

PARETO CORPORATION

ANNUAL INFORMATION FORM

For the year ended December 31, 2006

March 29, 2007

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FORWARD-LOOKING STATEMENT

The Corporation and its representatives periodically make written and spoken forward-looking statements, including those contained in this annual information form. By their nature, forward-looking statements are subject to risks and uncertainties that could result in actual performance being materially different from anticipated results. The Corporation cautions readers, when making decisions, to consider the risks and uncertainties of forward-looking statements. The Corporation relies upon litigation protection for forward-looking statements.

ARTICLE I - CORPORATE STRUCTURE

1.1 Name, Address, and Incorporation

Pareto Corporation (the “**Corporation**” or “**Pareto**”) was formed on December 31, 2001 by Articles of Amalgamation and a Certificate of Amalgamation pursuant to the provisions of the *Business Corporations Act* (Ontario) (the “**OBCA**”) by the amalgamation of Alouettes 1974 Capital Inc. (“**Alouettes**”) and Caxton Group Inc. (“**Caxton**”). Pursuant to Articles of Amendment dated July 3, 2002, the Corporation changed its name to Pareto Corporation.

Caxton was incorporated by Certificate of Incorporation issued pursuant to the provisions of the OBCA on April 13, 2000. The articles of Caxton were amended to create an unlimited number of special shares by Articles of Amendment issued pursuant to the OBCA on August 9, 2001. The articles of Caxton were amended to delete the private company provisions and the restrictions on share transfer by Articles of Amendment issued pursuant to the OBCA on August 15, 2001.

Alouettes was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (Alberta) (the “**ABCA**”) on September 13, 2000. The articles of Alouettes were amended by a Certificate of Amendment dated November 8, 2000 to delete the private company provisions and the restrictions on resale. Alouettes was continued out of Alberta under the ABCA into Ontario by Certificate of Continuance dated December 10, 2001 issued pursuant to the provisions of the OBCA.

The registered and head office of the Corporation is located at 2225 Sheppard Avenue East, Suite 1700, Toronto, Ontario M2J 5C2. The Corporation’s website is www.pareto.ca.

1.2 Intercorporate Relationships

The following is a list of the principal operating subsidiaries of the Corporation, together with the percentage of voting securities thereof which are owned directly by the Corporation as at December 31, 2006, and the jurisdiction of incorporation/formation of each:

Name of Subsidiary	Percentage of Voting Securities	Jurisdiction of Incorporation/Formation
Pareto Retail Services Inc.	100%	Ontario
Secom Plus Inc.	100%	Quebec
Pareto Inc.	100%	Ontario

ARTICLE II - GENERAL DEVELOPMENT OF THE BUSINESS

2.1 Three Year History

On June 1, 2004, the common shares of the Corporation (the “Common Shares”) ceased trading on the TSX Venture Exchange and began trading on the TSX.

On August 13, 2004, the Corporation acquired 100% of Barry Rayner Associates Inc. (“**BRA**”), a marketing services company located in Oakville, Ontario. Total consideration of \$3,993,553 was paid for BRA including \$3,493,553 of cash consideration and \$500,000 of consideration paid through the issuance of 495,050 Common Shares.

On October 26, 2004, the Corporation completed a private placement of 1,000,000 Common Shares for gross proceeds of \$1,000,000.

On November 10, 2004, the Corporation announced the formation of Elevate Incentives Inc. (“**Elevate Incentives**”), a Pareto subsidiary which manages employee and channel incentive programs using miles issued by Aeroplan, a wholly-owned subsidiary of ACE Aviation Holdings Inc. Elevate Incentives’ operating period began on January 1, 2005.

On January 6, 2005, John W. Stevens was appointed to the board of directors of the Corporation.

On January 11, 2005, the Corporation completed a private placement of 1,000,000 Common Shares for gross proceeds of \$1,000,000.

On May 2, 2005, the Corporation initiated a normal course issuer bid to acquire up to 1.5 million of its Common Shares over the period May 2, 2005 to May 1, 2006.

On July 26, 2005, the Corporation announced that Shoppers Drug Mart had renewed its agreement with Pareto under which Pareto will serve as its provider of in-store marketing and direct-to-member communications until August 2008.

On October 5, 2005, the Corporation announced the appointment of Michael Beckerman as Executive Vice President with overall responsibility for Pareto’s retail business. Mr. Beckerman most recently served as Chief Marketing Officer and Senior Vice President of BMO Financial Group. Mr. Beckerman’s employment with the Corporation ceased in November 2006.

In October 2005, the Corporation completed a private placement of 333,333 Common Shares for gross proceeds of \$433,333. All of the shares in the private placement were purchased by Michael Beckerman, an Executive Vice President of the Corporation.

On March 28, 2006, the Corporation completed a private placement of 5,000,000 Common Shares for gross proceeds of \$7.5 million.

On May 2, 2006, Pareto acquired the assets of Trajectory Business Performance Inc., a Toronto based sales force training business for total cash consideration of \$750,000.

In May 2006, the Corporation completed a private placement of 666,667 Common Shares for gross proceeds of \$866,667. All of the shares in the private placement were purchased by senior employees of the Corporation.

On June 26, 2006, the Corporation initiated a normal course issuer bid to acquire up to 3.0 million of its Common Shares over the period June 26, 2006 to June 25, 2007.

On August 11, 2006, the Corporation acquired 100% of SourceLink Canada Inc., a Markham based direct marketing company for total cash consideration of \$1.2 million.

On October 4, 2006, the Corporation acquired 100% of Secom Plus Inc., a Montreal based field merchandising and sales representation company for total consideration of \$5.0 million which included cash consideration of \$3.25 million, the issuance of an acquisition note payable in January 2007 of \$1.25 million and consideration in the amount of \$500,000 paid through the issuance of 450,450 Common Shares.

On December 27, 2006, the Corporation amended its normal course issuer bid to allow for up to 900,000 Common Shares to be purchased through a non-discretionary bid.

ARTICLE III - DESCRIPTION OF THE BUSINESS

3.1 General

Pareto is a marketing services company that provides marketing execution services to its clients for both retail and channel (business-to-business) applications. Pareto provides measurable, quantifiable services that complement its clients' marketing and sales departments.

Pareto will typically provide its clients a combination of products and services, and seeks over time to use the knowledge and experience acquired in working with each client to design and develop a broader range of services that will meet the client's marketing objectives in a more cost efficient manner. Pareto seeks to build long-term relationships with its clients which result in the clients outsourcing, to Pareto, the execution of all of aspects of their marketing program within Pareto's operational expertise.

Business Strategy

Pareto's strategic focus is on the details of marketing programs, utilizing technology to drive efficient and effective marketing execution. The Corporation provides value to its clients by sourcing, designing and coordinating the many elements that go into delivering a successful marketing campaign, event or loyalty program.

Pareto's clients are relieved of the responsibility for the details that go into the delivery of marketing programs, and are able to focus scarce time and resources on their marketing strategy. By partnering with Pareto, a client can ensure that internal marketing resources are put to their most effective use, which in turn drives higher sales for the client and a better return on its marketing spending.

Competitive Strategy

Pareto's competitive strategy is to stand out as a company with a specialized focus on execution for a variety of marketing services. The Corporation's intent is to earn a reputation for these skills, which will enable Pareto to compete against much larger marketing and advertising agencies, which typically have a more diverse business proposition that combines strategic and executional components.

It is in the details where marketing campaigns are most prone to failure, wasting client time, money, and resources. Pareto helps clients to mitigate the risk of marketing project failure by applying executional expertise to ensure that the many details which together contribute to a successful marketing campaign are performed with as little error as possible.

Growth Strategy

Pareto strives to grow its business through consistent organic growth. In addition to developing new business relationships, the Corporation has opportunities to grow the amount of revenue generated from its existing clients. In many cases, Pareto will obtain new business by partnering with clients to deliver projects which the clients would previously have done in-house.

Management believes that long-term growth is sustainable because of Pareto's strategic focus, the strength of its service capabilities and the increasing market demand for a company that can relieve clients of the executional complexities of marketing program delivery.

In addition to organic growth, the Corporation plans to selectively augment its growth through business acquisitions, which will most likely be undertaken where they present not only compelling financial value, but also a new capability or service offering. The ability of the Corporation to complete business acquisitions may be constrained by the availability of financing, as well as the level of the Corporation's operating cash flow.

Finally, Pareto has in the past and may in the future expand its business by entering into partnerships and alliances with other participants in the marketing industry, which can help the Corporation to obtain and utilize external expertise to mutual benefit, while expanding the Corporation's service offerings with a relatively modest investment of the Corporation's capital and management attention.

At this time, management expects the Corporation's growth to be primarily focused in Canada.

Organization and Service Offerings

The specific products and services which Pareto offers to its clients include:

- Print management and fulfillment and distribution of in-store point of sale/point of purchase materials.
- Direct marketing.
- Retail sales and merchandising.
- Design, production and coordination of consumer promotions.
- Corporate events and incentive travel management.
- Outsourced sales and marketing program management.
- Customer loyalty programs.
- Channel sales and employee training and incentive programs.

Employees

As at December 31, 2006, the Corporation had 184 full-time employees, all of whom worked in locations in the Greater Toronto Area and Montreal.

Competition

Competition in the marketing industry is intense, and competitors range from small, owner-managed companies to diversified multinational agency groups. While the industry is highly fragmented overall, the trend for many years has been towards consolidation.

While many companies might provide services which are similar to the Corporation's, Pareto's focus on marketing execution as opposed to strategy is often a differentiator. As such, the Corporation often acts as a complement to, rather than in competition with, existing client marketing and agency resources.

Focusing on execution rather than the most sensitive parts of a client's marketing strategy frees Pareto from the client conflict constraints that can severely restrict business development for traditional advertising agencies. Pareto has not been required to sign sector exclusivity agreements with any of its clients.

Many of Pareto's services can be, and are, performed by clients in-house. Many of Pareto's new business opportunities come from taking on exceptional responsibilities previously performed by clients for themselves.

Trends

Pareto believes that it is well-positioned to benefit from ongoing trends in the marketing industry, some of which include:

Emphasis on execution versus strategy. Traditionally, marketing agencies have been seen exclusively as a resource to help clients develop their marketing and advertising strategies and campaigns. Increasingly, however, clients are looking for partners who can assume responsibility for the execution and delivery of their campaigns.

Focus on measurable and effective marketing programs. Clients are increasingly concerned with being able to demonstrate a specific, measurable return on marketing programs. Pareto's services are directed to take advantage of this trend because of the focus on improving the results of our client's marketing investment through timely, focused and efficient marketing execution in a manner which can be measured and compared with alternatives.

Cost control. Years of cost-cutting have resulted in many clients lowering their marketing department headcount without lessening the responsibilities of the marketing departments. Partners such as Pareto can help clients to achieve their marketing objectives with constrained resources.

Specialized Skill and Knowledge

The marketing industry increasingly relies on specialized expertise and experience. Pareto's management and employees have considerable specialized knowledge and experience in the Canadian marketing services industry.

The Corporation will occasionally use external resources when suitable skills are not available within Pareto. The Corporation has a network of resources who are available on a client-by-client, project-by-project basis. Using variable resources gives the Corporation the ability to respond to a wider range of client service needs, while maintaining cost structure flexibility.

Intangible Properties

In the course of delivering services for clients, Pareto may develop software tools and business processes and information. Capturing this intellectual property is important to the continued improvement of the efficiency and effectiveness of Pareto's service solutions. To protect its intellectual property, Pareto enters into employment agreements with each of its employees, which stipulate that all intellectual property developed in the course of working for Pareto is the Corporation's property.

Cycles

The Corporation's second and fourth quarters of the fiscal year are typically stronger than the first and third quarters.

Economic Dependence

In 2006, two customers represented greater than 10% of the Company's revenue (23% and 17% respectively). In 2005, two customers represented greater than 10% of the Company's revenue (23% and 22% respectively). As at December 31, 2006, amounts due from these customers accounted for 22% and 11% of accounts receivable respectively (December 31, 2005 – 23% and 22% respectively).

Risks and Uncertainties

Economic uncertainty

The marketing services industry is subject to the effects of economic downturns. The Corporation is also exposed to the risk of clients changing their business plans or reducing their budgets for the Corporation's services. As a result, the Corporation's business, financial condition or operating results may be affected in a materially adverse manner.

Competition

The marketing industry is highly competitive. The Corporation has competition in all major markets in which it does business from competitors that range from large multinational companies to smaller, regional agencies. The Corporation must compete with these companies and agencies in order to maintain existing client relationships and to obtain new clients and assignments. Competitive factors include account management and creative capabilities and reputation, management, personal relationships, quality and reliability of service, and expertise in particular niche areas of the marketplace.

Access to capital resources

While the Corporation expects to generate positive cash flow from operations in the coming year, the Corporation may raise capital to fund its future growth, either from the incurrence of short-term or long-term indebtedness or the issuance of equity securities. Although the Corporation has been able to obtain such financing in the past, there is no assurance that required capital will continue to be available or that the Corporation will be able to refinance current or future indebtedness on terms that are acceptable to the Corporation. The incurrence of additional indebtedness may result in increased interest expense or decreased net income and the issuance of additional equity securities could result in dilution of existing equity positions.

Dependence on key personnel

The Corporation's success is dependent on the leadership of a number of key executive and management personnel. If any of these key individuals leave the Corporation, the relationships they have with certain of the Corporation's clients could be lost. In addition, the Corporation's ability to generate revenue is dependent upon the number and expertise of individuals who perform project work. The competition for the most experienced and able employees is intense, even during cyclical downturns in the industry. As a result, if the Corporation fails to retain existing employees or hire new employees when necessary, the Corporation's business, financial condition and operating results could be materially and adversely affected.

Although certain members of the Corporation's senior management team have entered into employment contracts that include non-competition and non-solicitation agreements, those agreements are typically of limited duration. All key employees are shareholders of the Corporation.

Consolidation of accounts

Large business organizations have shown a tendency towards consolidating their marketing services providers so that one firm provides these services to all national and international locations. While the Corporation could benefit from this trend, it is also possible that the Corporation could lose client relationships if certain clients elected to consolidate their marketing services relationship with another agency. To the extent that the Corporation loses revenue as a result of this trend, the Corporation's business, financial condition or operating results may be affected in a materially adverse manner.

Credit Risk

Accounts receivable represented 27% of consolidated assets at December 31, 2006 (2005 – 34%). The Company mitigates its credit risk with respect to accounts receivable by dealing with large, creditworthy clients and also by billing whenever possible in advance of the provision of services.

ARTICLE IV - DIVIDENDS

There is no restriction that would prevent the Corporation from paying dividends on the Common Shares. However, the Corporation has not paid any dividends on the Common Shares and it is not contemplated that the Corporation will pay any dividends on the Common Shares in the immediate or foreseeable future.

ARTICLE V - DESCRIPTION OF CAPITAL STRUCTURE

The Corporation has authorized an unlimited number of the Common Shares, as well as an unlimited number of special shares issuable in series. 45,058,204 Common Shares were issued and outstanding at December 31, 2006, and no special shares were issued and outstanding. The total number of Common Shares issued and outstanding as at March 29, 2007 were 44,566,775. The holders of Common Shares are entitled to vote at all shareholder meetings and receive dividends as the directors may declare. The holders of Series A Special Shares are entitled to vote at shareholders meetings except meetings at which the holders of a specified class of shares other than Special Shares or Series A Shares are entitled to vote. The special shares of each series and the Common Shares rank on a parity in the event of the liquidation, dissolution or winding up of

the Corporation. The special shares of each series shall participate rateably with each other series and the Common Shares in respect of all dividends and amounts.

ARTICLE VI - MARKET FOR SECURITIES

The Common Shares trade on the TSX under the symbol PTO. Monthly information regarding the high price, low price, and trading volume (in number of shares) of the Common Shares on the Toronto Stock Exchange, as applicable, are as follows:

2006	High	Low	Volume
January	\$ 1.38	\$ 1.10	393,509
February	1.60	1.29	557,174
March	1.72	1.40	4,214,997
April	1.58	1.46	311,800
May	1.58	1.28	365,080
June	1.38	1.10	977,905
July	1.38	1.18	231,757
August	1.34	1.05	881,928
September	1.20	1.04	110,789
October	1.35	1.04	1,063,629
November	1.30	1.00	819,475
December	1.25	1.15	779,465

ARTICLE VII - DIRECTORS AND OFFICERS

The following table sets forth certain information with respect to each of the directors and executive officers of the Corporation during 2006.

Name and Municipality of Residence	Director/Executive Officer Since⁽¹⁾	Principal Occupation During the Last Five Years
J.R. Kingsley Ward ⁽²⁾⁽³⁾ Chairman and Director Ontario, Canada	December 10, 2001	President of The Vimy Ridge Group Ltd., an investment holding company, since 1991. President, VRG Capital (formerly Kinghaven Capital Corporation), a division of The Vimy Ridge Group Ltd. A past and current director of a number of public and private companies.
Kerry Shapansky Director Ontario, Canada	February 15, 2002	President and Chief Executive Officer of the Corporation since February 15, 2002.
David H. Atkins ⁽²⁾⁽³⁾⁽⁴⁾ Director Ontario, Canada	December 10, 2001	Up to March 31, 2007, senior advisor to Lang Michener LLP, a law firm, since January 1999. Currently a director of Kingsway Financial Services Inc., Pethealth Inc., Nightingale Informatix Corporation and Integrated Asset Management Corp.
Gregory J. Cochrane ⁽³⁾⁽⁴⁾ Director Ontario, Canada	June 26, 2002	General Partner with Graoch Associates Limited Partnership, a real estate syndication with operations in the U.S. President and

		Director of Jive.com, a private equity investment corporation.
John W. Stevens ⁽²⁾⁽⁴⁾ Director Toronto, Ontario	January 6, 2005	Executive Vice President and Director of Arva Limited, a private equity investment corporation. Director and trustee of Atlas Cold Storage Income Trust, an operator of public refrigerated warehouses prior to its acquisition in October 2006, and was a director of Moore Wallace Inc., a printing company, prior to its acquisition in February 2004.
Clint Becker Ontario, Canada	September 16, 2002	Chief Financial Officer of the Corporation since September 2002.
Kim Naylor Ontario, Canada	May 31, 2002	Executive Vice President and head of Pareto's Event division. Founded Naylor Event Management Inc. ("Naylor") in 1993 and served as President until Naylor was purchased by Pareto in May 2002.
Michael Beckerman ⁽⁵⁾ Ontario, Canada	October 1, 2005	Executive Vice President and head of Pareto's Retail division. From 2001 to 2005 was Chief Marketing Officer of BMO Financial Group.
David Rose Ontario, Canada	August 24, 2001	Senior Vice President of Pareto's Retail division. Worked for The Campbell Group Ltd., which was acquired by Pareto in August 2001. Has over 13 years of experience in the printing industry.

Notes:

- (1) The term of office for all of the Corporation's directors will end at the date of the next annual meeting of the Corporation's shareholders (May 14, 2007), at which time all nominated directors will stand for election to a one-year term to end at the 2008 annual meeting of the Corporation's shareholders.
- (2) Member of the Audit Committee of the Corporation. Mr. Atkins is the Chair of the Audit Committee.
- (3) Member of the Compensation Committee of the Corporation. Mr. Ward is the Chair of the Compensation Committee.
- (4) Member of the Governance Committee of the Corporation. Mr. Stevens is the Chair of the Governance Committee.
- (5) Mr. Beckerman's employment with the Corporation ceased on November 15, 2006.

Ownership of Shares

As at December 31, 2006, the directors and officers of the Corporation, as a group, own or control, directly or indirectly, 12,858,797 Common Shares, or approximately 29% of the then issued and outstanding Common Shares.

Mr. Stevens is a director and officer of Arva Limited, a private equity investment corporation. As a result of his position with Arva Limited, Mr. Stevens could be deemed to have shared power to vote or direct the vote and shared power to dispose or direct the disposition of the 2,439,000 common shares owned by Arva Limited, which are not included in the number above.

Committees of the Board of Directors

The three standing committees of the Board are: the Audit Committee, the Governance Committee and the Compensation Committee. The members of each committee are set out below.

Audit Committee

Chair: David H. Atkins

Members: John W. Stevens and J. Kingsley Ward

Governance Committee

Chair: John W. Stevens

Members: David H. Atkins and Gregory J. Cochrane

Compensation Committee

Chair: J.R. Kingsley Ward

Members: David H. Atkins and Gregory J. Cochrane

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

As of the date of this Annual Information Form and in the ten years prior to the date of this Annual Information Form, the directors, senior officers, executive officers and principal shareholders of the Corporation are not and have not been personally, and are not and have not been a director or officer of any company that is or has been the subject of any cease trade order or similar order; and, during the time serving in that capacity or within a year of that person ceasing to act in that capacity, have not been declared bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency or were subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold its assets, with the exception of Clint Becker. Mr. Becker worked for Mosaic Group Inc. ("Mosaic") from September 1997 to August 2001, during which time he held the titles of Vice-President Finance, Chief Financial Officer, and Senior Vice President. Beginning in February 2001, Mosaic underwent a significant restructuring of its operations. As part of this restructuring, certain of Mosaic's subsidiaries, of which Mr. Becker was a director, were placed into receivership. Subsequent to Mr. Becker's departure in August of 2001, Mosaic sought court orders, in December of 2002, to proceed with a restructuring of its obligations under the *Companies' Creditors Arrangement Act* (Canada), in Canada, and for certain of Mosaic's U.S. subsidiaries under Chapter 11 of the U.S. Bankruptcy Code.

ARTICLE VIII - TRANSFER AGENT AND REGISTRAR

The Corporation's transfer agent and registrar is CIBC Mellon Trust Company, Calgary, Alberta, and Toronto, Ontario.

ARTICLE IX - AUDIT COMMITTEE INFORMATION

The responsibilities and duties of the members of the Audit Committee are set out in the Audit Committee Charter, the text of which is set forth in Schedule A to this Annual Information Form.

9.1 COMPOSITION OF THE AUDIT COMMITTEE

Chair: David H. Atkins

Members: John W. Stevens

J. Kingsley Ward

Each of the members of the Audit Committee is independent and financially literate, as more fully described below.

9.2 RELEVANT EDUCATION AND EXPERIENCE

Chair: David H. Atkins – Mr. Atkins is an FCA and was formerly an audit partner of Coopers & Lybrand, Chartered Accountants with over thirty-five years of experience. Mr. Atkins has previously and currently sits on the audit committees of other Canadian public companies.

Members: John W. Stevens – Mr. Stevens is a chartered accountant and a lawyer and was previously an Associate Professor in Accounting at Queen's University. Mr. Stevens was the Chairman of the Audit Committee of the Atlas Cold Storage Income Trust from June 2004 to November 2006 and was previously the Chairman of the Audit Committee of Moore Wallace Incorporated from February 2002 to February 2004.

J. Kingsley Ward – Mr. Ward has a bachelor of commerce and economics degree and has spent the majority of his career in the financial investment industry. As President of VRG Capital, a division of The Vimy Ridge Group Ltd., Mr. Ward reviews the operations and financial statements of numerous businesses. Mr. Ward has previously sat on the audit committees of other Canadian public companies.

9.3 EXTERNAL AUDITOR SERVICE FEES

Audit Fees

In 2006 the Corporation incurred \$125,000 of fees for audit services provided by BDO Dunwoody LLP, the Corporation's independent auditors. In 2005, the Corporation incurred \$100,000 with respect to fees for audit services provided by BDO Dunwoody LLP.

Audit-Related Fees

The Corporation incurred \$10,000 of fees related to the Corporation's March 2006 private placement for audit related services rendered by BDO Dunwoody LLP in 2006 (\$1,400 in 2005).

Tax Fees

The Corporation incurred \$1,600 of fees for tax services rendered by BDO Dunwoody LLP in 2006 (nil in 2005).

All Other Fees

The Corporation did not incur any fees for other services rendered by BDO Dunwoody LLP in 2006 or 2005.

All non-audit services to be provided by the Corporation's auditor must be approved by the Chair of the Audit Committee prior to the commencement of the engagement.

ARTICLE XI – MATERIAL CONTRACTS

The only contracts, other than contracts entered into in the ordinary course of business, that are material to the Corporation and were entered into in the financial year ended December 31, 2006, that are still in effect are as follows:

1. the Underwriting Agreement dated March 6, 2006, among the Corporation and the Underwriters, related to the placement of 5,000,000 common shares of the Corporation
2. the Share Purchase Agreement dated August 10, 2006, among Sourcelink Canada, LLC, Sourcelink Acquisition, LLC and the Corporation related to the acquisition of Sourcelink Canada.
3. the Share Purchase Agreement dated October 3, 2006, among Louis Demers, Johanne Jette, Fiducie Demers Jette and the Corporation related to the acquisition of Secom Plus Inc.

See General Development of the Business – Section 2.1 for further information related to the above agreements. Also copies of the foregoing documents are available on SEDAR at www.sedar.com.

ARTICLE XI - INTEREST OF EXPERTS

BDO Dunwoody LLP, the external auditors of the Corporation prepared the audit report dated March 1, 2007 in respect with the Corporation's consolidated financial statements as at and for the year ended December 31, 2006. BDO has advised the Corporation that it is independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

ARTICLE XII - ADDITIONAL INFORMATION

Additional information related to the Corporation may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, and securities authorized for issuance under equity compensation plans, is contained in the Corporation's information circular for the most recent annual meeting of shareholders that involved the election of directors.

Additional financial information is provided in the Corporation's consolidated financial statements and management's discussion and analysis for the year ended December 31, 2006.

SCHEDULE A – AUDIT COMMITTEE CHARTER

PURPOSE

The Audit Committee is established to assist the Board in fulfilling applicable public company obligations respecting audit committees and its oversight responsibilities with respect to financial reporting including responsibility to:

- oversee the work of the Company's external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;
- oversee the integrity of the Company's financial statements and financial reporting process, including the audit process and the Company's internal accounting controls and procedures and compliance with related legal and regulatory requirements;
- oversee the qualifications and independence of the external auditors;
- oversee the work of the Company's financial management and external auditors in these areas; and
- provide an open avenue of communication between the external auditors, the Board, Management, employees of the Company and the Company.

In addition, the Committee will review and/or approve any other matter specifically delegated to the Committee by the Board.

The function of the Committee is oversight. It is not the duty or responsibility of the Committee or its members (i) to plan or conduct audits, (ii) to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles or (iii) to conduct other types of auditing or accounting reviews or similar procedures or investigations. The Committee and its Chair are members of the Board, appointed to the Committee to provide broad oversight of the financial and related risk and control related activities of the Company and are specifically not accountable or responsible for the day to day operation or performance of such activities.

Management is responsible for the preparation, presentation and integrity of the financial statements. Management is also responsible for maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with accounting standards and applicable laws and regulations. The external auditors are responsible for planning and carrying out an audit of the annual financial statements in accordance with generally accepted auditing standards to provide reasonable assurance that, among other things, such financial statements are in accordance with generally accepted accounting principles.

PROCEDURES, POWERS AND DUTIES

In addition to the procedures and powers set out in the resolution of the Board establishing this Committee, the Committee shall have the following procedures, powers and duties:

1. General

- (a) *Composition* – The Committee shall be composed of a minimum of three members. Each member of the Committee shall be an independent director and none of the members shall have participated in the preparation of the financial statements of the Company at any time over the past three years.

All members of the Committee must be financially literate or must become financially literate within a reasonable period of time after their appointment to the Committee.

- (b) *Appointment and Replacement of Committee Members* - Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a director. The Board may fill vacancies on the Committee by appointing another director to the Committee. The Board shall fill any vacancy if the membership of the Committee is less than three directors. Whenever there is a vacancy on a Committee, the remaining members may exercise all its power as long as a quorum remains in office. Subject to the foregoing, the members of the Committee shall be appointed by the Board annually and each member of the Committee shall remain on the Committee until the next annual meeting of unit holders after his or her appointment or until his or her successor shall be duly appointed and qualified.
- (c) *Committee Chair* - The Chair of the Committee shall be designated by the full Board. The Chair of the Committee shall be responsible for leadership of the Committee, including preparing the agenda, presiding over the meetings, making committee assignments and reporting to the Board.
- (d) *Conflicts of Interest* - If a Committee member faces a potential or actual conflict of interest relating to a matter before the Committee, that member shall be responsible for alerting the Committee Chair. If the Committee Chair faces a potential or actual conflict of interest, the Committee Chair shall advise the Chair of the Board. If the Committee Chair, or the Chair of the Board, as the case may be, concurs that a potential or actual conflict of interest exists, the member faced with such conflict shall disclose to the Committee the member's interest and shall not participate in consideration of the matter and shall not vote on the matter.
- (e) *Compensation of Committee Members* - The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine. No member of the Committee shall receive from the Company any compensation other than the fees to which he or she is entitled as a director or a member of a committee of the Board.
- (f) *Separate Executive Meetings* - The Committee shall meet periodically with the Chief Financial Officer and the external auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately and such persons shall have access to the Committee to

bring forward matters requiring its attention. However, the Committee shall also meet periodically without Management present.

(g) *Meetings of the Committee -*

- (i) *Procedures for Meetings* - The time at which and place where the meetings of a Committee shall be held and the calling of Committee meetings and the procedure in all things at such meetings shall be determined by the Committee.
- (ii) *Calling of Meetings* – The Committee shall meet as often as it deems appropriate to discharge its responsibilities. Notice of the time and place of every meeting shall be given in writing, by any means of transmitted or recorded communication, including facsimile, telex, telegram or other electronic means that produces a written copy, to each member of a Committee at least 24 hours prior to the time fixed for such meeting. However, a member may in any manner waive a notice of a meeting. Attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. Whenever practicable, the agenda for the meeting and the meeting materials shall be provided to members before each Committee meeting in sufficient time to provide adequate opportunity for their review.
- (iii) *Quorum* – A majority of members constitute a quorum for the transaction of Committee business.
- (iv) *Chair of Meetings* - If the Chair of a Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present shall be chosen by the Committee to preside at the meeting.
- (v) *Secretary of Meeting* - The Chair of the Committee shall designate a person who need not be a member of the Committee to act as secretary. The agenda of each Committee meeting will be prepared by the secretary of the Committee and, whenever reasonably practicable, circulated to each member prior to each meeting.
- (vi) *Minutes* – The secretary of the Committee shall prepare and maintain minutes of the proceedings of the Committee. Minutes shall be kept in minute books provided for that purpose. The minutes of Committee meetings shall accurately record the discussions of and decisions made by the Committee, including all recommendations to be made by the Committee to the Board and shall be distributed to all Committee members.

- (h) *Professional Assistance* - The Committee may require the external auditors and internal auditors to perform such supplemental reviews or audits as the Committee may deem desirable. In addition, the Committee may retain such special legal, accounting, financial or other consultants as the Committee may

reasonably determine to be necessary to carry out the Committee's duties at the Company's expense.

- (i) *Reliance* - Absent actual knowledge to the contrary each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Company from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by Management and the external auditors as to any information technology, internal audit and other non-audit services provided by the external auditors to the Company.
- (j) *Reporting to the Board* - The Committee will report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.
- (k) *Powers of the Committee* -
 - (i) *Access* – The Committee is entitled to full access to all books, records, facilities, and personnel of the Company. The Committee may require such officers, directors and employees of the Company and others as it may see fit from time to time to provide any information about the Company and its subsidiaries it may deem appropriate and to attend and assist at meetings of the Committee.
 - (ii) *Delegation* - The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.
 - (iii) *Adoption of Policies and Procedures* - The Committee may adopt policies and procedures for carrying out its responsibilities.

AUDIT RESPONSIBILITIES OF THE COMMITTEE

Selection and Oversight of the External Auditors

2. The external auditors are ultimately accountable to the Committee and the Board as the representatives of the shareholders of the Company and shall report directly to the Committee and the Committee shall so instruct the external auditors. The Committee shall also have authority to communicate directly with the external auditors. The Committee shall evaluate the performance of the external auditors and make recommendations to the Board on the reappointment or appointment of the external auditors of the Company for shareholder approval and shall have authority to recommend the termination of the external auditors, and authority to make recommendations regarding the interim filing of vacancies due to auditor resignation. If a change in external auditors is proposed, the Committee shall review the reasons for the change and any other significant issues related to the change, including the response of the incumbent auditors, and enquire on the qualifications of the proposed auditors before making its recommendation to the Board. The Board is responsible for selecting the external auditor for shareholder approval and appointment.

3. The Committee shall approve in advance the terms of engagement and the compensation to be paid by the Company to the external auditors with respect to the conduct of the annual audit.
4. The Committee shall review the independence of the external auditors and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the external auditors. In connection with such review, the Committee shall:
 - (a) actively engage in a dialogue with the external auditors about all relationships or services that may impact the objectivity and independence of the external auditors;
 - (b) require that the external auditors submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the Company, on the one hand, and the external auditors and their affiliates on the other hand;
 - (c) consider whether there should be a regular rotation of the external audit firm itself;
 - (d) consider the auditor independence standards promulgated by applicable auditing regulatory and professional bodies, and obtain confirmation of compliance with such standards, including compliance with prohibitions on the provision of certain non-audit services by the external auditors to the Company and its affiliates; and
 - (e) review and approve the disclosure in the AIF of the fees paid in the financial year to the external auditors by category.
5. All non-audit services to be provided to the Company or any of its affiliates by the external auditors or any of their affiliates shall be subject to pre-approval by the Committee. The Committee may approve policies and procedures for the pre-approval of non-audit services to be rendered by the external auditors, which policies and procedures (i) shall include reasonable detail with respect to the services covered, (ii) shall require that the Committee be informed of each non-audit service and (iii) shall not include delegation of the Committee's responsibilities to Management.
6. The Committee shall approve the hiring by the Company of partners, employees and former partners and employees of the external auditors and former external auditors.
7. The Committee shall require the external auditors to provide to the Committee, and the Committee shall review and discuss with the external auditors, all reports which the external auditors are required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditors, and any other reports which the Committee may require. Such reports shall include:
 - (a) a description of the external auditors' internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the external auditors, or by any inquiry or investigation by

governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues; and

- (b) a report describing (i) all critical accounting policies and practices used in the preparation of the Company's financial statements, (ii) all alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with Management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors (iii) other material written communication between the external auditors and Management, such as any management letter or schedule of unadjusted differences; and (iv) disagreements between Management and/or the internal auditors and the external auditors regarding financial reporting.
8. The Committee shall be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing an audit report, or other audit, review or attest services for the Company. The Committee is responsible for resolving disagreements between Management and the external auditors regarding financial reporting.

Oversight of Internal Audit Function

9. The Committee shall determine the appropriate internal audit function for the Company and oversee its processes, reports and the terms of compensation for any individuals engaged in such function, if any.

Oversight and Monitoring of Audits

10. The Committee shall review with the external auditors and Management the audit function generally, the objectives, staffing, locations, co-ordination, reliance upon Management, any internal audit and general audit approach and scope of proposed audits of the financial statements of the Company, the overall audit plans, the responsibilities of Management and the external auditors, the audit procedures to be used and the timing and estimated budgets of the audits.
11. The Committee shall meet periodically with the internal finance management staff to discuss the progress of their activities and any significant findings stemming from any internal audits and any difficulties or disputes that arise with Management and the adequacy of Management's responses in correcting audit-related deficiencies.
12. The Committee shall discuss with the external auditors any difficulties or disputes that arise with Management or any internal auditors during the course of the audit and the adequacy of Management's responses in correcting audit-related deficiencies.
13. The Committee shall review with Management the results of any internal and all external audits.
14. The Committee shall take such other reasonable steps as it may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

Oversight and Review of Accounting Principles and Practices

15. The Committee shall, as it deems necessary, oversee, review and discuss with Management and the external auditors:
 - (a) the quality, appropriateness and acceptability of the Company's accounting principles and practices used in its financial reporting, changes in the Company's accounting principles or practices and the application of particular accounting principles and disclosure practices by Management to new transactions or events;
 - (b) all significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the effects of alternative methods within generally accepted accounting principles on the financial statements and any "second opinions" sought by Management from an independent auditor with respect to the accounting treatment of a particular item;
 - (c) disagreements between Management and the external auditors or any internal auditors regarding the application of any accounting principles or practices and resolve such disputes;
 - (d) any material change to the Company's auditing and accounting principles and practices as recommended by Management, the external auditors or any internal auditors or which may result from proposed changes to applicable generally accepted accounting principles;
 - (e) the effect of regulatory and accounting initiatives on the Company's financial statements and other financial disclosures;
 - (f) any reserves, accruals, provisions, estimates or management programs and policies, including factors that affect asset and liability carrying values and the timing of revenue and expense recognition, that may have a material effect upon the financial statements of the Company;
 - (g) the use of special purpose entities and the business purpose and economic effect of off-balance sheet transactions, arrangements, obligations, guarantees and their impact on the reported financial results of the Company;
 - (h) any legal matter, claim or contingency that could have a significant impact on the financial statements, the Company's compliance policies and any material reports, inquiries or other correspondence received from regulators or governmental agencies and the manner in which any such legal matter, claim or contingency has been disclosed in the Company's financial statements;
 - (i) the treatment for financial reporting purposes of any significant transactions which are not a normal part of the Company's operations;
 - (j) the use of any "pro forma" or "adjusted" information not in accordance with generally accepted accounting principles; and
 - (k) Management's determination of goodwill impairment, if any, as required by applicable accounting standards.

16. The Committee will review and resolve disagreements between Management and the external auditors regarding financial reporting or the application of any accounting principles or practices.

Oversight and Monitoring of Internal Controls

17. The Committee shall, as it deems necessary, exercise oversight of, review and discuss with Management and the external auditors:
 - (a) the adequacy and effectiveness of the Company's financial and compliance controls based on recommendations of Management and the external auditors for the improvement of such controls;
 - (b) any material weaknesses in the internal control environment and
 - (c) Management's compliance with the Company's processes, procedures and internal controls.

Communications with Others

18. The Committee shall establish and monitor procedures for the receipt and treatment of complaints received by the Company regarding accounting, internal accounting controls or audit matters and the anonymous submission by employees of concerns regarding questionable accounting or auditing matters and review periodically with Management and senior finance officers of the Company responsible for the internal audit function, these procedures and any significant complaints received.

Oversight and Monitoring of the Company's Financial Disclosures

19. The Committee shall:
 - (a) review with the external auditors and Management and recommend to the Board for approval the audited financial statements and Management's Discussion and Analysis accompanying such financial statements, the Company's annual report, the financial information of the Company contained in any prospectus or information circular or other disclosure documents or regulatory filings of the Company; and
 - (b) review with the external auditors and Management and approve each set of interim financial statements and Management's Discussion and Analysis accompanying such financial statements and any other disclosure documents or regulatory filings of the Company containing or accompanying financial information of the Company.

Such reviews shall be conducted prior to the release of any summary of the financial results or the filing of such reports with applicable regulators.

20. Prior to their distribution and filing, the Committee shall review and discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies. The Chair of the Committee may perform this review function, on behalf of the Committee, as is required. Such discussions may, in the

discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and the Committee need not discuss in advance each instance in which the Company gives earning guidance if it has reviewed and approved the Company's policies and procedures with respect to such matters.

21. The Committee shall meet with Management to review and assess the process and systems in place for the review of public disclosure documents that contain audited and unaudited financial information and their effectiveness.
22. As part of the process by which the Committee shall satisfy itself as to the reliability of public disclosure documents that contain audited and unaudited financial information, the Committee shall require each of the Chief Executive Officer and the Chief Financial Officer of the Company to provide a certificate addressed to the Committee certifying in respect of each annual and quarterly report the matters such officers are required to certify in connection with the filing of such reports under applicable securities laws.
23. The Committee shall review the disclosure with respect to its pre-approval of audit and non-audit services provided by the external auditors.
24. The Committee shall have overview responsibility for the Company's Corporate Disclosure Policy and Committee.

Oversight of Finance Matters

25. The Committee shall receive and review:
 - (a) periodic reports on compliance with requirements regarding statutory deductions and remittances, the nature and extent of any non-compliance together with the reasons therefore and Management's plan and timetable to correct any deficiencies;
 - (b) material policies and practices of the Company respecting cash management and material financing strategies or policies or proposed financing arrangements and objectives of the Company; and
 - (c) material tax policies and tax planning initiatives, tax payments and reporting and any pending tax audits or assessments.
26. The Committee shall meet periodically with Management to review and discuss the Company's major financial risk exposures and the policy steps Management has taken to monitor and control such exposures, including the use of financial derivatives and hedging activities.
27. The Committee shall meet periodically with the Company Secretary to review issues arising out of compliance activities, as well as assess contingent legal and regulatory risks.

Committee Reporting

28. As required by applicable laws or regulations or stock exchange requirements, the Committee shall review and approve the information required to be reported to unit holders and others in its Annual Information Form, and for such purposes, each member of the Committee shall provide information respecting that member's education and experience that relate to his or her responsibilities as a Committee member.

Additional Responsibilities

29. Each new member of the Committee shall receive such training as may be approved by the Chair of the Committee. Training should cover the requirements and obligations of audit committees, issues of accounting principles, auditing standards, risk management and ethical compliance. Each Committee member should attend refresher training annually.
30. The Committee should request and review a report from the Company Secretary at least twice each year as to compliance with the Company's prohibitions against any related party transactions between directors or employees and their families and the Company.
31. The Committee shall review on an annual basis, insurance programs and policies relating to the Company and its investments.
32. The Committee shall review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting.

THE CHARTER

The Committee shall review and reassess the adequacy of this Charter at least annually and otherwise as it deems appropriate and recommend changes to the Board. The performance of the Committee shall be evaluated with reference to this Charter annually.

The Committee shall ensure that this Charter is disclosed on the Company's website and that this Charter or a summary of it which has been approved by the Committee is disclosed in accordance with all applicable securities laws or regulatory requirements in the annual proxy circular or annual report of the Company.