

A Perspective on the Canadian IPO Marketplace

How many active dealers do we have in Canada?

- There are approximately 30 dealers in Canada active in the IPO market. Since the beginning of 2000, each of the dealers listed below has been involved in a minimum 10 IPOs as the lead underwriter. The firms below have been grouped into the following three categories: full-service bank owned firms, full-service independent firms and specialized institutional boutiques.
- **Full Service Bank Owned:** BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc.
- **Full Service Independent Firms:** Canaccord Financial Limited, Dundee Securities Corporation, Raymond James Ltd.
- **Specialized Institutional Boutiques:** Blackmont Capital Inc., Bolder Investment Partners, Ltd., Desjardins Securities Inc., Global Securities Corporation, GMP Securities Ltd., Integral Wealth Securities Limited, Investpro Securities Inc., Jennings Capital Inc., Jones Gable & Company Limited, Leede Financial Markets Inc., Macquarie Capital Markets Canada Ltd., Merrill Lynch Canada Inc., Northern Securities Inc., Octagon Capital Corporation, PI Financial Corp, Research Capital Corporation, Union Securities Ltd., Wellington West Capital Inc. , Wolverton Securities Ltd

How effective has the TSX Venture Exchange been at bringing small companies to market?

- Over the past five years, over 800 IPOs have been launched on the TSX Venture Exchange, raising nearly \$1.5 billion in capital for these companies. A further 230 public offerings totaling \$3 billion were offered through the TSX Venture Exchange in this period. Private placements have been the most popular financing vehicle for companies listed on the TSXV. In the past five years, small companies raised over 10,000 private placements raising over \$30 billion.

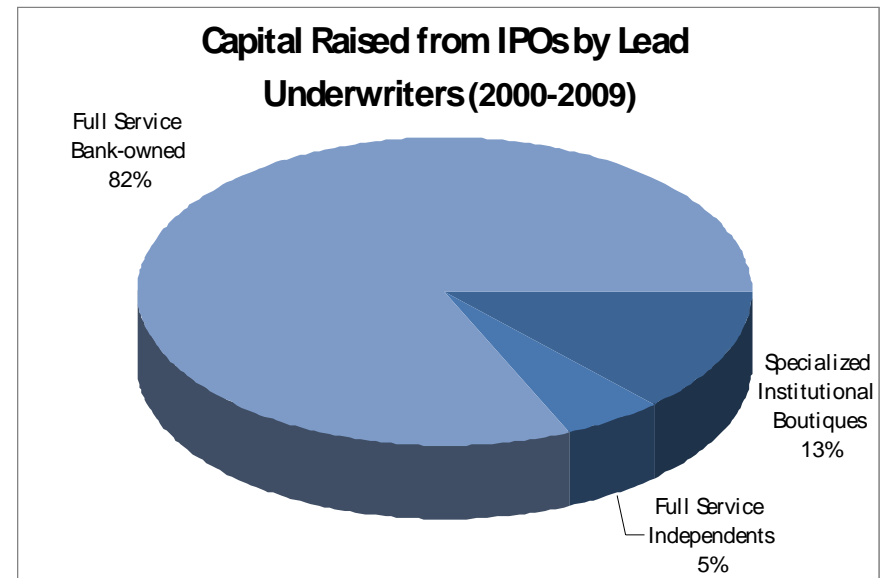
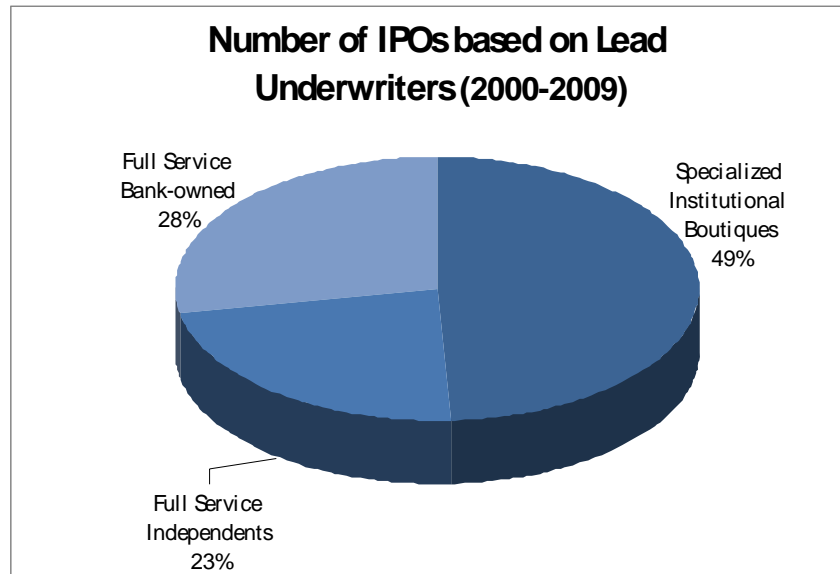
TSX Venture Equity Financings Summary : (\$ Millions)

	2009	2008	2007	2006	2005	Total
IPO	90.3	225.1	532.7	369.7	257.5	1,475.3
# of deals	72	197	239	160	135	803
Public Offerings	936.7	608.5	854.7	446.2	197.3	3,043.4
# of deals	50	41	46	38	55	230
Private Placements	3,816.7	4,666.9	9,754.2	7,059.6	5,608.0	30,905.4
# of deals	2,051	1,630	2,316	2,393	2,140	10,530
Total	4,843.7	5,500.5	11,141.6	7,875.5	6,062.8	35,424.1
# of deals	2,173	1,868	2,601	2,591	2,330	11,563

Source: TSX Venture Review

How many IPO's did we actually bring to market, irrespective of size?

- Over the last ten years, there have been approximately 2,400 IPOs done in Canada. These IPOs have raised an estimated \$90 billion in capital for these firms. The IPO market in Canada is quite concentrated with the 500 largest IPOs accounting for 85% of total dollar value underwritten. In the past ten years, there was broad participation among large and small dealers in the Canadian IPO marketplace. For example, the specialized institutional boutiques accounted for nearly half the number of deals. The bank-owned dealers dominated the large issuer IPO market, accounting for 82% of the total dollar value raised in the IPO market place on 28% of total IPO transactions. Only 21% of IPOs were from resource based companies (mining, oil & gas, forestry).

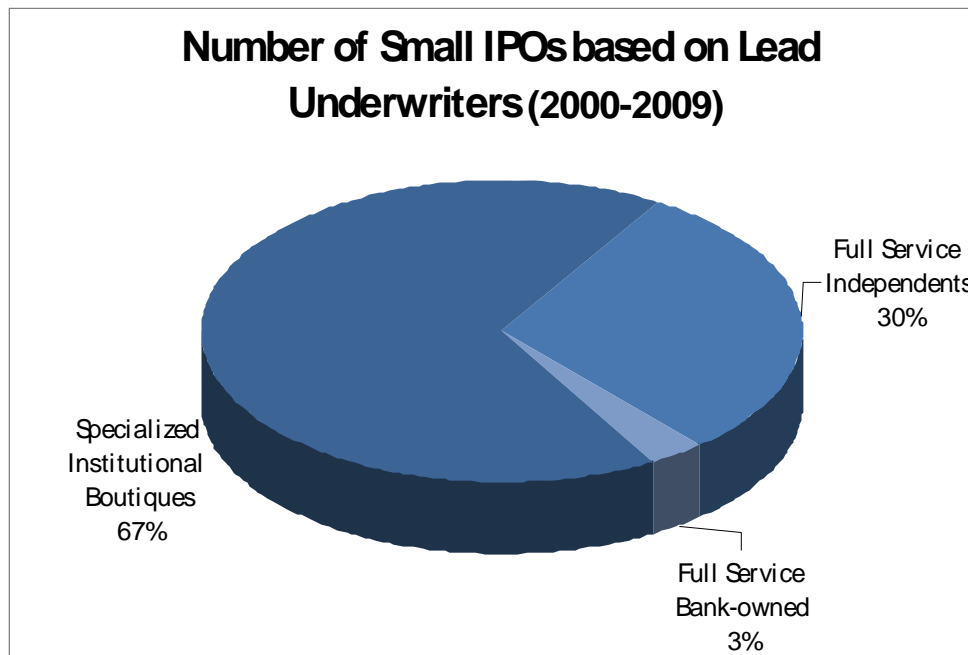


How many small IPO's did we actually bring to market in Canada? And for how much capital in total yearly?

- A total of 1,517 small IPOs (less than \$10 million in size) were brought to the market over the past ten years, with these small companies raising over \$2 billion in equity capital. The small company IPO marketplace remained active in the early part of the decade following the tech collapse and became increasingly vigorous and active throughout the decade. The financing momentum in the marketplace slowed in the aftermath of the financial crisis in 2009.

2000	183.51	2005	268.45
# of deals	196	# of deals	145
2001	136.82	2006	234.05
# of deals	140	# of deals	172
2002	128.08	2007	304.25
# of deals	86	# of deals	255
2003	157.94	2008	293.81
# of deals	70	# of deals	229
2004	209.53	2009	168.32
# of deals	126	# of deals	98
		Total	2,084.76
			1,517

-
- The specialized institutional boutiques have dominated the IPO market for small issuers, accounting for two-thirds of the number of IPOs launched in the past ten years.



Market Liquidity

- The daily **volume** of trade activity on both the TSX and TSX Venture has increased in recent years as a result of increased investor participation. The daily dollar **value** of trading, however, declined in 2009, particularly for TSX Venture listed companies, as a result lower stock valuations in the aftermath of the financial crisis.

	Avg. Daily Volume (shares Millions)		Avg. Daily Value (\$ Millions)	
	2009	Avg. Last 5 yrs	2009	Avg. Last 5 yrs
TSX	473.2	374.6	5,582.4	5,927.8
TSX Venture	184.6	159.8	64.0	106.0
Total	657.8	534.4	5,646.4	6,033.8

Current IPO Environment in Canada

- **Investors are willing to support IPOs from a broad variety of industries**
 - we have seen IPOs from energy, manufacturing, real estate and mining companies
 - the one trend seems to be real estate where 2 IPOs have been completed and 2 more are currently in the market
- **While both large and small cap IPOs are being completed, small cap IPOs have been more challenging**
 - small caps have tended to be less well-subscribed
 - small caps have in general underperformed larger caps in the after-market
- **After-market performance by recent IPOs has been very mixed and is very name specific**
 - median performance of 2010 IPOs is down 2.9%
 - eg Athabasca (\$1.35bln) and ISE (\$20MM) are off 15% and 44%, respectively while Genworth (\$945MM) and Secure (\$40MM) are up 45% and 16%, respectively
- **Two important factors driving a successful IPO are the attractiveness of the business and the execution (pricing and distribution) of the offering**