

# notice and management information circular

CANACCORD CAPITAL INC.

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

The Four Seasons Hotel  
791 West Georgia Street  
Vancouver, British Columbia  
on Friday, June 26, 2009  
at 10:00 a.m. (Vancouver time)

*This booklet contains  
important information  
for shareholders*

CANACCORD

CAPITAL

# ANNUAL GENERAL MEETING OF SHAREHOLDERS

## THIS BOOKLET CONTAINS:

- The notice of the annual general meeting of shareholders
- The Management Information Circular
- 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 June 26, 2009. At the Meeting, management will report on the Company’s performance in the financial year ended March 31, 2009 (“fiscal 2009”) 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 Canaccord Investor Relations at +1 (416) 869-7293.**

## 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 2009 annual general meeting of the shareholders of the Company for 10:00 a.m. (Vancouver time) on Friday, June 26, 2009 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 Investor Services Inc. (“Computershare”) at its Toronto offices no later than 5:00 p.m. (Toronto time) on Wednesday, June 24, 2009.**

**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, the Chief Executive Officer and 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, 2009 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 May 20, 2009.

By order of the board of directors

**MARTIN L. MACLACHLAN**

*Corporate Secretary*

# INFORMATION FOR SHAREHOLDERS ABOUT THE 2009 ANNUAL GENERAL MEETING OF SHAREHOLDERS

All information in this Management Information Circular is current as of April 30, 2009, 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 management’s discussion and analysis (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 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 cost of soliciting proxies is borne by the Company.

**If you have any questions about this Circular or how to vote, please contact Canaccord Investor Relations at +1 (416) 869-7293.**

## 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 Investor Services Inc., 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 +1 (866) 249-7775 (toll free in Canada and the United States) or +1 (416) 263-9524 (outside Canada and the United States), no later than 5:00 p.m. (Toronto time) on Wednesday, June 24, 2009, or in the case of any adjournment or postponement of the Meeting, no later than 48 hours (excluding Saturdays, Sundays 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, a bank 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. These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

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 +1 (866) 249-7775 (toll free in Canada and the United States) or +1 (416) 263-9524 (outside Canada and the United States), no later than 5:00 p.m. (Toronto time) on Wednesday, June 24, 2009, or in the case of any adjournment or postponement of the Meeting, no later than 48 hours (excluding Saturdays, Sundays 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 +1 (866) 249-7775 (toll free in Canada and the United States) or +1 (416) 263-9524 (outside Canada and the United States), no later than 5:00 p.m. (Toronto time) on Wednesday, June 24, 2009, or in the case of any adjournment or postponement of the Meeting, no later than 48 hours (excluding Saturdays, Sundays 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. **A Broadridge proxy form.** This is a form of proxy provided by Broadridge Financial Solutions (“Broadridge”) in accordance with arrangements often made by brokers to delegate the responsibility for obtaining voting instructions to Broadridge. If you receive a Broadridge proxy form and wish to vote at the Meeting, you must return the Broadridge proxy form to Broadridge or follow the instructions on the form for telephone voting. Broadridge 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 Broadridge 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 Canaccord Investor Relations at +1 (416) 869-7293.

#### *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 and on any other matters which may properly come before the Meeting. At the date of 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 Industry Regulatory Organization of Canada Inc. (IIROC) 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 Quebec, the direct or indirect ownership or holding of more than 10% of the voting rights attached to securities issued by the Company; and
- (e) in respect of the applicable rules of the Financial Industry Regulatory Authority (FINRA) 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 Adams Limited to obtain the approval of the Financial Services Authority before becoming a controller or increasing the level of control held (in certain circumstances). Failure to obtain approval is an offence under section 191(3) of the *Financial Services and Markets Act 2000* (UK). A “controller” in the context of Canaccord Adams Limited is a person who (along with his or her associates) holds 10% or more of the shares in the Company or is able to exercise significant influence over the management of the Company through his or her shareholding in the Company.

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

The directors of the Company have set May 15, 2009 as the record date for determining which shareholders are entitled to vote at the Meeting. Only registered shareholders on May 15, 2009 are entitled to vote at the Meeting or at any adjournment of the Meeting. Each registered shareholder has one vote for each common share held at the close of business on May 15, 2009. On that date, the Company had 55,090,142 common shares outstanding.

To the knowledge of the directors and executive officers of the Company, as of May 15, 2009, the only person or company which 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 Franklin Templeton Investments Corp., by one or more of its mutual funds or other managed accounts. The “early warning” report filed by Franklin Templeton Investments Corp. indicates that, as of November 30, 2008, it held 6,176,873 common shares of the Company; this is 11.2% of the common shares of the Company outstanding on May 15, 2009.

#### ELECTION OF DIRECTORS

The management of the Company proposes to nominate the persons listed in the following table 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 in the following table 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 and other securities beneficially owned has been provided by the directors themselves and unless otherwise indicated, is current to April 30, 2009.

<i>Name and residence</i>	<i>Position with the Company</i>	<i>Principal occupation</i>	<i>Director since</i>	<i>Shares owned</i>
<b>Peter M. Brown</b> Vancouver, British Columbia	Chairman of the Board and director	Chairman of the Board of the Company and Canaccord Capital Corporation	1997 <sup>(1)</sup>	1,550,000
<b>Massimo C. Carello</b> London, England	Director	Corporate director	2008	40,000 <sup>(2)</sup>
<b>William J. Eeuwes</b> <sup>(3, 4, 5)</sup> Burlington, Ontario	Director	Vice-President of Manulife Capital	2002	Nil <sup>(2)</sup>
<b>Michael D. Harris</b> <sup>(4, 6)</sup> Vaughan, Ontario	Director	Senior business advisor of Goodmans LLP	2004	39,700 <sup>(2)</sup>
<b>Timothy J.D. Hoare</b> London, England	Director	Chairman of the Board and Chief Executive Officer of Canaccord Adams Limited	2005	904,683 <sup>(7)</sup>
<b>Terrence A. Lyons</b> <sup>(3, 4, 8)</sup> Vancouver, British Columbia	Lead Director	Chairman of the Board of Northgate Minerals Corporation	2004	30,000 <sup>(2)</sup>
<b>Mark G. Maybank</b> <sup>(9)</sup> Toronto, Ontario	Chief Operating Officer and director	Chief Operating Officer of the Company and President and Chief Operating Officer of Canaccord Capital Corporation	2006	511,850 <sup>(10)</sup>
<b>Paul D. Reynolds</b> London, England	Chief Executive Officer and director	Chief Executive Officer of the Company	2005	1,237,636 <sup>(11)</sup>
<b>Michael A. Walker</b> West Vancouver, British Columbia	Director	Senior Fellow of The Fraser Institute and President of The Fraser Institute Foundation	2006	19,535 <sup>(2)</sup>
<b>John B. Zaozirny</b> Calgary, Alberta	Director	Vice-Chairman of the Board of Canaccord Capital Corporation	2004	153,382

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

(2) In addition, as of May 20, 2009, each of the independent directors (except Mr. Carello) has been granted options to purchase up to 75,000 common shares of the Company. Mr. Carello only became a director in August 2008 and has been granted options to purchase up to 50,000 common shares of the Company.

(3) Member of the Audit Committee.

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

(5) 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.

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

(7) In addition, Mr. Hoare participates in the Company's Long Term Incentive Plan (LTIP). See "Long Term Incentive Plan (LTIP)" on page 26. Mr. Hoare holds 161,266 restricted share units.

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

(9) Mr. Maybank was a director and Executive Vice President of Itemus Inc., a company listed on the Toronto Stock Exchange, until July 2001 when the company made an assignment into bankruptcy under the *Bankruptcy and Insolvency Act* (Canada).

(10) In addition, Mr. Maybank participates in the Company's LTIP. See "Long Term Incentive Plan (LTIP)" on page 26. Mr. Maybank holds 362,306 restricted share units.

(11) Of these shares, 1,102,041 are owned by a trust of which Mr. Reynolds is one of the beneficiaries. In addition, Mr. Reynolds participates in the Company's LTIP. See "Long Term Incentive Plan (LTIP)" on page 26. Mr. Reynolds holds 200,870 restricted share units.

**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 and a director of the Company and Canaccord Capital Corporation. He was the Chief Executive Officer of the Company and Canaccord Capital Corporation until August 1, 2007. 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 Canadian capital markets. Over the years, Mr. Brown has served on the boards of industry associations and numerous non-profit, private sector and crown corporations. He is currently a member of the board of directors of the Investment Industry Association of Canada and is a past member of the board and of the executive committee of the Investment Dealers Association (the predecessor to the Investment Industry Regulatory Organization of Canada (IIROC)). He is currently a member nominated by the Government of Canada of the board of directors of the Vancouver Organizing Committee of the 2010 Olympic and Paralympic Winter Games (VANOC). He is a past Chairman of the Board of the University of British Columbia, the Vancouver Stock Exchange, BC Place Corporation and BC 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 research organization. He is a past member of the Chief Executives Organization and the Young Presidents Organization. He is a former member of the board of governors of the Atlantic Institute for International Affairs, the CICA Accounting Research Advisory Board and the Council for Business and the Arts in Canada. 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 Ernst & Young Pacific Entrepreneur of the Year Award for 2001 and in 2002 the Distinguished Service Award by the Prospectors and Developers Association of Canada. In 2003, Mr. Brown received a Commemorative Medal for the Golden Jubilee of Her Majesty Queen Elizabeth recognizing his community service and 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 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 and in 2007 received the Distinguished Graduate Award from St. George's School.

Mr. Brown is not a director of any public companies other than Canaccord Capital Inc. Mr. Brown attended seven of the nine meetings of the board of directors held between April 1, 2008 and May 19, 2009.

**MASSIMO CARELLO, K.C.F.O.**, is a non-executive director and a member of the audit committee of Uranium One Inc. (a uranium producer listed on the Toronto and Johannesburg Stock Exchanges).

Mr. Carello was the Chairman and Chief Executive Officer of Diners Club UK Ltd. from 2001 to 2004. In that capacity, he re-launched the famous Diners Club brand throughout the United Kingdom and Ireland. He was the Chairman and Chief Executive Officer of Fiat UK Ltd. from 1990 to 2001. In that capacity he developed Fiat in the United Kingdom from a car importer into a major industrial and diversified group with over 8,000 employees.

Mr. Carello started his career in 1972 in Pan-European automotive manufacturing with Lucas Industries PLC in the United Kingdom and Carello SpA. The Carello company was established in Turin, Italy by his great-grandfather in 1876 as a coach lamp maker and later became one of the world's largest headlamp producers. From 1980 to 1987, he was the Managing Director of Carello SpA. The company became the third largest European headlamp producer before being sold to the Fiat Group. From 1987 to 1990 he was the Senior Vice President of Magneti Marelli SpA and directed a business in automotive components with manufacturing sites in the UK and Italy and worldwide sales to all major car manufacturers.

Mr. Carello served as a member of the Confederation of British Industry (CBI) Presidents Committee from 1998 to 2003 and was a member of the CBI European Committee. He was Vice President of the Italian Chamber of Commerce in the UK from 1998 to 2005. He now lives in London, England, and is a Knight Commander of the Royal Order of Francis I of the Two Sicilies.

In addition to Canaccord Capital Inc., Mr. Carello is a director of the following public companies: Uranium One Inc. and Orsu Metals Corporation. Mr. Carello attended all of the three meetings of the board of directors held between the date of his election at the 2008 annual general meeting on August 8, 2008 and May 19, 2009.

**WILLIAM EEUWES** is Vice President of Manulife Capital, the merchant banking arm of The Manufacturers Life Insurance Company. Mr. Eeuwes has more than 29 years of experience in underwriting and the management of a broad range of asset classes, including private equity, mezzanine loans, project finance and infrastructure equity and oil and gas. 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.

In addition to Canaccord Capital Inc., Mr. Eeuwes is a director of the following public companies: Seamark Asset Management Limited and NAL Oil & Gas Trust; both are listed on the Toronto Stock Exchange. Of the meetings of the board of directors and the committees on which he served held between April 1, 2008 and May 19, 2009, Mr. Eeuwes attended eight of the nine meetings of the board of directors, all of the five meetings of the Audit Committee and all of the 10 meetings of the Corporate Governance and Compensation Committee.

**MICHAEL HARRIS, ICD.D**, is a senior business advisor with the law firm of Goodmans LLP in Toronto, and the President of his own consulting firm, Steane Consulting Ltd., and, in this capacity, acts as a consultant to various Canadian companies.

Mr. Harris was born in Toronto in 1945, and was raised in Callander and North Bay, Ontario. Prior to his election to the Ontario Legislature in 1981, Mike Harris was a schoolteacher, a school board trustee and chair and an entrepreneur in the Nipissing area. On June 8, 1995 Mr. Harris became the 22<sup>nd</sup> Premier of Ontario following a landslide election victory. In 1999, he was re-elected – making him the first Ontario Premier in over 30 years to form a second consecutive majority government.

In addition to sitting on several boards of Canadian corporations, he also serves as a director of the Tim Horton Children's Foundation and the Mount Royal College Foundation. He is the Honorary Chair of the North Bay District Hospital Capital Campaign and the Nipissing University and Canadore College Capital Campaign. Mr. Harris is also a Senior Fellow of The Fraser Institute. He has received his ICD.D certification from the Institute of Corporate Directors.

In addition to Canaccord Capital Inc., Mr. Harris is a director of the following public companies: Augen Capital Corp., Chartwell Seniors Housing Real Estate Investment Trust, EnGlobe Corp., Enmax Corporation, FirstService Corporation and Magna International Inc. He chairs the board of trustees of Chartwell Seniors Housing Real Estate Investment Trust and the board of directors of EnGlobe Corp. Of the meetings of the board of directors and the committee on which he served held between April 1, 2008 and May 19, 2009, Mr. Harris attended eight of the nine meetings of the board of directors and all of the 10 meetings of the Corporate Governance and Compensation Committee.

**TIMOTHY HOARE** is the Chairman of the Board and Chief Executive Officer of Canaccord Adams 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 Adams 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.

In addition to Canaccord Capital Inc., Mr. Hoare is a director of the following public company: Ten Alps PLC, which is listed on the London Stock Exchange. Mr. Hoare attended seven of the nine meetings of the board of directors held between April 1, 2008 and May 19, 2009.

**TERRY LYONS** has over 35 years of experience in the financing, development and management of natural resource, manufacturing, real estate and merchant banking companies with an extensive background in corporate restructuring activities.

After completing a Bachelor of Applied Science in Civil Engineering from the University of British Columbia, Mr. Lyons attended the University of Western Ontario, graduating with an MBA in 1974. Mr. Lyons was an applications engineer and marketing specialist with Caterpillar Tractor and Finning Tractor and Equipment and General Manager of South Western Drug Warehouse Ltd. In 1976, he joined Versatile Corporation as Corporate Planning Manager, moving through a variety of senior positions in strategic planning, budgeting and finance, mergers and acquisitions, and project management. In 1986, he became Senior Vice-President of Versatile Corporation, Chairman of Versatile Pacific Shipyards 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 Brookfield Asset Management (formerly Brascan). Mr. Lyons was a Managing Partner of Brookfield in charge of the merchant banking and restructuring activities in the natural resource sector. In May 2004, after 17 years with Brookfield, Mr. Lyons retired to pursue other opportunities.

Mr. Lyons is currently non-executive Chairman of Northgate Minerals Corporation (a mining company formerly affiliated with Brookfield) and, in addition to Canaccord Capital Inc., a director of the following public companies: Ceres Capital Corp., Diamonds North Resources Ltd., Farallon Resources Inc., FT Capital Ltd., Sprott Resource Corp., Northgate Minerals Corporation, Polaris Minerals Corporation and TTM Resources Inc. He is also a director of the BC Pavilion Corporation (PavCo) as well as several private corporations.

Mr. Lyons has been active in Junior Achievement, the United Way, Special Olympics and other charitable and sports organizations (including swimming and water polo). He is past Chairman of the Mining Association of BC, a Governor of the Olympic Foundation of Canada, former Chairman of Sport BC, a past President of Shaughnessy Golf and Country Club and a member of the Advisory Board of the Richard Ivey School of Business at the University of Western Ontario. In 2007, Mr. Lyons was awarded the Inco Medal by the Canadian Institute of Mining, Metallurgy and Petroleum for meritorious service to the mining industry.

Of the meetings of the board of directors and the committees on which he served held between April 1, 2008 and May 19, 2009, Mr. Lyons attended all of the nine meetings of the board of directors, all of the five meetings of the Audit Committee and all of the 10 meetings of the Corporate Governance and Compensation Committee.

**MARK MAYBANK** was appointed the Chief Operating Officer of the Company and the President and Chief Operating Officer of Canaccord Capital Corporation in August 2006 and was appointed as an additional director of the Company in September 2006. He joined Canaccord in 2001 and was responsible for its research activity. Before joining Canaccord, Mr. Maybank was an executive vice-president at a technology services and software development firm. Before that, he was a technology analyst with Yorkton Securities and chief financial officer of a US based cellular services company. Before that, he held various positions with a large multinational accounting and consulting firm. Mr. Maybank has earned both his Chartered Accountant and Chartered Business Valuator designations.

Mr. Maybank is not a director of any public companies other than Canaccord Capital Inc. Mr. Maybank attended all of the nine meetings of the board of directors held between April 1, 2008 and May 19, 2009.

**PAUL REYNOLDS** was appointed the President of the Company in August 2006 and the Chief Executive Officer of the Company in August 2007. He was previously the Chief Operating Officer of Canaccord Adams Limited; in that capacity, he was 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 the Canaccord group; in that capacity, he led Canaccord's Canaccord Adams division. Mr. Reynolds has over 24 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 Adams 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 itself as an active participant in the European equity markets specializing in small to medium sized emerging companies.

Mr. Reynolds is not a director of any public companies other than Canaccord Capital Inc. Mr. Reynolds attended eight of the nine meetings of the board of directors held between April 1, 2008 and May 19, 2009.

**MICHAEL WALKER, LL.D.**, is a Senior Fellow at The Fraser Institute and President of The Fraser Institute Foundation. From its inception in 1974, until September 2005, Michael Walker directed the activities of The Fraser Institute. Before that he taught at the University of Western Ontario and Carleton and was employed at the Bank of Canada and the Federal Department of Finance. He received his Ph.D. at the University of Western Ontario and his B.A. at St. Francis Xavier University.

As an economist, he has authored or edited 45 books on economic topics. His articles on technical economic subjects have appeared in professional journals in Canada, the United States and Europe, including the *Canadian Journal of Economics*, the *American Economic Review*, the *Journal of Finance*, the *Canadian Tax Journal*, *Health Management Quarterly*, *Weltwirtschaftliches Archiv* and *Health Affairs*. He is the co-founder, with Milton and Rose D. Friedman, of the Economic Freedom of the World project, which is now a collaboration of 70 countries and produces the annual Economic Freedom of the World Index.

As a journalist, he has written more than 700 articles which have appeared in 60 North American newspapers including the *Globe and Mail*, the *Wall Street Journal*, the *National Post*, the *Vancouver Sun*, the *Chicago Tribune*, the *Reader's Digest*, the *Detroit News* and the *Western Star*. He has served as a regular columnist for the *Ottawa Citizen*, the *Financial Post* and the *Vancouver Province*. He has lectured to over 2,000 audiences at universities and in other venues on six continents.

Dr. Walker is not a director of any public companies other than Canaccord Capital Inc. He is a director of Mancal Corporation. He is also a director of a number of non-profit societies including The Milton and Rose D. Friedman Foundation.

He has received the Vancouver Rotary Service Above Self Award, the Colin M. Brown Freedom Medal and Award by the National Citizens' Coalition, an honorary Doctor of Laws degree from the University of Western Ontario and the Thomas Jefferson Award from the Association of Private Enterprise Education.

Dr. Walker attended all of the nine meetings of the board of directors held between April 1, 2008 and May 19, 2009.

**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. Until his retirement in December 2008, he also served 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.

In addition to Canaccord Capital Inc., Mr. Zaozirny is a director of the following public companies: Bankers Petroleum Ltd., Bayou Bend Petroleum Ltd., Canadian Oil Sands Limited, Coastal Energy Company, Computer Modelling Group Ltd., Pacific Rubiales Energy Corp., Pengrowth Corporation, Provident Energy Trust and TerraVest Income Fund. Mr. Zaozirny attended all of the nine meetings of the board of directors held between April 1, 2008 and May 19, 2009.

## CORPORATE GOVERNANCE

### Board of directors

The Company currently has 11 directors, five of whom are independent of management as determined under applicable securities legislation. The board of directors recognizes the current trend towards having a majority of “independent” directors but also acknowledges that the Company continues to be a largely employee owned company. In order to facilitate the exercise of independent judgment by the board of directors, the board has appointed a lead director and holds regular meetings without management directors present. The independent directors are Massimo Carello, William Eeuwes, Michael Harris, Terrence Lyons and Michael Walker. The other directors are not independent: Peter Brown, Timothy Hoare, Mark Maybank and Paul Reynolds are members of the executive management of Canaccord; John Zaozirny is a director and paid employee of a subsidiary of the Company (Canaccord Capital Corporation) and Brian Harwood (who is not standing for re-election) is a director of Canaccord Capital Corporation.

None of the independent 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.

More information about each director who is standing for re-election, including any relationship they have with the Company, and other directorships, can be found on pages 7 to 10 of this Circular.

The Chairman of the Board is not an independent director, but the board of directors has appointed Terrence Lyons, who is an independent director, as the Lead Director. There are written terms of reference for the Lead Director. In general, he is responsible to act as the liaison between management and the board of directors to ensure the relationships between management and the board are conducted in a professional and constructive manner. This includes ensuring that the boundaries between the board and management are clearly understood and respected by both management and directors and that the board receives adequate and regular updates from the Chief Executive Officer and other members of management on all issues important to the board’s work. He provides support to the Corporate Governance and Compensation Committee in developing director criteria and potential candidates to be recommended for appointment to the board and ensuring an adequate orientation and training program for new board members. He ensures that the board has a process for assessing the performance of the Chief Executive Officer and ensuring that appropriate succession, development and compensation plans are in place for senior management. He reviews directors’ conflict of interest issues as they arise.

The Lead Director is also responsible to receive and, if appropriate, determine action on any communications from interested parties that are addressed to the independent directors. Such communications can be sent to Mr. Lyons in writing by mail to 406 – 815 Hornby Street, Vancouver, BC V6Z 2E6.

Under the leadership of the Lead Director, at each meeting of the board of directors or one of its committees, the independent directors meet by themselves with the non-independent directors and members of management not in attendance. The independent directors have held nine such meetings between April 1, 2008 and May 19, 2009. The board is supportive of individual directors and committee chairs engaging independent advisors at the expense of the Company in appropriate circumstances.

### Board mandate and position descriptions

The board of directors 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 a written mandate for the board and written position descriptions for the Chairman of the Board, the Chief Executive Officer, the Chief Operating Officer, the Lead Director, each individual director, each board committee and the chair of each board committee.

The Mandate for the board of directors of the Company is:

#### 1. Introduction

1. The board of directors’ (“Board”) primary responsibility is to foster the long-term success of the Company consistent with the Board’s responsibility to the shareholders to maximize shareholder value.
2. These terms of reference are prepared to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.

## II. Composition and board organization

1. Nominees for directors are initially considered and recommended by the Board's Corporate Governance and Compensation Committee, approved by the entire Board and elected annually by the shareholders of the Company.
2. Certain of the Board's responsibilities referred to herein may be delegated to Board committees. The responsibilities of those committees will be as set forth in their terms of reference, as amended from time to time.

## III. Duties and responsibilities

### A. *Managing the affairs of the Board*

The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. Subject to legal obligations and to the articles of the Company, the Board retains the responsibility for managing its own affairs, including:

- (a) planning its composition and size;
- (b) selecting its Chair;
- (c) nominating candidates for election to the Board;
- (d) appointing committees;
- (e) determining compensation for independent directors; and
- (f) assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities.

### B. *Management and human resources*

The Board has the responsibility for:

- (a) the appointment and succession of the Chief Executive Officer (CEO) and monitoring CEO performance, approving CEO compensation and providing advice and counsel to the CEO in the execution of the CEO's duties;
- (b) approving terms of reference for the CEO;
- (c) approving the corporate objectives that the CEO is responsible for meeting;
- (d) reviewing CEO performance at least annually, against agreed upon objectives;
- (e) to the extent feasible, satisfying itself as to the integrity of the CEO and other senior officers, and that the CEO and other senior officers create a culture of integrity throughout the Company;
- (f) approving certain decisions relating to senior management, including the:
  - (i) appointment and discharge of officers;
  - (ii) compensation and benefits for executive officers; and
  - (iii) acceptance of outside directorships on public companies by executive officers (other than not-for-profit organizations);
- (g) ensuring succession planning programs are in place, including programs to train and develop management; and
- (h) approving certain matters relating to all employees, including:
  - (i) the annual salary policy/program for employees; and
  - (ii) new benefit programs or material changes to existing programs.

### C. *Strategy and plans*

The Board has the responsibility to:

- (a) adopt a process to develop a strategic plan for the Company that takes into account, among other things, the opportunities and risks of the business;
- (b) participate with management in the development of, and ultimately approve, the Company's strategic plan;
- (c) approve annual capital and operating plans which support the Company's ability to meet its strategic plan;
- (d) approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Company;
- (e) approve material divestitures and acquisitions; and
- (f) monitor the Company's progress towards its goals, and revise and alter its direction through management in light of changing circumstances.

*D. Financial and corporate issues*

The Board has the responsibility to:

- (a) take reasonable steps to ensure the implementation and integrity of the Company's internal control and management information systems;
- (b) monitor operational and financial results;
- (c) approve annual financial statements and quarterly financial results;
- (d) declare dividends;
- (e) approve financings, changes in authorized capital, issue and repurchase of shares, issue of debt securities, listing of shares and other securities, issue of commercial paper, and related prospectuses and trust indentures; and
- (f) recommend appointment of external auditors and approve auditors' fees.

*E. Business and risk management*

The Board has the responsibility to:

- (a) ensure management identifies the principal risks of the Company's business and implements appropriate systems to manage these risks;
- (b) assess and monitor management control systems:
  - (i) evaluate and assess information provided by management and others (e.g., internal and external auditors) about the effectiveness of management control systems;
  - (ii) understand principal risks and review whether the Company achieves a proper balance between risk and returns, and that management ensures that systems are in place to address the risks identified; and
  - (iii) review an annual report of the Chief Compliance Officer which would include results of IROC audit changes in regulatory environment and other compliance initiatives.

*F. Policies and procedures*

The Board has the responsibility to:

- (a) review compliance with all significant policies and procedures by which the Company is operated;
- (b) direct management to ensure the Company operates at all times within applicable laws and regulations; and
- (c) review significant new corporate policies or material amendments to existing policies (including, for example, policies regarding business conduct, conflict of interest and other regulatory requirements).

*G. Compliance reporting and corporate communications*

The Board has the responsibility to:

- (a) ensure the Company has effective statutory and regulatory compliance reporting and systems;
- (b) ensure the Company has in place effective communication processes with shareholders and other stakeholders and financial, regulatory and other recipients, including the adoption of a communication policy for the Company;
- (c) approve interaction with shareholders on all items requiring shareholder approval;
- (d) ensure the Company's financial performance is adequately reported to shareholders, other securityholders and regulators on a timely and regular basis;
- (e) ensure the financial results are reported fairly and in accordance with generally accepted accounting principles;
- (f) report annually to shareholders on the Board's stewardship for the preceding year (the Annual Report).

**iv. General legal obligations of the board of directors**

1. The Board is responsible for:
  - (a) directing management to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained; and
  - (b) approving changes in the articles, matters requiring shareholder approval and agendas for shareholder meetings.
2. In British Columbia law, the directors of the Company are subject to fiduciary duties and obligations that are defined partly by common law and partly by statute. It is not possible to define comprehensively what the duties and obligations are, but the most important of them are the following:
  - (a) subject to the *Business Corporations Act* and the articles of the Company, the directors must manage or supervise the management of the affairs and business of the Company (s. 136(1), *Business Corporations Act*);
  - (b) each director must act honestly, in good faith and in the best interest of the Company (s. 142(1)(a), *Business Corporations Act*);
  - (c) each director must exercise the care, diligence and skill of a reasonably prudent person in comparable circumstances (s. 142(1)(b), *Business Corporations Act*);
  - (d) every director who, in any way, directly or indirectly, is interested in a proposed contract or transaction with the Company must disclose the nature and extent of their interest at a meeting of the directors and will be liable to account for any profit made unless the procedures in the *Business Corporations Act* and the articles are followed (ss. 147 and 148, *Business Corporations Act*); and
  - (e) the directors will be personally liable under a number of provincial and federal statutes for such things as unpaid wages, unpaid GST and provincial social service tax remittances, unpaid employment insurance premiums, unpaid Canada Pension Plan remittances and unpaid income tax source deductions.
3. Such duties and obligations may be enforced by the Company, its shareholders or government agencies. Because the Company operates in a highly regulated environment, the special risk that the directors face is that these duties and obligations will be taken into account by the securities regulators in the context of the fitness of the directors to act as directors or to continue to be registered under securities legislation.

The Chairman of the Board has four primary roles: (a) to act as the chair of the meetings of the shareholders and as the presiding director at Board meetings and to manage the activities of the Board, including ensuring the Board is organized properly, functions effectively and meets its obligations and responsibilities; (b) to facilitate effective communications and relations with all stakeholders and the general public with particular emphasis on working with the Board and its appointees to facilitate timely decision making; (c) to work as an advisor to the Chief Executive Officer (the “CEO”) and senior management team ensuring that the performance and information requirements of the Board are met; and (d) to act as one of the primary spokespersons for Canaccord.

The CEO is accountable to the Board for providing overall leadership and direction to Canaccord. The CEO has direct access to the board of directors. The CEO supports the Board and its mandate and is accountable for ensuring Canaccord operates within the policy and strategy framework established by the Board. The CEO provides advice and counsel to the Board in all matters impacting Canaccord and provides effective operational leadership to the management and staff of the organization.

### **Orientation and continuing education**

New director orientation is explicitly addressed in the written Board Operating Guidelines adopted by the board and is a responsibility of the Corporate Governance and Compensation Committee. 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 manual containing, among other things, constating documents, an organization chart of the Company and its subsidiaries, corporate fact sheets, list of committees and committee charters, and various corporate policies.

Ongoing director education is also explicitly addressed in the Board Operating Guidelines and is also a responsibility of the Corporate Governance and Compensation Committee. Regular background briefings are added to the agendas of meetings of the board on topics relating to significant aspects of the Company's business and operations, including key business units and the legal, regulatory and industry requirements and environment in which the Company operates.

On a regular basis, the board will visit the Company's major operating centres and receive briefings in areas of critical and strategic importance. The board also meets each year in a dedicated board education session.

### **Ethical business conduct**

The board has adopted a written Code of Business Conduct and Ethics (the "Code") for the directors, officers and employees. It can be found among the documents filed by the Company on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's Web site at [www.canaccord.com](http://www.canaccord.com) (under "Investor Relations – Corporate Governance"). Directors will be required annually to acknowledge in writing their agreement to comply with the Code and a system is currently being implemented to require all employees to do likewise. To the knowledge of the board, there have been no departures from the Code during fiscal 2009 that would have required the filing of a material change report.

The board has appointed Ward McMahon, a highly respected long-term employee of the Company and former Senior Vice President, Credit & Compliance, as the Chief Ethics Officer. Mr. McMahon reports to the board on compliance with the Code.

In accordance with the Code and the *Business Corporations Act* (British Columbia), any director who is aware of a material transaction or relationship that could reasonably be expected to give rise to a conflict of interest must discuss the matter promptly with the Lead Director and, in the case of matters considered by the board, must disclose the interest to the board and abstain from voting.

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

The board has delegated certain of its responsibilities to two standing committees which meet regularly and have specific roles and responsibilities as defined by the board. These committees are made up solely of non-management directors, a majority of whom are independent of management as determined under applicable securities legislation. The Audit Committee is composed of two independent directors and a third director who is related only as a director of a subsidiary. This third director is not standing for re-election and will be placed on the Audit Committee by an independent director. The Corporate Governance and Compensation Committee is composed entirely of independent directors.

The board has also delegated specific responsibilities to two committees which meet only as required. The Stock Issuance Committee consists of the members of the Corporate Governance and Compensation Committee and the Chief Executive Officer and the Chief Operating Officer; it is delegated with the authority of the full board to issue shares of the Company. The Borrowing Powers Committee consists of the Chief Executive Officer and the Chief Operating Officer; it is delegated with the authority of the full board to borrow money and provide guarantees in relation to transactions in the normal course of the business of one or more of the subsidiaries of the Company where the transaction has been approved by one of the board of directors, executive committee, or "names" committee of such subsidiary or subsidiaries.

### **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 before 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 committee has full access to staff and resources. At all regular committee meetings during the year, a portion of the meeting is held without management present to allow a more open discussion.

The members of the Audit Committee are Terrence Lyons (Chair), William Eeuwes and Brian Harwood. Each of them is 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. 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. Mr. Harwood is not standing for re-election and will be replaced on the Audit Committee by an independent director. The Audit Committee met five times in the period from April 1, 2008 to May 19, 2009.

The Audit Committee has adopted a charter which specifically defines the roles and responsibilities of the Audit Committee. The Audit Committee has direct communication channels with the external auditors and the Chief Financial Officer and senior finance staff and discusses and reviews issues with each of them on a regular basis.

The Audit Committee is responsible to ensure management has designed and implemented an effective system of internal control.

The external auditors are recommended by the Audit Committee and appointed annually by the Company's shareholders. They 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 is 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 policies for engagement of non-audit services also permit the chair of the Audit Committee to approve minor expenditures on non-audit services between meetings of the Audit Committee. 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.

Additional information about the Audit Committee (including the charter of the Audit Committee and details of external auditor service fees) is contained in the Company's annual information form (AIF) for the year ended March 31, 2009, which can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's Web site at [www.canaccord.com](http://www.canaccord.com) (under "Investor Relations – Financial Reports"). The charter of the Audit Committee can also be found on the Company's Web site under "Investor Relations – Corporate Governance".

### **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. The committee also functions as the nominating committee for the board.

The process by which the board determines compensation for directors is described in this Circular under the heading "Compensation of directors" on page 25 and the process by which the board determines compensation for officers and employees is described in this Circular under the heading "Compensation discussion and analysis" on page 18.

### *Composition of the Corporate Governance and Compensation Committee*

The Corporate Governance and Compensation Committee must be composed of at least three members who are independent of management, each of whom is appointed annually by the board of directors. The committee has full access to staff and resources. At all regular committee meetings during the year, a portion of the meeting is held without management present to allow a more open discussion.

The members of the Corporate Governance and Compensation Committee are Michael Harris (Chair), William Eeuwes and Terrence Lyons, each of whom is independent of management as determined under applicable securities legislation. The Corporate Governance and Compensation Committee met 10 times in the period from April 1, 2008 to May 19, 2009.

### *Nomination of directors*

The Corporate Governance and Compensation Committee reviews annually the general and specific criteria applicable to candidates to be considered for nomination to the board. The objective of this review will be to maintain the composition of the board in a way that provides the best mix of skills and experience to guide the long-term strategy and ongoing business operations of the Company. This review takes into account the desirability of maintaining a reasonable diversity of background skills and experience and personal characteristics among the directors, along with the key common characteristics required for effective board participation.

Although it is the full board that is responsible for identifying suitable candidates to be recommended for election to the board by the shareholders, the Corporate Governance and Compensation Committee has the responsibility to gather the names of potential nominees, screen their qualifications against the current skill and experience needs of the board and make recommendations to the full board. All directors are encouraged to suggest potential candidates and the Chairman of the Board and the Chief Executive Officer provide additional direct input to the process.

### *Assessments*

The board has established a formal process of evaluation of the board, its committees and its individual directors. A detailed survey covering board organization, the Chairman of the Board, the Lead Director, management and human resources, strategy and plans, financial and corporate issues, shareholder communications and the function of board committees will be distributed annually to all directors. The survey will be strictly confidential to encourage full and frank comments (with the outside board governance consultant compiling the results to ensure such confidentiality). The outside consultant will prepare a summary report and recommendations and submit those to the Lead Director. The Lead Director will meet with each director individually to review the report and recommendations and to review their role on the board of directors. The Corporate Governance and Compensation Committee will also review the report and recommendations. It is intended that this process will be completed each year for the Committee to undertake its annual review of the criteria applicable to candidates to be considered for nomination to the board.

With the recommendations of the Corporate Governance and Compensation Committee, the full board of directors will then assess the effectiveness of the board as a whole, the board committees and the contributions of individual directors. 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.

**COMPENSATION DISCUSSION AND ANALYSIS****Philosophy and objectives**

Compensation programs are designed to attract, retain and motivate top-quality professionals to support the success of the Company and enhance shareholder value.

Canaccord's compensation philosophy provides the foundation for all of the Company's employee compensation programs, including those for its executive officers. The philosophy includes the following key objectives that are the basis for designing programs to motivate behaviour that drives the Company's performance:

- establish performance based compensation programs tied to annual and long-term Company, business unit, business geography and individual goals, which are structured to align the interests of employees with those of shareholders;
- ensure that compensation opportunities are comparable to those at major competitors, so that the Company can attract, retain and motivate talented employees who are essential to the Company's long-term success; and
- deliver a significant portion of total compensation in equity based awards, thereby further aligning the financial interests of employees with those of shareholders and encouraging prudent long-term strategic decisions and risk management and encouraging long-term service and loyalty.

The nature of the securities industry requires a workforce of highly skilled professionals, who are in great demand due to the revenue they can generate and the judgment they exercise in managing risk. Historically, competition to attract and retain these professionals results in high levels of compensation relative to other industries.

The overall objective in determining total compensation levels across the Company is to balance competitive pressures in the market for professional talent with cost considerations. Since the securities industry is fundamentally a human capital intensive business, compensation and benefits are a significant and critical expense. These expenses (often referred to as the compensation ratio) are also heavily impacted by a firm's mix of business. Higher ratios are found in retail/banking groups, while lower ratios are found in businesses with a large trading component. Among the firms of our size within our industry, in calendar 2008, these expenses typically accounted for between 55% and 60% of net revenues with some firms approaching 65% to 75% of net revenues. In fiscal 2009, the Company's total compensation expense was 58.4% of net revenues.

Among companies in the securities industry, the majority of executive compensation is provided in the form of a variable, performance based annual incentive that is delivered in both cash and equity awards. This approach creates strong alignment of pay with performance. The equity award portion of the Company's annual incentive compensation, which includes vesting provisions, creates employee ownership, encourages retention and further ties the compensation to the Company's future performance.

While the Company does not generally tie any elements of its compensation to compensation levels at other firms, when making decisions concerning compensation and benefits, the Company's Corporate Governance and Compensation Committee reviews analyses of compensation practices and financial performance among a peer group of other financial services firms in the Company's principal geographies. These firms are GMP Capital Trust, DundeeWealth Inc. and the capital markets divisions of the Canadian chartered banks (where available) and other financial services firms including CI Financial Income Company (now CI Financial Corp.) and Home Capital Group Inc. in Canada; Panmure Gordon, The Evolution Group, Collins Stewart, Numis Corporation and Cenkos Securities in the United Kingdom; and Oppenheimer; FBR Capital Markets; Cowen Group; Stifel Nicolaus; Cohen & Steers; Raymond James; Sanders Morris Harris; Piper Jaffray; SWS Group; Thomas Weisel Partners; Jefferies; Greenhill and KBW in the United States. In addition to the publicly held companies included in our peer group, private firms and partnerships that operate within our industry, including asset management and private equity firms, also influence the Company's compensation levels.

### Principal components of executive compensation

Historically, executive compensation has two principal components:

- base salary, which is based on the market value of the role, internal pay equity and the individual's demonstrated ability to perform; and
- incentive compensation, which is linked to the results of the executive's business unit and business geography 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 and business geographies.

### Equity compensation

Canaccord has a range of compensation related arrangements which involve an equity participation component available to all employees with an emphasis on top producers and senior management:

- for capital markets and senior operations and administration management, a long term incentive plan to defer a portion of their cash compensation to be paid in the form of restricted share units which vest over three years (the "Long Term Incentive Plan" or "LTIP");
- for top producers in Private Client Services, loans for the purchase of common shares of the Company in the open market which are forgiven over a three-year period so long as the producer continues to be employed by Canaccord (the "PCS Stock Compensation Plan");
- for the independent directors of the Company, the grant of stock options under the existing Share Option Plan; and
- for all full-time employees outside the United Kingdom, an employer contribution to match (on a one-for-one basis up to \$3,000 per year for each employee) the employee's contribution for the purchase of common shares of the Company in the open market pursuant to an employee share purchase plan (the "ESPP").

### Canaccord Adams compensation

Canaccord Adams, the division of the Company which conducts investment banking, research and trading activities on behalf of corporate, institutional and government clients and principal trading, has operations in Canada, the United Kingdom, the United States and internationally. Compensation for the senior officers of this business unit 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. Eligible employees of Canaccord Adams 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.

All employees in the Canaccord Adams capital markets division are eligible to participate in the Company's long term incentive plan. See "Long Term Incentive Plan (LTIP)" on page 26.

### Private Client Services compensation

Canaccord's Private Client Services (PCS) business segment has 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.

Top PCS producers may be granted loans for the purchase of common shares of the Company in the open market, which are forgiven over a three-year period so long as the producer continues to be employed by Canaccord (the PCS Stock Compensation Plan).

### Other benefits

#### *Broad-based benefit plans*

All employees, including the executive officers, are eligible to participate in the Company's broad-based benefits program consisting of medical, dental, life insurance, disability and other similar benefits. The Company provides these benefits in order to meet the basic health and welfare needs of its employees and their dependents. Employee contributions for medical and dental coverage are higher for more highly paid employees. Benefit plans are designed to be market competitive and consistent across the Company, but vary internationally based on local practice and statutory requirements.

*Perquisites*

The Company does not generally offer material perquisites or other personal benefits to executive officers other than benefits that are generally available on a non-discriminatory basis to all employees.

**Proposed changes for fiscal 2010**

During fiscal 2009, the Company conducted an initiative to modernize the compensation structure and improve alignment with organizational long-term goals and direction. The Company used a third party consulting firm to conduct a full program review and work with senior management and the Corporate Governance and Compensation Committee to redesign programs firm-wide. The revised programs incorporate a combination of market best practices and Canaccord design tenets. In some instances, this will be a multi-year transition. Some of the programs may involve the grant of stock options under the existing Share Option Plan.

A key part of this initiative required a shift to a broader view of compensation and overall firm success. Although our core entrepreneurial spirit remains, the changes to compensation for fiscal 2010 incent and reward behaviours that are designed to make Canaccord increasingly successful and a world class broker dealer.

To support our long-term firm goals and direction, our program changes:

- provide a more integrated platform that reflects successful individual business units and business geographies;
- balance compensation driven by silo businesses and overall firm performance;
- incorporate longer term perspectives of firm success;
- align compensation with profitability and accountability for costs;
- improve transparency and foster teamwork between business units; and
- align with environmental direction and evolving best practices.

**Compensation of named executive officers for fiscal 2009**

This section provides a discussion of the Company's objectives when compensating its Chief Executive Officer (CEO), Paul Reynolds; its Chief Financial Officer (CFO), Brad Kotush; its Chief Operating Officer (COO) and the President and Chief Operating Officer of Canaccord Capital Corporation, Mark Maybank; the Chief Executive Officer of Canaccord Adams Limited, Timothy Hoare; and the Executive Vice-President and Managing Director, Global Head of Mining & Metals, of Canaccord Capital Corporation, Jens Mayer (collectively, the "Named Executive Officers" or "NEOs") with respect to fiscal 2009 and the policies the Company has implemented to achieve those objectives. It also outlines what each compensation program is designed to reward, each element of compensation, why the Company has chosen to pay each element, how the Company determined the amount it would pay, and how each compensation element fits into the Company's overall compensation objectives. This section does not discuss the impact of any changes proposed for fiscal 2010.

The following addresses what each objective of the Company's compensation program is designed to reward:

*Performance based*

The Company emphasizes variable compensation as the core of its compensation strategy to provide a powerful incentive to its NEOs to focus on financial performance and also to help stabilize net earnings as a percentage of revenues. The amount of variable compensation paid is primarily based on a fixed percentage of net income generated by the business. A consequence of the Company's variable compensation policy is that individual compensation for many executives of the Company is highly variable. In years with high revenues, aggregate compensation costs increase with the Company's performance. Conversely, when revenues decline, a substantial portion of the Company's aggregate compensation costs decrease as well.

*Attract, motivate and retain talented employees*

The Company is engaged in a highly competitive business, and its success depends on the leadership of senior executives and the talent of its key employees. In order to attract and retain highly capable individuals, the Company needs to ensure that its compensation programs provide competitive levels of compensation. Therefore, the Company reviews information concerning compensation paid to executive officers of comparable businesses including how executive compensation correlates to financial performance and how the Company's financial performance compares to that of the peer group.

*Encourage long-term service and loyalty*

The Company encourages long-term service and loyalty by fostering a culture where employees own shares of the Company. This ownership encourages its employees to act in the best long-term interest of the Company. The Company has minimum share ownership guidelines for all people who participate in the Long Term Incentive Plan.

### Elements of compensation

For fiscal 2009, the compensation of the Company's NEOs included the following elements:

- base salary; the purpose is to attract, motivate and retain;
- executive profit share (CEO and COO only); the purposes are to attract, motivate and retain and to reward individual merit and contribution at the overall corporate level;
- quarterly bonus (CFO only); the purposes are to attract, motivate and retain and to reward individual merit and contribution at the overall corporate level;
- Canaccord Adams profit share; the purposes are to attract, motivate and retain and to reward individual merit and contribution in relation to the management of the Canaccord Adams business units in various geographies;
- Canaccord Adams compensation pool; the purposes are to attract, motivate and retain and to reward individual merit and contribution in relation to revenue generation of the Canaccord Adams business units in various geographies;
- forgiveness of equity incentive loans; the purposes are to align the interests of the NEO with the long-term interests of the Company's shareholders and to encourage long-term service and loyalty; and
- other benefits and perquisites including health and welfare benefits and the ESPP; the purposes are to align the interests of the NEO with the long-term interests of the Company's shareholders and to encourage long-term service and loyalty.

To the extent that any of these elements of compensation is paid in restricted share units (RSUs), the purpose is also to encourage long-term service and loyalty.

The following further describes each element of compensation including how the Company determines the amount and how each element fits in the Company's overall compensation objectives:

#### *Base salary*

Canaccord Capital Corporation Company pays the CFO and Mr. Maybank a base salary as a means to provide a non-performance based element of compensation that is certain and predictable and is generally competitive with market practices. Canaccord Adams Limited pays the CEO and Mr. Hoare (its Chief Executive Officer) on the same basis. The remaining NEO does not receive a base salary.

The base salaries of the CEO and the COO are reviewed annually by the Corporate Governance and Compensation Committee. The base salaries of the CFO and Mr. Hoare are reviewed annually by the CEO and COO based on a review of each of their roles and responsibilities and external market data for similar positions in which the Company competes for executive talent. The Company believes that providing a predictable base salary is essential to attract and retain talented executives and provide a compensation package that is perceived as fair. The determination of the appropriate level is subjective and not formulaic. In October 2008, the base salaries paid to NEOs were temporarily reduced by 20% (at the same time as a temporary reduction by 10% to 20% of the base salaries of other senior level employees of the Company) in response to adverse market conditions.

#### *Executive profit share*

The Company has established a formulaic variable incentive-based compensation policy whereby 2.8% of the monthly net income (before taxes, bonuses and other incentive compensation payments) of the consolidated Canaccord group is paid to each of the CEO, the COO and the Chairman of the Board.

#### *CFO bonus*

The Company has established a discretionary bonus plan for its CFO. The CFO is awarded payments on a quarterly basis based on merit at the sole discretion of the CEO. The bonus is based on the compensation paid to chief financial officers of comparable financial institutions, the total compensation received by internal peers, the overall performance of the Company and the contribution and achievements of the CFO for non-revenue producing accountabilities. The bonus represents the primary tool for retaining and motivating the CFO and encouraging him to build for the future and manage the present while maximizing productivity and profitability. The determination of the appropriate level of the bonus is subjective and not formulaic.

For the CFO, 20% of each bonus that would otherwise be paid in cash was paid in the form of a restricted stock award. The amount of each restricted stock award was four-thirds of the amount that would otherwise have been paid in cash.

#### *COO bonus*

The Company has established a Long Term Incentive Plan (LTIP) (discussed in detail under the heading "Long Term Incentive Plan (LTIP)" on page 26). The LTIP is designed to align executive and shareholder interests and to promote retention and long-term service. The Company paid to the COO a discretionary bonus of \$1.0 million in recognition of performance in the form of a restricted stock award under the LTIP that was four-thirds of the amount that would otherwise have been paid in cash.

*Canaccord Adams profit share*

The Company has established a formulaic variable incentive-based compensation policy whereby 5% of the annual adjusted net income (before taxes and incentive compensation payments) of the Canaccord Adams capital markets division in each of the principal geographies (Canada, the United Kingdom, the United States and internationally) is paid to the senior management in the geography as determined by senior Canaccord Adams executives in the geography subject to approval by the CEO, the COO and the CFO. The payments are allocated based entirely on merit and contribution to the revenue generated by Canaccord Adams in the geography. In fiscal 2009, the CEO and Mr. Hoare participated in the Canaccord Adams profit share for the United Kingdom and Mr. Mayer participated in the Canaccord Adams profit share for Canada.

For each of the NEOs, 20% of the profit share that would otherwise be paid in cash was paid in the form of a restricted stock award. The amount of each restricted stock award was four-thirds of the amount that would otherwise have been paid in cash.

*Canaccord Adams compensation pool*

The Company has established a formulaic variable incentive-based compensation policy whereby a certain percentage (50% in fiscal 2009) of revenue, adjusted by certain discretionary expenditures of the Canaccord Adams capital markets division in each of the principal geographies (Canada, the United Kingdom, the United States and internationally) is allocated to the Canaccord Adams compensation pool. After the deduction of the salaries of the employees of Canaccord Adams in the geography and certain other expenses, the balance is paid to the employees of Canaccord Adams in the geography as determined by senior Canaccord Adams executives in the geography subject to approval by the CEO, the COO and the CFO. The payments are allocated based entirely on merit and contribution to the revenue generated by Canaccord Adams in the geography. Advances are paid monthly against anticipated quarterly payments. In fiscal 2009, the CEO participated in the Canaccord Adams compensation pool for both the United Kingdom and internationally; Mr. Hoare participated in the Canaccord Adams compensation pool for the United Kingdom and Mr. Mayer participated in the Canaccord Adams compensation pool for Canada.

For each of the NEOs, 20% of the compensation pool that would otherwise be paid in cash was paid in the form of a restricted stock award. The amount of each restricted stock award was four-thirds of the amount that would otherwise have been paid in cash.

*Forgiveness of equity incentive loans*

The Company provided loans to certain employees for the purposes of partially funding the purchase of shares of the Company and increasing share ownership by the employees thereby encouraging a long-term focus and aligning the interests of the employees with the interests of its shareholders and encouraging long-term retention. The loans are forgiven over a four-year period from the initial advance of the loan or at the end of that four year period. The loans are repayable on resignation or termination for cause. The CFO, COO, Mr. Mayer and a trust of which the CEO is one of the beneficiaries have been provided with such loans.

*Employment and change in control agreements*

The Company does not have any severance or employment agreements with any of its NEOs. However, any unvested restricted share units may be vested at any time at the discretion of the board of directors, the Corporate Governance and Compensation Committee or, subject to any guidelines determined by the Committee, the CEO, the COO or the CFO. It is expected that the exercise of this discretion would be considered in such circumstances as a change of control of the Company.

### Summary compensation table

The following table sets out the compensation for the NEOs for each of the Company's three most recently completed fiscal years:

Name and principal position (a)	Year (b)	Salary (c)	Share-based awards (d)	Option-based awards (e)	Non-equity incentive plan compensation (f)		Pension value (g)	All other compensation (h)	Total compensation (i)
					Annual incentive plans (f1)	Long-term incentive plans (f2)			
Paul Reynolds CEO	2009	\$ 219,330	\$ 791,143	\$ —	\$ 4,318,324	\$ —	\$ 72,695	\$ 5,401,492	
	2008	238,534	2,261,045	—	7,582,085	—	—	10,081,664	
	2007	219,150	—	—	10,988,242	—	—	11,207,392	
Bradley Kotush CFO	2009	\$ 550,000	\$ 277,865	\$ —	\$ 395,000	\$ —	\$ 24,142	\$ 1,247,007	
	2008	600,000	360,000	—	480,000	—	65,376	1,505,376	
	2007	600,000	300,000	—	1,096,280	—	1,500	1,997,780	
Timothy Hoare CEO of Canaccord Adams Limited	2009	\$ 133,272	\$ 688,026	\$ —	\$ 2,244,599	\$ —	\$ 86,008	\$ 3,151,905	
	2008	144,943	1,524,211	—	4,772,572	—	—	6,441,726	
	2007	157,501	—	—	7,960,208	—	—	8,117,709	
Mark Maybank Chief Operating Officer	2009	\$ 229,167	\$ 2,505,302	\$ —	\$ 337,339	\$ —	\$ 182,132	\$ 3,253,940	
	2008	250,000	1,013,969	—	2,721,922	—	342,046	4,327,937	
	2007	210,361	1,333,333	—	2,948,657	—	102,366	4,594,717	
Jens Mayer Executive Vice-President of Canaccord Capital Corporation	2009	\$ —	\$ 794,664	\$ —	\$ 2,428,000	\$ —	\$ 99,128	\$ 3,321,792	
	2008	—	2,905,807	—	2,837,418	—	105,108	5,848,333	
	2007	—	—	—	5,352,366	—	—	5,352,366	

(d) The amounts in this column represent the grant date fair value of the restricted share units (RSUs) awarded to NEOs in respect of the four quarters for each fiscal year plus, in the case of amounts that have been accrued for which RSUs have not yet awarded, the amount to be awarded and plus the amount paid as a dividend equivalent on the vesting of RSUs. For details of the LTIP and the material terms of each award, see "Long Term Incentive Plan (LTIP)" on page 26.

The RSUs awarded to NEOs that vested during the fiscal year and that had not vested as of March 31, 2009 are shown in the following table.

NEO name	Market value of RSUs that vested during the year ended March 31, 2009 (\$)	Number of RSUs that have not vested as of March 31, 2009 #	Market value of RSUs that have not vested as of March 31, 2009 (\$)
Paul Reynolds	\$ 231,149	200,870	\$ 1,084,698
Bradley Kotush	\$ 66,309	53,691	\$ 289,931
Mark Maybank	\$ 303,444	362,306	\$ 1,956,452
Timothy Hoare	\$ 119,722	161,266	\$ 870,836
Jens Mayer	\$ 367,644	206,081	\$ 1,112,837

The market value of RSUs that vested during the year is calculated by multiplying the number of RSUs that vested by the closing market price of the underlying shares on the vesting date. The market value of RSUs that have not vested as of March 31, 2009, is calculated by multiplying the number of RSUs that have not vested by the closing market price of the underlying shares on March 31, 2009 (\$5.40).

(f1) The amounts in this column represent profit share and incentive-based compensation pool payments and bonuses. The amounts exclude any portion of the profit share and incentive-based compensation pool payments and bonuses that would otherwise have been paid in cash in respect of which the NEO instead received RSUs under the LTIP.

(h) The amounts in this column include the forgiveness of loans and the Company's contribution to an ESPP.

**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 2009 (March 31, 2009) 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 2009.

**PERFORMANCE GRAPH**

Compensation levels for the NEOs are generally consistent with the trend in total return on investment charted in the performance graph. However, there is generally a lag between a change in total return and the corresponding change in compensation levels. As an example, the total return on investment was 103.4% year-over-year at the end of fiscal 2006 but only 8.2% year-over-year at the end of fiscal 2007. It declined 54.2% year-over-year at the end of fiscal 2008. The decrease in the CEO's total compensation year-over-year of 10.0% for fiscal 2008 and a further 46.4% reflected that trend of slowing or declining growth. The Corporate Governance and Compensation Committee uses a broader analysis than total return on investment in determining the annual compensation of the Company's executive officers.

**COMPENSATION OF DIRECTORS**

The Corporate Governance and Compensation Committee reviews annually the compensation paid to directors as directors. In assessing the compensation of directors, the committee reviews external surveys and other third party information pertaining to compensation paid by the Company's industry peers to their directors and to corporate directors in Canada.

The following table sets out the compensation for all the directors who are not NEOs for the Company's most recently completed fiscal year (2009):

<i>Name</i> <i>(a)</i>	<i>Fees earned</i> <i>(\$)</i> <i>(b)</i>	<i>Share-based awards</i> <i>(\$)</i> <i>(c)</i>	<i>Option-based awards</i> <i>(\$)</i> <i>(d)</i>	<i>Non-equity incentive plan compensation</i> <i>(\$)</i> <i>(e)</i>	<i>Pension value</i> <i>(\$)</i> <i>(f)</i>	<i>All other compensation</i> <i>(\$)</i> <i>(g)</i>	<i>Total</i> <i>(\$)</i> <i>(h)</i>
Peter Brown	\$ —	\$ —	\$ —	\$ 1,226,093	\$ —	\$ 359,204	\$ 1,585,297
Andre-Arpad Busson	\$ 17,803	\$ —	\$ 39,334	\$ —	\$ —	\$ —	\$ 57,137
Massimo Carello	\$ 33,911	\$ —	\$ 32,654	\$ —	\$ —	\$ —	\$ 66,565
Willian Eeuwes	\$ 75,500	\$ —	\$ 39,334	\$ —	\$ —	\$ —	\$ 114,834
Michael Harris	\$ 74,500	\$ —	\$ 39,334	\$ —	\$ —	\$ —	\$ 113,834
Brian Harwood	\$ 68,000	\$ —	\$ —	\$ —	\$ 39,136	\$ 19,000	\$ 126,136
Terry Lyons	\$ 184,057	\$ —	\$ 39,334	\$ —	\$ —	\$ —	\$ 223,391
Michael Walker	\$ 62,000	\$ —	\$ 39,334	\$ —	\$ —	\$ —	\$ 101,334
John Zaozirny	\$ 12,000	\$ —	\$ —	\$ —	\$ —	\$ 49,811	\$ 61,811

(a) Mr. Busson ceased to be a director at the Company's annual general meeting on August 8, 2008. Mr. Carello became a director on that date.

(b) In the case of Mr. Lyons, the amount includes fees earned as a director of Canaccord Adams Limited.

(d) The amounts in this column represent the grant date fair value of the options granted to independent directors during the fiscal year. The grant date fair value is calculated using the Black-Scholes option pricing model and assumptions of a dividend yield of 5.10%, an expected volatility of 30.0%, a risk-free interest rate of 2.32% and an expected life of five years. The Company chose this valuation methodology because it widely accepted and well understood. See also note 13 to the consolidated financial statements of the Company as at March 31, 2009.

(e) The amounts in this column represent profit share and incentive-based compensation pool payments.

(g) The amounts in this column include base salary, commissions, the forgiveness of loans and the Company's contribution to an ESPP.

Non-executive directors are paid an annual fee of \$50,000 per year. In addition, non-executive directors are paid a fee of \$1,500 for each board or committee meeting attended. The Lead Director is paid an additional fee of \$30,000 per year. The chair of the Audit Committee is paid an additional fee of \$15,000 per year and other committee chairs are paid an additional fee of \$5,000 per year. The Lead Director was also a director of Canaccord Adams Limited and a member of its audit committee for three quarters during fiscal 2009 and, in those capacities, was paid a fee of £11,250 quarterly.

The directors are also entitled to reimbursement for out-of-pocket expenses for attendance at meetings of the board and any committees of the board.

On May 16, 2007 the disinterested directors approved stock options to purchase up to 25,000 common shares of the Company to each of the independent directors of whom Messrs. Eeuwes, Harris and Lyons and Dr. Walker are still directors. The exercise price for these options is \$23.131 per share; this was the Fair Market Value calculated for the five-day period beginning on May 17, 2007, where "Fair Market Value" is defined under the Share Option Plan as the five-day average of daily high and low board lot trading prices of the common shares of the Company on the Toronto Stock Exchange.

On June 13, 2008 the disinterested directors approved stock options to purchase up to 25,000 common shares of the Company to each of the same independent directors. The exercise price was \$9.48 per share; this was the Fair Market Value calculated for the five-day period immediately preceding June 13, 2008.

On August 11, 2008, the disinterested directors approved stock options to purchase up to 25,000 common shares of the Company to Mr. Carello. The exercise price was \$7.87 per share; this was the Fair Market Value calculated for the five-day period immediately preceding August 11, 2008.

On May 20, 2009, the disinterested directors approved stock options to purchase up to 25,000 common shares of the Company to each of the independent directors (Messrs. Carello, Eeuwes, Harris and Lyons and Dr. Walker). The exercise price was the Fair Market Value calculated for the five-day period immediately preceding May 20, 2009.

The options are granted under the terms of the Company's Share Option Plan and on the following terms:

- (a) Vesting. The optionee will vest in and be entitled to exercise the option and the option will become exercisable as to one-quarter of the optioned shares, on a cumulative basis, on March 31 of each of the four years following the grant;
- (b) Early vesting. On the death of the optionee, all previously unvested optioned shares of the optionee will vest. At the discretion (exercised within 10 days after a change of control) of a majority of those persons (other than the optionee) who are directors of the Company immediately before the change of control, all previously unvested optioned shares of the optionee will vest on the change of control. At the discretion of a majority of directors (other than the optionee), all previously unvested optioned shares of the optionee will vest on the permanent disability of the optionee;
- (c) Term of option. The option expires at the close of business on March 31 in the seventh year following the grant, unless it expires earlier pursuant to the Share Option Plan.

### Insurance coverage and indemnification

The Company's directors and officers and the directors and officers of its affiliate entities are covered under directors' and officers' insurance policies 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. The Company has entered into a director's indemnification agreement with each of the directors which supplements the articles and provides, among other things, for payment of expenses as they are incurred (subject to repayment if it is later determined that the director was not entitled to be indemnified), the determination of entitlement by independent legal counsel and the maintenance of insurance at the current levels if it is reasonably available.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

#### Equity compensation plan information <sup>(1)</sup>

<i>Plan category</i>	<i>Number of securities to be issued upon exercise of outstanding options, warrants and rights</i> <i>(a)</i>	<i>Weighted average exercise price of outstanding options, warrants and rights</i> <i>(b)</i>	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</i> <i>(c)</i>
Equity compensation plans approved by securityholders			
Stock Option Plan	225,000	\$ 15.37	4,387,927
LTIP <sup>(2)</sup>	1,318,826	\$ 9.47	9,822,676
Equity compensation plans not approved by securityholders	—	Not applicable	—
<b>Total</b>	<b>1,543,826</b>	<b>Not applicable</b>	<b>14,210,603</b>

(1) The information in this table is given as of March 31, 2009.

(2) This information relates to the shares issuable from treasury under the Long Term Incentive Plan (LTIP) for awards in respect of all fiscal quarters ended on or before March 31, 2009. It does not include the shares purchased for the LTIP by the key employee benefit trust.

#### Long Term Incentive Plan (LTIP)

Under the long term incentive plan for capital markets and senior operations and administration management, total compensation to participating employees consists in part of restricted share units which vest over three years. The eligible participants are employees in the Canaccord Adams capital markets division of the Canaccord group and senior operations and administration management employees of companies in the Canaccord group. The LTIP was approved by the Company's shareholders at the Company's 2007 annual general meeting on August 2, 2007.

The eligible participants are located in Canada, the United States and the United Kingdom. The general terms of the LTIP are the same for each country but, because of jurisdictional differences, the plans are implemented in slightly different ways and there are separate plan texts for each of the countries. For employees in Canada (principally employees of Canaccord Capital Corporation), a key employee benefit trust has been established, and the Company or Canaccord Capital Corporation funds the trust with cash which will be used by a trustee to purchase on the open market common shares of the Company that will be held in trust by the trustee until restricted share units vest, or the Company issues common shares from treasury to plan participants following vesting of restricted share units. For employees in the United States and the United Kingdom (principally employees of Canaccord Adams Limited and Canaccord Adams Inc.), at the time of each restricted share unit award, the Company allots common shares and these shares will be issued from treasury at the time they vest with each participant.

The plan is administered by the board of directors, the Corporate Governance and Compensation Committee (or such other committee of the board of directors that the board may authorize to administer the LTIP; the “Committee”) and the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer of the Company (the “Executive Officers”).

All common shares issued by the Company under the LTIP are issued in consideration of cash paid to the Company by the applicable subsidiary of the Company or for past services performed by the plan participant for the Company that have an aggregate value that equals or exceeds the issue price for such shares. The issue price is the market price of the common shares on the Toronto Stock Exchange as determined by the Committee or the Executive Officers at the time of the award.

The maximum number of common shares that may be issued from treasury under the LTIP is 10,000,000. This represents approximately 18.2% of the number of common shares outstanding on the date of this Circular. The maximum number of common shares that may be issued from treasury, and that may be subject to restricted share unit awards under the LTIP in respect of any four consecutive fiscal quarters of the Company is 2,000,000. This represents approximately 3.6% of the common shares outstanding on the date of this Circular. In addition,

- (a) the maximum number of common shares of the Company which may be reserved for issuance to any person at any time under the LTIP may not exceed 2.5% of the common shares outstanding at the time of any award to that person; and
- (b) the aggregate number of common shares of the Company:
  - (i) issued to insiders of the Company, within any one-year period; and
  - (ii) issuable to insiders of the Company, at any time; under the LTIP, or when combined with all of the Company’s other security based compensation arrangements (as defined in the Toronto Stock Exchange Company Manual), may not exceed 10% of the Company common shares then outstanding.

Unless the Committee or an Executive Officer specifically determines otherwise, no restricted share unit awarded under the LTIP is assignable or transferable. In appropriate cases the Committee or an Executive Officer may, in their discretion, permit assignment or transfer of restricted share units.

**Vesting.** Restricted share units awarded under the LTIP do not vest immediately. Restricted share units awarded under the LTIP will vest at such time or times and on such terms and conditions as the board of directors, the Committee or any Executive Officer awarding the restricted share units may determine. It is anticipated that if the awardee continues to be employed by a company of the Canaccord group, is terminated by Canaccord other than for cause, is permanently disabled or upon resignation or termination has entered into appropriate exit arrangements in respect of non-competition and non-solicitation, the restricted share units will vest over a three-year period. Awards which do not vest will be cancelled.

On the death of an awardee, all unvested restricted share units will vest immediately. All unvested restricted share units may be vested at any time at the discretion of the board of directors, the Committee or, subject to any guidelines determined by the Committee, any Executive Officer. It is expected that the exercise of this discretion would be considered in such circumstances as a change of control of the Company. In no event will any unvested restricted share unit vest after the end of the calendar year which is three years following the end of the calendar year that includes the date on which the restricted share unit was awarded.

Until the restricted share units vest, none of the voting rights attached to the shares may be exercised and dividends will not be paid in respect of such shares. However, after vesting, the awardee will receive a “dividend equivalent” in an amount, determined in such manner as the Committee or any Executive Officer may determine, in order to generally put the awardee in the same position, after taxes, as the awardee would have been in relation to dividends as if the awardee had held the unvested restricted share units as vested shares.

**Resale restrictions after vesting.** Even after vesting, 50% of the shares acquired under the LTIP will be subject to restrictions on transfer that are related to certain minimum share ownership guidelines for plan participants as established by the board of directors, the Committee or the Executive Officers.

The restrictions on transfer may be waived, in whole or in part, at any time by the Committee or any Executive Officer. It is anticipated that any waiver must be approved by either the Committee or any two Executive Officers who are not interested in the shares which are the subject of the restrictions.

**Amendment of LTIP.** Except when shareholder approval is specifically required, the board of directors or the Committee may amend the LTIP at any time in accordance with applicable legislation and subject to any required regulatory approval without the approval of the shareholders of the Company provided that no such amendment will adversely affect the rights of any grantee with respect to awards previously made to any grantee without the consent of such grantee. Shareholder approval is specifically required for:

- (a) an increase in the number of common shares which may be issued under the LTIP;
- (b) a reduction in the issue price for any common shares issuable under the LTIP benefiting any insider of the Company;
- (c) an extension of the term under any award benefiting an insider of the Company; and
- (d) amendments to the amendment provisions of the LTIP;

provided that such approval will not be required for any change or adjustment to the number of common shares that may be issued under the LTIP or in the issue price for any common shares issuable under the LTIP or other change or adjustment in accordance with the provisions of the LTIP which provide for such change or adjustment in respect of certain events, including a subdivision, stock split, combination or exchange of shares, merger, consolidation, recapitalization, amalgamation, plan of arrangement, reorganization, spin-off or other distribution of the Company's assets to shareholders, and other similar corporate transactions or events.

#### *Share Option Plan*

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 (approximately 8.4% of the number of common shares that are outstanding on the date of this Circular). 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-assignable and 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. Except as otherwise determined by the board of directors, if a participant ceases to be a director, officer, employee or consultant for any reason other than death (but including termination for or without cause), options will cease to be exercisable 30 days after the termination date. In the case of death, the option may be exercised within one year of the participant's death.

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.

**Amendment of Share Option Plan.** Approval of the shareholders of the Company will be required for any amendment of the Share Option Plan. No such amendment may alter or impair any options or any rights pursuant to any options previously granted to any participant without the consent of such participant.

The only options outstanding under the Share Option Plan are the options granted to the five independent directors of the Company and described under the heading "Compensation of directors" beginning on page 25.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

The following table sets out the aggregate indebtedness (other than “routine indebtedness”) outstanding as at April 30, 2009, 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 and any of its subsidiaries.

*Aggregate indebtedness*

<i>Purpose</i> <i>(a)</i>	<i>To the Company or its subsidiaries</i> <i>(b)</i>	<i>To another entity</i> <i>(c)</i>
Share purchases	\$ 35,754,107	—
Other	\$ 22,241,052	—

The following table sets out the indebtedness (other than “routine indebtedness”) to the Company and any of its subsidiaries outstanding as at April 30, 2009, of each director and executive officer of the Company, each proposed nominee for election as a director of the Company and each associate of such director, executive officer or proposed nominee.

*Indebtedness of directors and executive officers under securities purchase programs*

<i>Name and principal position</i> <i>(a)</i>	<i>Involvement of company or subsidiary</i> <i>(b)</i>	<i>Largest amount outstanding during fiscal 2009</i> <i>(c)</i>	<i>Amount outstanding as at April 30, 2009</i> <i>(d)</i>	<i>Financially assisted securities purchases during fiscal 2009 (# of common shares)</i> <i>(e)</i>	<i>Security for indebtedness</i> <i>(f)</i>	<i>Amount forgiven during fiscal 2009</i> <i>(g)</i>
Paul Reynolds <sup>(1)</sup> CEO	Company is the lender	\$ 2,082,074	\$ 1,388,056	—	Shares purchased	\$ 694,018
Bradley Kotush CFO	Subsidiary is the lender	\$ 154,025	\$ 135,025	—	Shares purchased	\$ 19,000
Mark Maybank Chief Operating Officer	Subsidiary is the lender	\$ 5,488,283	\$ 5,481,981	—	Shares purchased	\$ 91,398
Peter Virvilis Executive Vice President, Operations, and Treasurer	Subsidiary is the lender	\$ 38,000	\$ 19,000	—	Shares purchased	\$ 19,000

(1) The indebtedness is owed, and the shares purchased are held, by a trust of which Mr. Reynolds is one of the beneficiaries.

The indebtedness of the executive officers was incurred in connection with loans to purchase common shares of the Company in programs targeted at key executive-level employees of the Company who did not have significant holdings of the Company’s shares. Some of the loans are forgivable loans under which the subsidiary of the Company which employed the executive officer lent to the executive officer, without interest, between 40% and 50% of the aggregate purchase price of the shares and agreed, subject to certain terms, to forgive the loans over a three- or four-year period from the initial advance of the loan or at the end of that period. If the executive officer resigns or is terminated for cause, then that proportion of all shares purchased which the unforgiven portion of the loan bears to the aggregate purchase price will be repurchased by the officer’s employer; this has the effect of limiting the recourse on the loan to a portion of the shares purchased. All shares purchased are subject to a security interest in favour of the employer, are held in escrow and bear a legend reflecting the restrictions on the shares.

Except as noted in this section, 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**

Except as disclosed in this Circular, none of the persons who are directors or executive officers of the 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, 2008, or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

Except as disclosed in this Circular, none of the persons who are or have been directors or executive officers of the Company since April 1, 2008, the proposed nominees for election to the board of directors of the Company or the associates or affiliates of those persons have any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors.

**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.

For the fiscal year ended March 31, 2009, Ernst & Young LLP billed \$1,832,236 in audit and audit related fees and \$514,445 in tax fees.

**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 judgment, 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 May 20, 2009.

By order of the board of directors

**MARTIN L. MACLACHLAN**

*Corporate Secretary*





If you have any questions about this Circular or how to vote, please contact Canaccord Investor Relations at +1 (416) 869-7291.

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