months)
- Approximately 1200 high-net worth clients, providing significant capital raising capacity and liquidity potential to companies post raising
- Established a Hong Kong institutional business to offer a differentiating service offering to corporate clients

## Proven ECM transaction experience

- BGF has led or co-led 61 ECM transactions in the past two years successfully raising over AUD\$600 million for corporate clients
- Team has extensive experience in ECM transactions
- Expansion of research coverage will significantly increase future ECM opportunities

## Deeply connected, focused group with proven track record of success

- BGF benefits from a shareholder and advisory group that ranks amongst the industry's most successful.
- The company's Board, Principals and Key Executives are deeply connected within the Australian stock-broking industry. While these individuals focus on varying segments of the investment community, there is a strong historical relationship between them which forms the backbone of BGF's team-based culture.



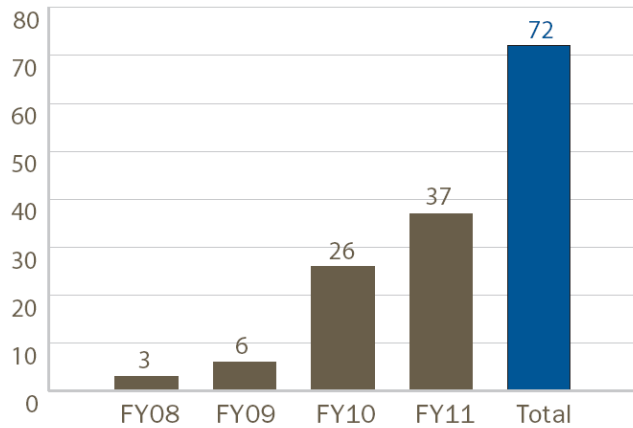
# Strategic Rationale for Partnership with BGF

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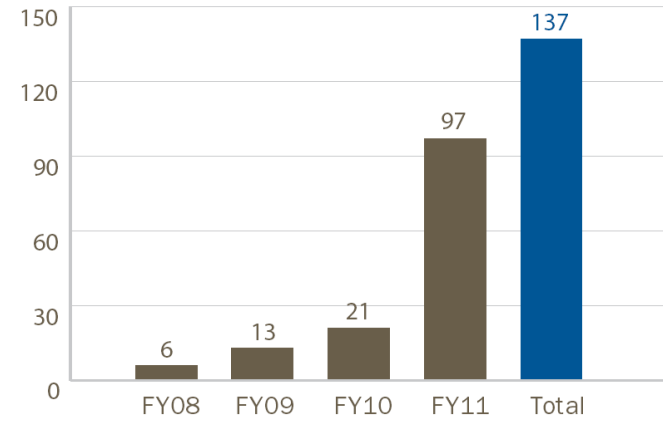
- **Investment cements Canaccord as a truly global full-service investment bank**
  - Provides listing capabilities on nine exchanges in five countries
  - Provides Canaccord with an established, scale presence in the Australian market *and* provides Canaccord with an entry into the Hong Kong market with BGF's existing HKEx licenses
- **Capitalizes on opportunity to partner with a high-quality partner in the Asian and Australian market**
  - Unique opportunity to partner with a high-growth, high-quality boutique franchise with an established and growing market position
  - Exceptionally well regarded and connected leadership team with deep industry experience and strong rolodexes within the Australian metals, mining and industrials sectors
- **Highly complementary to Canaccord's existing franchise strengths and industry focus**
  - BGF's founding partner has been rated as the #1 research analyst in the Australian mining space and has deep industry knowledge
  - Proven institutional track record in the Australian raw materials sector and in covering emerging growth companies
- **Significant opportunity for revenue enhancements**
  - Merges BGF's Australian in-market expertise and relationships with Canaccord's global distribution capabilities and M&A footprint - greatly improves competitive positioning versus bulge bracket firms
  - Cross-border listing opportunities
  - Significantly enhances Canaccord's distribution capabilities

# BGF Equities: Rapid Growth, Continued Opportunity

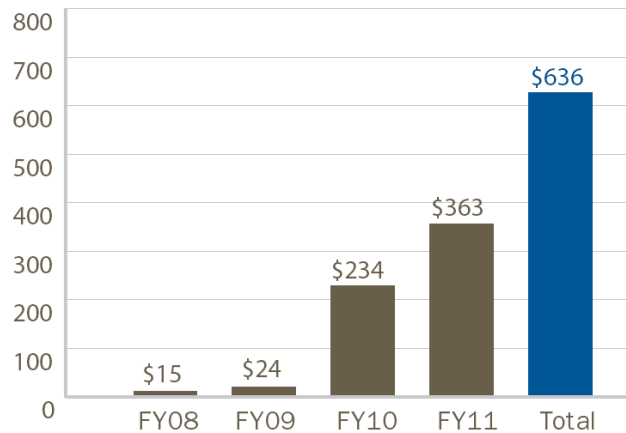
Equity Capital Markets Transactions per year



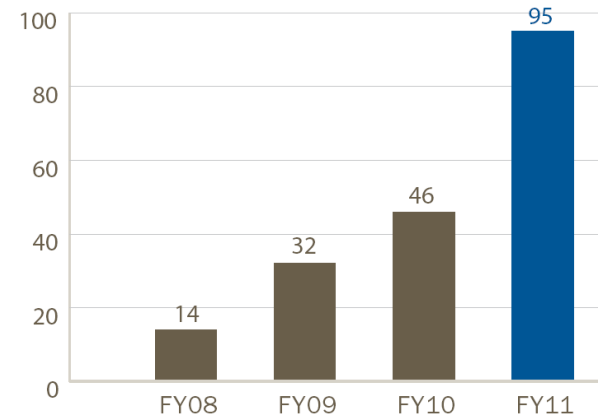
Institutional Accounts added per year



Total Proceeds raised per year (AUS\$ Millions)



Number of companies covered (Research coverage)



# Canaccord BGF: Partnership Strategy

## ECM & Corporate Finance

- **Compete aggressively with bank-owned investment dealers operating within the growth company ECM arena by providing specialized, focused services to emerging and high-growth companies.**
- *Merging BGF's emerging Australasian company expertise with Canaccord's global distribution capabilities will transform the current ECM offering in this region, dramatically broadening Canaccord BGF's ECM appeal.*

## M&A & Corporate Advisory

- **Leverage Canaccord's deep corporate advisory expertise and experience to establish an M&A/Corporate Advisory division.**
- *BGF ECM clients are requesting corporate advisory services as they transition into later stages of the company growth cycle. New Advisory capabilities will cater to this increasing demand by introducing a service not presently offered.*

## Wealth Management

- **Focus on rapidly growing BGF's High Net Worth Private Client (HNWPC) Advisory business, by assembling a strong, experienced team of Private Client Advisors.**
- *Recruitment environment is favourable*
- *Potential opportunities to leverage Canaccord's existing WM product and service offering*

## What Does This Mean for Canaccord?

- *Emerging Australian companies have a history of seeking exposure to Canadian investment markets. The Canaccord BGF partnership will directly channel business from these clients to Canaccord, particularly in relation to TSX listing advice.*
- **By extending Canaccord's reach into the Australian and Asian markets, the partnership rounds out Canaccord's global offering and brands Canaccord as the go-to global investment bank for growth companies**

# BGF's Experienced Management Team

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**Warwick Grigor**  
Executive Chairman and Head of Research

Warwick is a founding partner and shareholder with over 25 years experience in financial markets and stockbroking. He manages the Sydney office of BGF and is Research Director. In 1991 Warwick established Far East Capital, a research-based investment bank specializing in emerging mining companies. Warwick was senior gold County analyst at Natwest (Sydney) 1986–1991 where he was voted 'Best Mining Analyst' three years in a row by the Register of Australian Mining and was consistently rated among the sector's best.



**John McIntosh**  
Advisory Board Chairman

With a career spanning almost 50 years, John is one of the Australian financial services sector's most senior and respected participants. He founded McIntosh Securities Limited, one of Australia's largest stockbroking firms, which was acquired by Merrill Lynch in 1997. John excels at building key relationships with Australia's leading institutional investors and corporate clients and continues to actively support the industry. Before joining the Advisory Board as Chairman of BGF in June 2008, John was Chairman MM&E Capital Limited, Chairman Advisory Merrill Lynch International (Australia) Limited, Chairman McIntosh Securities Limited and Member of the Australian Stock Exchange.



**Marcus Freeman**  
Managing Director and Head of Equities

Marcus has in excess of seventeen years in the financial markets and was appointed Managing Director of BGF in 2010. Marcus co-founded BGF in 2007 and is responsible for the equities business at BGF. Prior to establishing BGF, Marcus was an equities dealer at Bell Potter Securities for a period covering eight years. Prior to joining Bell Potter Marcus worked in the London branches of Rabobank and Deutsche Bank over a three year period. Prior to relocating to the UK Marcus was employed by Price Waterhouse, Chartered Accountants in Melbourne. As Managing Director and Head of Equities Marcus' roles are varied but centre around the development of the equities business and maintaining relationships with listed companies under BGF's research coverage.

# BGF's Experienced Management Team (Cont.)

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**David Barlow**  
Executive Director

David has more than 15 years experience in the financial services industry and other service related businesses. David was a former institutional equities analyst with Merrill Lynch, where he covered a range of sectors including small caps, diversified resources, telecommunications and technology. Most recently, David founded a public offer superannuation fund and took it from idea through setup, growth and finally sale of the business in February 2007 to a funds management company. In September 2007 David co-founded BGF Equities. David has extensive research experience and close relationships with many ASX listed companies.











**Dean Smorgon**  
Director Wealth Management

Dean graduated from Monash University with a Bachelor of Economics degree before commencing his stockbroking career at ANZ McCaughan Securities in 1991. Dean then joined HSBC James Capel in 1996 where he continued to develop his industry knowledge base. Dean later took up the role of senior advisor at ABN AMRO in 1999 and then continued on as Associate Director until 2008 at ABN AMRO Morgans. Dean services private clients, high net worth individuals, family offices and institutions. Dean's experience, extensive network and broad knowledge of Australian equities allows him to add value to his client base through strategic investment advice and guidance.









# Appendices

Sample of BGF Equities transactions

# Sample of BGF Transactions







 <p>Perseus Mining Ltd Lead Manager/Joint Lead Manager Share Placement s&amp; Rights Issue</p> <p>\$145 million – April 2010 \$58.5 million - November 2009 \$75 million – June 2009</p> <p>PRU</p>	 <p>Kula Gold Limited Joint Lead Manager Initial Public Offering</p> <p>\$80.0 million Funds applied to develop the Woodlark Island Gold Project in Papua New Guinea.</p> <p>KGD November 2010</p>	 <p>Peninsula Energy Limited Joint Lead Manager Share Placement</p> <p>\$31.6 million Funds will be used to fund the development and exploration of the Lance Projects in Wyoming and Karoo Projects in South Africa.</p> <p>PEN December 2010</p>	 <p>Metminco Limited Lead Manager</p> <p>Underwritten Share Placement \$30.4 million – April 2011</p> <p>Lead Manager Share Placement \$30.0 million – October 2010</p> <p>MNC</p>
 <p>Nobel Mineral Resources Ltd Joint Lead Manager Share Placement</p> <p>\$30.0 million The proceeds will be used to underpin an aggressive exploration campaign at Bibiani.</p> <p>NMG November 2010</p>	 <p>A-Cap Resources Limited Lead Manager Share Placement</p> <p>\$10 million – May 2010 \$9.6 million - December 2009</p> <p>ACB</p>	 <p>Gryphon Minerals Limited Joint Manager Share Placement</p> <p>\$45.2 million</p> <p>Funds used to fast-track exploration at Banfora Gold Project in Burkina Faso and to begin exploring its newly acquired Tijirit Gold Project in Mauritania.</p> <p>AFR November 2009</p>	 <p>Azumah Resources Limited Joint Lead Manager Share Placements</p> <p>\$30.0 million – October 2010 \$11.26 million – June 2010</p> <p>AZM</p>

# Sample of BGF Transactions

 <p><b>Carrick Gold Limited</b></p> <p>Carrick Gold Limited Lead Manager Share Placement</p> <p>\$18 million Funds applied to advance the company's gold projects in Kalgoorlie, WA which include feasibility studies and continuing exploration programs.</p> <p>CRK January 2010</p>	 <p><b>NAVIGATOR RESOURCES LIMITED</b></p> <p>Navigator Resources Limited Lead Manager Share Placement</p> <p>\$11.0 million Funds raised to advance exploration activity at Bronzewing and Leonora projects.</p> <p>NAV October 2010</p>	 <p><b>ABM RESOURCES NL</b></p> <p>ABM Resources NL Limited Joint Lead Manager Share Placement</p> <p>\$10.7 million Proceeds to fund exploration drilling in the Twin Bonanza Project as well as the Hyperion Gold Project. In addition to prioritise regional targets for further work in 2011.</p> <p>ABU October 2010</p>	 <p><b>Uranium SA</b></p> <p>Uranium SA Limited Lead Manager Share Placements</p> <p>\$5.0 million – October 2010 \$4.0 million – October 2009</p> <p>USA</p>
 <p><b>BRL BAUXITE RESOURCES LIMITED</b></p> <p>Bauxite Resources Ltd Lead Manager Share Placement</p> <p>\$57 million Funds used for infrastructure enhancements at its DSO Operations, increase shipping tonnages and Refinery Bankable Feasibility Study.</p> <p>BAU September 2009</p>	 <p><b>PLATINA RESOURCES LIMITED</b></p> <p>Platina Resources Limited Lead Manager Share Placement</p> <p>\$4.4 million Funds will be applied to the Skaergaard project in Greenland and the Owendale project in central New South Wales, Australia.</p> <p>PGM December 2010</p>	 <p><b>AFRICAN ENERGY RESOURCES LIMITED</b></p> <p>African Energy Limited Lead Manager Share Placement</p> <p>\$5 million Funds used to primarily progress the exploration and development at the Company's projects in Zambia and Botswana.</p> <p>AFR November 2009</p>	 <p><b>TAWANA RESOURCES NL</b></p> <p>Tawana Resources NL Lead Manager Share Placement</p> <p>\$4.5 million Funds raised to advance exploration activities in Liberia and to fund working capital for Tawana's West African growth plans.</p> <p>ACB May 2009</p>



# Sample of BGF Transactions

 <p><b>Australian Pacific Coal</b></p> <p>Australian Pacific Coal Limited Lead Manager Share Placement</p> <p>\$1.02 million The funds raised will be used advance the data collection and evaluation of the Queensland coal licences recently acquired in pursuit of the Company's coal initiative. AQC</p> <p>December 2010</p>	 <p><b>Renaissance Minerals Limited</b></p> <p>Renaissance Minerals Limited Lead Manager Initial Public Offering</p> <p>\$6.0 million The Company listed on the ASX with a portfolio of prospective mineral exploration projects in Western Australia and Alaska.</p> <p>RNS</p> <p>June 2010</p>	 <p><b>Cougar Energy Limited</b></p> <p>Cougar Energy Limited Lead Manager Share Placement</p> <p>\$4.2 million Funds used to advance Cougar's Energy Underground Coal Gasification near Kingroy in Queensland.</p> <p>CXY</p> <p>April 2009</p>	 <p><b>WEBFIRM</b></p> <p>Webfirm Group Ltd Lead Manager Share Placement</p> <p>\$3.6 million Funds raised for working capital and other strategic acquisitions including an investment in AdSlot Pty Ltd.</p> <p>WFM</p> <p>July 2009</p>
<p><b>Recent IPO's...</b></p>	 <p><b>NEMEX RESOURCES LIMITED</b></p> <p>Nemex Resources Limited Lead Manager Initial Public Offering</p> <p>\$6.0 million</p> <p>Funds raised to advance iron ore projects in Western Australia targeting high grade DSO product and 2 magnetite projects in West Africa.</p> <p>NXR</p> <p>April 2011</p>	 <p><b>kre</b> KIMBERLEY RARE EARTHS</p> <p>Kimberley Rare Earths Lead Manager Initial Public Offering</p> <p>\$18.3 million</p> <p>Funds raised to advance Cummins Range Rare Earths project in the Kimberley in Western Australia. Company spun out from Navigator Resources Limited.</p> <p>KRE</p> <p>May 2011</p>	