

Brookfield Investments Corporation

ANNUAL INFORMATION FORM

March 31, 2010

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Forward-Looking Information

This Annual Information Form contains forward-looking information concerning the company's business and operations. The words "believes," "continue," "normally" and other expressions of similar import, or the negative variations thereof, and similar expressions of future or conditional verbs such as "may," "will," "would," or "could" are predictions of or indicate future events, trends or prospects and which do not relate to historical matters or identify forward-looking information. Forward-looking information in this Annual Information Form includes, among others, statements with respect to the value and liquidity of our investments, demand for and prices of the products produced by our investee companies, and our ability to sell our investments, fund share retractions and redemptions, and other statements with respect to the company's beliefs, outlooks, plans, expectations and intentions.

Although the company believes that the anticipated future results or achievements expressed or implied by the forward-looking information and statements are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking information and statements because they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking information and statements.

Factors that could cause actual results to differ materially from those contemplated or implied by the forward-looking information include general economic conditions, the behavior of financial markets including fluctuations in interest and exchange rates, the availability of equity and debt financing and other risks and factors detailed in this Annual Information Form under the heading "Risk Factors" as well as in other documents filed from time to time by the company with the Canadian securities regulators.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking information to make decisions with respect to the company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as may be required by law, the company undertakes no obligation to publicly update or revise any forward-looking information or statements, whether written or oral, that may be as a result of new information, future events or otherwise.

THE COMPANY

Brookfield Investments Corporation (“Brookfield Investments” or the “Company”) is an investment company holding investments in the forest products and property sectors, as well as a portfolio of preferred shares issued by companies within the Brookfield group. The Common Shares of Brookfield Investments are wholly owned by Brookfield Asset Management Inc. (“Brookfield”), a global asset manager focused on property, power and infrastructure assets, with approximately \$100 billion of assets under management. Brookfield is listed on the New York Stock Exchange (“NYSE”) and the Toronto Stock Exchange (“TSX”) under the symbols BAM and BAM.A respectively, and on NYSE Euronext under the symbol BAMA.

On January 1, 2007, a predecessor of the Company, Brascade Corporation, amalgamated with Diversified Canadian Financial II Corp. (“DCF II”) and Diversified Canadian Holdings Inc. (“DCHI”) under the *Business Corporations Act* (Ontario), continuing under the name Brascade Corporation. On November 27, 2007, Brascade Corporation changed its name to Brookfield Investments Corporation.

The Company’s registered and principal office is at Suite 300, Brookfield Place, 181 Bay Street, P.O. Box 762, Toronto, Ontario, M5J 2T3.

The financial year end for Brookfield Investments is December 31. Unless otherwise indicated, the information appearing herein is stated as at December 31, 2009 and all dollar amounts are in U.S. dollars. References to C\$ are to Canadian dollars.

DEVELOPMENT OF THE BUSINESS

The following is a summary of recent developments since January 2007.

The Company owns approximately 24.8 million common shares of Fraser Papers Inc. (“Fraser Papers”), which entered bankruptcy protection during 2009 and is presently undergoing restructuring of its operations. The Company has recorded a corresponding \$67 million provision for impairment against its investment in Fraser Papers.

In August 2009, the Company acquired 37 million common shares of Brookfield Properties Corporation (“Brookfield Properties”) at a price of US\$9.50 per share, the total purchase cost of which was approximately US\$350 million.

In December 2008, the Company sold its 15% interest in the Canary Wharf Group plc (“Canary Wharf”) to Brookfield Europe L.P. (“Brookfield Europe”), a wholly-owned subsidiary of Brookfield. Canary Wharf owns and manages a complex of commercial office and retail properties in London, England. As consideration, the Company received a 42% limited partnership interest in Brookfield Europe valued at £334 million and cash proceeds in the amount of £108 million.

In the second quarter of 2008, the Company settled exchangeable debentures with 10 million common shares of Norbord Inc. (“Norbord”), thereby reducing its interest in Norbord from 41% to 35%. In December 2008, the Company’s interest in Norbord declined further to 23% as a result of not participating in a Norbord’s rights offering.

The Company’s Class 1 Senior Preferred Shares, Series A (the “Series A Senior Preferred Shares”) commenced trading on the TSX under the Company’s new name and new stock symbol, BRN.PR.A, on February 21, 2008.

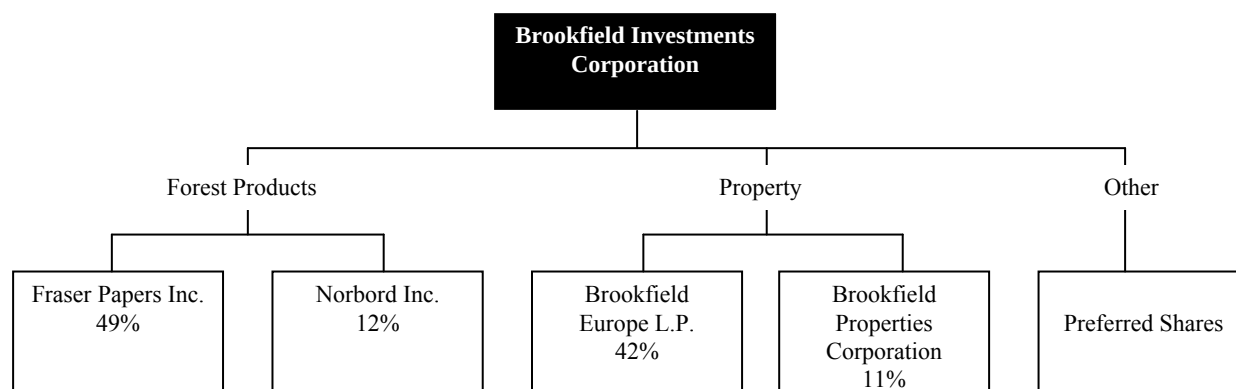
In November 2007, the Company changed its name from Brascade Corporation to Brookfield Investments Corporation to reflect its role as an investment company within the Brookfield Group of companies.

During 2007, the Company acquired 5,796,309 common shares of Norbord for total consideration of \$42 million, increasing its interest in Norbord from 38% to 41%.

On January 1, 2007, Brascade Corporation amalgamated with DCF II and DCHI continuing under the name Brascade Corporation. In conjunction with this amalgamation, 522,486 Class 1 Senior Preferred Shares, Series B, of Brascade Corporation (the “Brascade Series B Preferred Shares”) and 3,865,812 Class A Preference Shares of DCF II (the “DCF II Senior Preferred Shares”) were redeemed for cash at the rate of C\$40.00 and C\$25.00 per share, respectively, representing a total redemption payment of C\$117.6 million. A further 3,581,677 Brascade Series B Preferred Shares held by DCF II and DCHI were cancelled on amalgamation. Holders of 1,160,375 Brascade Series B Preferred Shares and 4,134,188 DCF II Senior Preferred Shares elected to exchange their shares for the Company’s new Class 1 Senior Preferred Shares, Series A at the conversion rate of 1.6 and 1.0 per share, respectively. As a result, a total of 5,990,785 Class 1 Senior Preferred Shares, Series A were issued on amalgamation. The Class 1 Senior Preferred Shares, Series A commenced trading on the TSX at the start of business on January 4, 2007, under the stock symbol BCA.PR.A. As noted above, the current stock symbol for these shares is BRN.PR.A.

BUSINESS OF THE COMPANY

Brookfield Investments holds investments in the forest products and property sectors, as well as a portfolio of preferred shares issued by companies within the Brookfield group. The Company's principal investments as of the date of this Annual Information Form are as follows:



Fraser Papers Inc.

The Company owns approximately 24.8 million common shares of Fraser Papers, which represents a 49% equity interest in this company. Fraser Papers produces a wide range of specialty paper products from its operations located principally in Maine and New Brunswick. Further information on Fraser Papers is available through its web site at www.fraserpaper.com.

Norbord Inc.

The Company controls approximately 5.2 million common shares of Norbord, which represents a 12.1% equity interest in this company. Norbord is an international producer of wood panels, primarily oriented strandboard, with operations in North America and Europe. Norbord's common shares are traded on the TSX. Further information on Norbord is available through its web site at www.norbord.com.

Brookfield Europe L.P.

Brookfield Europe was formed by Brookfield in December 2008 to combine all of its European commercial office property, property development and asset management activities into a single operating unit. In December 2008, the Company sold its 15% indirect interest in Canary Wharf to Brookfield Europe in return for a 42% limited partnership interest in Brookfield Europe and cash. Canary Wharf owns and manages a complex of commercial office and retail properties in London, England.

Brookfield Properties Corporation

The Company owns approximately 55.4 million common shares Brookfield Properties, which represents an 11% equity interest in this company. Brookfield Properties is one of North America's leading commercial real estate property companies and owns, develops and manages premier office properties located primarily in the central business districts of the following cities: New York, Boston, Houston, Los Angeles, Washington D.C., Toronto, Calgary and Ottawa. Brookfield Properties' common shares are traded on the TSX and the NYSE. Further information on Brookfield Properties is available through its web site at www.brookfieldproperties.com.

Preferred Share Portfolio

The Company's preferred share portfolio consists of the following shares:

- (i) 317,000 Preferred Shares, Series J, 236 Preferred Shares, Series K and 760,000 Preferred Shares, Series M of BPO Properties Ltd. ("BPO Properties");
- (ii) 350,000 Class A Preference Shares, Series 14 and 850,000 Class A Preference Shares, Series 15 of Brookfield;
- (iii) 20,000 Class AAA Preferred Shares, Series K of Brookfield Properties; and
- (iv) 4,960,800 Class B Preferred Shares of Great Lakes Holding Inc. ("GLHI").

BPO Properties, which is approximately 90% owned by Brookfield Properties, is a Canadian company which owns premier office properties located primarily in the central areas of Canadian cities, including Toronto and Calgary. BPO Properties' common shares are traded on the TSX. Further information on BPO Properties is available through its web site at www.bpoproperties.com

Brookfield is an asset management company focused on property power and infrastructure assets. Brookfield's Class A Series 14 preferred shares are traded on the TSX. Brookfield's Class A Series 15 Preferred Shares are not publicly traded. Further information on Brookfield is available through its web site at www.brookfield.com.

GLHI is an investment holding company through which Brookfield owns its interests in Brookfield Renewable Power Inc., a power generating company with hydroelectric operations in Canada, the United States and Brazil. The Class B shares of GLHI are not publicly traded.

RISK FACTORS

In evaluating the Company and its business, the following challenges, uncertainties and risks should be considered in addition to the other information contained in this Annual Information Form. In addition to the risk factors relating to the Company discussed below, the reader may also wish to consider the risks relating to certain of the companies in which Brookfield Investments holds investments, which are also reporting issuers and whose public disclosure filings, including their Annual Information Forms, contain risk factors specific to their respective operations. Copies of these documents may be obtained from the Secretary of the Company or are available electronically on SEDAR at www.sedar.com.

No Ownership Interest

An investment in shares of the Company does not constitute an investment in the investments held by the Company. Shareholders of Brookfield Investments do not own the investments held by the Company and do not have any voting rights in respect of such investments.

Interest Rate Fluctuations

The market value of the preferred shares of the Company is affected by the level of interest rates prevailing at such time. A rise in interest rates may have a negative effect on the value of such shares.

Fluctuations in Value of Investments

The value of the shares of the Company may vary according to the value of the investments held by the Company. The value of these investments will be influenced by factors not within the control of the Company, including the financial performance of the respective issuers of securities the Company has invested in, which may result in a decline in value of the investments held by the Company and/or in dividends not being paid on one or more of the investments held by the Company, interest rates, currency fluctuations and other financial market conditions. In addition, some of the investments held by the Company may be redeemed by the issuers at any time.

Cyclical Nature of Forest Product Investments

The Company's forest product investments are cyclical. Fluctuations in the general level of economic activity in the world's major economies influence the demand for and prices of the various products produced by its investee companies, although the cycles for individual products may be at different phases at any time. The Company's earnings from this sector are particularly sensitive to changes in the prices of panelboards and paper.

Limitations on Liquidity of Investments

While the policy of the Company will be to hold its investments and not engage in trading, there may be circumstances in which some or all of the investments of the Company will have to be sold, including funding retractions and redemptions of Series A Senior Preferred Shares. Certain of the investments of the Company issued by public companies are either not listed or are currently not heavily traded, and two of the companies the Company has invested in are private companies. In addition, the Company will, in certain cases, hold a significant proportion of the particular class or series of shares of companies that the Company has invested in. As a result, the fair value of the investments held by the Company may differ from the proceeds realized by the Company on the sale of such shares.

Private Company Issuers

GLHI and Brookfield Europe, two of the companies in which the Company has investments, are private companies which do not make public financial or other disclosures.

Resale Restrictions on Certain Securities

The Company's ability to sell a substantial portion of its investments may be limited by resale restrictions under applicable securities laws which will affect when or to whom the securities may be sold. The securities issued by GLHI and Brookfield Europe L.P. may not be publicly traded because they are not reporting issuers. Accordingly, if and when the Company is required to sell such securities, the liquidity of the securities may be limited. This could affect the time it takes to sell the securities and the price obtained by the Company for securities sold.

DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of Common Shares; an unlimited number of Class 1 Senior Preferred Shares, issuable in series (of which 25,000,000 have been designated as Series A); an unlimited number of Class 1 Junior Preferred Shares, issuable in series (of which 18,001,739 have been designated as Series A); and an unlimited number of Class 1 Special Preferred Shares, issuable in series (of which 2,646,400 have been designated as Series A, 100 have been designated as Series B and 8,000,000 have been designated as Series C).

As of February 28, 2010, the issued and outstanding share capital of the Company consisted of: 46,040,326 Common Shares; 5,990,785 Class 1 Senior Preferred Shares, Series A and 17,999,718 Class 1 Junior Preferred Shares, Series A.

The Class 1 Special Preferred Shares, Series A, B and C issued in connection with the amalgamation of Brascade Corporation, DCF II and DCHI on January 1, 2007, were redeemed for cash by the Company on the day following the amalgamation, and are not available for future issuance.

The following description of the shares of the Company is qualified entirely by reference to full text of the terms of the shares of the Company.

Class Rights

General

The Class 1 Senior Preferred Shares, the Class 1 Junior Preferred Shares and the Class 1 Special Preferred Shares are issuable in series. Subject to the Company's articles, the board of directors is authorized to fix, before issuance, the designation, rights, privileges, restrictions and conditions attaching to the shares of each series. Except with respect to matters as to which the holders of each of the Class 1 Senior Preferred Shares, the Class 1 Junior Preferred Shares and the Class 1 Special Preferred Shares are entitled to vote as a class, the holders of Class 1 Senior Preferred Shares and Class 1 Junior Preferred Shares and the Class 1 Special Preferred Shares are not entitled to vote at meetings of shareholders of the Company.

Priority

The Class 1 Senior Preferred Shares rank senior to the Class 1 Special Preferred Shares, the Class 1 Junior Preferred Shares and the Common Shares with respect to the payment of dividends and in the distribution of assets in the event of the dissolution, liquidation or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs. The Class 1 Special Preferred Shares rank Senior to the Class 1 Junior Preferred Shares and the Common Shares with respect to the payment of dividends and in the distribution of assets in the event of the dissolution, liquidation a winding-up of the Company, whether voluntary or involuntary, as any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs. The Class 1 Junior Preferred Shares rank senior to the Common Shares in the distribution of assets in the event of the dissolution, liquidation or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs.

The shares of any series of Class 1 Senior Preferred Shares, Class 1 Junior Preferred Shares and the Class 1 Special Preferred Shares rank on a parity with the shares of each other series of the same class with respect to the payment of dividends and distributions, distributions upon a redemption, retraction or return of capital, a dissolution, liquidation or winding-up of the Company.

Modifications

The rights and restrictions attaching to the Class 1 Senior Preferred Shares, as a class, the Class 1 Junior Preferred Shares, as a class, and the Class 1 Special Preferred Shares, as a class, may not be amended without such approval as may then be required by law, subject to a minimum requirement of approval by the affirmative vote of at least two-thirds of the votes cast at a meeting of the holders of such class of shares, called and held for that purpose. On every poll taken at a meeting of holders of Class 1 Senior Preferred Shares, as a class, Class 1 Junior Preferred Shares, as a class, and the Class 1 Special Preferred

Shares, as a class, each holder of such shares entitled to vote thereat shall have one vote in respect of each share held, respectively.

Class 1 Senior Preferred Shares, Series A

Dividends

Holders of the Class 1 Senior Preferred Shares, Series A are entitled to receive quarterly fixed cumulative preferential dividends equal to C\$0.29375 per Series A Senior Preferred Share. On an annualized basis, this represents a dividend yield on the issue price of C\$25.00 of approximately 4.7%. The Company normally pays such quarterly distributions on the last day of March, June, September and December in each year.

Retraction

Subject to applicable law and the provisions described under “– Approval of Holders”, a holder of Series A Senior Preferred Shares, may, at the holder’s option, redeem for cash its Series A Senior Preferred Shares, in whole at any time or in part from time to time, at C\$25.00 per share, plus all accrued and unpaid dividends up to but excluding the date fixed for redemption. Provided that a holder’s Class 1 Senior Preferred Shares, Series A have been surrendered for retraction at least one business day before the 30th day of the preceding month, payment of the retraction price for the Class 1 Senior Preferred Shares, Series A will be made on or before the 15th day of each month. As Class 1 Senior Preferred Shares, Series A are tendered for retraction, the Company will ordinarily ask Brookfield Financial to find a purchaser for such shares pursuant to a remarketing agreement (the “Remarketing Agreement”). See “Material Contracts”. If the holder of Class 1 Senior Preferred Shares, Series A tendered for retraction has withheld consent to remarketing or a purchaser cannot be found for such Series A Senior Preferred Shares, the Company may sell some of its investments or use its other financial resources to fund the retraction.

Redemption

Subject to the terms of any shares ranking prior to the Series A Senior Preferred Shares, to applicable law and to the provisions described under “– Approval of Holders”, the Company may, at its option, at any time redeem all, or from time to time any part, of the outstanding Series A Senior Preferred Shares, by the payment of an amount in cash for each such share so redeemed of C\$25.00 plus all accrued and unpaid dividends (for greater certainty excluding declared dividends with a record date prior to the date fixed for redemption) up to but excluding the date fixed for redemption. Notice of any redemption will be given by the Company not less than 30 days and not more than 60 days prior to the date fixed for redemption. If less than all the outstanding Class 1 Senior Preferred Shares, Series A are at any time to be redeemed, the shares will be redeemed on a *pro rata* basis.

Voting Rights

Except as required by law, holders of Class 1 Senior Preferred Shares, Series A are not entitled to receive notice of, to attend or to vote at any meeting of shareholders of the Company.

Modification

Approval of amendments to the provisions of the Class 1 Senior Preferred Shares, Series A may be given by a special resolution carried by an affirmative vote of not less than two-thirds of the votes cast at a meeting of the holders of Class 1 Senior Preferred Shares, Series A duly called and held for such purpose at which the holders of 10% of the outstanding Class 1 Senior Preferred Shares, Series A are present in

person or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Class 1 Senior Preferred Shares, Series A then present would form the quorum.

Approval of Holders

So long as Class 1 Senior Preferred Shares, Series A are outstanding, the Company shall not be permitted to, without the approval of the holders of Series A Senior Preferred Shares:

- (i) declare, pay or set apart for payment any dividends on any junior shares (other than dividends payable in shares of the Company ranking as to capital and dividends junior to the Series A Senior Preferred Shares); or
- (ii) call for redemption, redeem, purchase or otherwise pay off or retire for value, or make any capital distributions in respect of, any junior shares (except in connection with the retirement thereof pursuant to a right of redemption exercised by the holder of junior shares attached thereto or out of the net cash proceeds of a substantially concurrent issue of junior shares); or
- (iii) call for redemption, redeem, purchase or otherwise pay off or retire for value, or make any capital distributions in respect of, less than all of the Class 1 Senior Preferred Shares, Series A (except pursuant to a right of redemption exercised by the holder); or
- (iv) create or issue any shares ranking as to capital or dividends prior to or on a parity with the Series A Senior Preferred Shares;

unless, in each such case, (i) all dividends then payable on the Class 1 Senior Preferred Shares, Series A then outstanding and on all other shares of the Company ranking as to dividends on a parity with the Class 1 Senior Preferred Shares, Series A accrued up to and including the dividends payable on the immediately preceding respective date or dates for the payment of dividends thereon shall have been declared and paid or set apart for payment, (ii) the Company shall have redeemed all Class 1 Senior Preferred Shares, Series A tendered for retraction and (iii) the Company is not otherwise in default under the rights, privileges, restrictions and conditions attached to the Class 1 Senior Preferred Shares, Series A and any shares ranking prior to or on a parity with them.

Priority

The Class 1 Senior Preferred Shares, Series A are the first series of the Class 1 Senior Preferred Shares of the Company, which rank prior to the Class 1 Junior Preferred Shares and the Common Shares with respect to the payment of dividends, distributions upon a redemption, retraction or return of capital and distributions upon a dissolution, liquidation or winding-up of the Company. In any such case, the holders of Class 1 Senior Preferred Shares, Series A shall be entitled to receive C\$25.00 per share, together with accrued and unpaid dividends.

Class 1 Junior Preferred Shares, Series A

Dividends

The holders of Class 1 Junior Preferred Shares, Series A are entitled to receive quarterly fixed non-cumulative preferential dividends equal to \$0.31 per Class 1 Junior Preferred Share, Series A. On an annualized basis, this represents a dividend yield on the issue price of \$31.00 of the Class 1 Junior

Preferred Shares, Series A of approximately 4.0%. The Company normally pays such quarterly dividends on the last day of March, June, September and December in each year.

Retraction

Class 1 Junior Preferred Shares, Series A may be surrendered for retraction at any time. Retraction payments for Class 1 Junior Preferred Shares, Series A will be made on or before the 15th day of each month, provided the Class 1 Junior Preferred Shares, Series A have been surrendered for retraction and notice of retraction has been delivered to all holders of Class 1 Senior Preferred Shares at least one business day before the 15th day of the preceding month. A holder who surrenders a Class 1 Junior Preferred Share, Series A for retraction will receive an amount equal to \$31.00 per share, together with declared and unpaid dividends.

Redemption

Class 1 Junior Preferred Shares, Series A may be redeemed by the Company at any time at a price of \$31.00 per share, together with declared and unpaid dividends.

Voting Rights

Except as required by law, holders of Class 1 Junior Preferred Shares, Series A are not entitled to receive notice of, to attend or to vote at any meeting of shareholders of the Company.

Modification

Approval of amendments to the provisions of the Class 1 Junior Preferred Shares, Series A may be given by a special resolution carried by an affirmative vote of not less than two-thirds of the votes cast at a meeting of the holders of Class 1 Junior Preferred Shares, Series A duly called and held for such purpose at which the holders of 10% of the outstanding Class 1 Junior Preferred Shares, Series A are present in person or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Class 1 Junior Preferred Shares, Series A then present would form the quorum.

Approval of Holders

So long as Class 1 Junior Preferred Shares, Series A are outstanding, the Company shall not be permitted to, without the approval of the holders of Class 1 Junior Preferred Shares, Series A:

- (i) declare, pay or set apart for payment any dividends on any junior shares (other than dividends payable in shares of the Company ranking as to capital and dividends junior to the Class 1 Junior Preferred Shares, Series A); or
- (ii) call for redemption, redeem, purchase or otherwise pay off or retire or for value, or make any capital distributions in respect of, any junior shares (except in connection with the retirement thereof pursuant to a right of redemption exercised by the holder of junior shares attached thereto or out of the net cash proceeds of a substantially concurrent issue of junior shares); or
- (iii) call for redemption, redeem, purchase or otherwise pay off or retire for value or make any capital distribution in respect of less than all of the Class 1 Junior Preferred Shares, Series A (except in connection with the retirement thereof pursuant to a right of redemption exercised by the holder of junior shares attached thereto); or

- (iv) issue any shares ranking as to capital or dividends prior to or on parity with the Class 1 Junior Preferred Shares, Series A;

unless, in each case, (i) all dividends then payable on the Class 1 Junior Preferred Shares, Series A then outstanding and on all shares of the Company ranking as to dividends prior to or on a parity with the Class 1 Junior Preferred Shares, Series A which have accrued up to and including the dividends payable on the immediately preceding respective date or dates for the payment of dividends thereon shall have been declared and paid or set apart for payment, (ii) the Company shall have redeemed all Class 1 Junior Preferred Shares, Series A tendered for retraction and (iii) the Company is not otherwise in default under the rights, privileges, restrictions and conditions attached to the Class 1 Junior Preferred Shares, Series A and any shares ranking prior to or on a parity with them.

Priority

The Class 1 Junior Preferred Shares, Series A are the first series of Class 1 junior preferred shares of the Company, which rank prior to the Common Shares with respect to the payment of dividends, distributions upon a redemption, retraction or return of capital and distributions upon a dissolution, liquidation or winding-up of the Company. In any such case, the holders of Class 1 Junior Preferred Shares, Series A shall be entitled to receive \$31.00 per share, together with declared and unpaid dividends.

Common Shares

Dividends

Subject to the prior rights of the holders of any class of shares of the Company in priority or ratably with the holders of the Common Shares, holders of Common Shares are entitled to receive any dividends if, as and when declared by the board of directors of the Company.

Retraction

Common Shares may be surrendered for retraction at any time. Retraction payments for the Common Shares will be made on or before the 15th day of each month, provided Common Shares have been surrendered for retraction and notice of retraction has been delivered to all holders of the Class 1 Senior Preferred Shares at least one business day before the 15th day of the preceding month.

A holder retracting Common Shares will receive an amount equal to 95% of the amount by which Net Asset Value per share, calculated as of the business day following receipt of notice of retraction, divided by the number of Common Shares then outstanding.

“Net Asset Value” per share is the amount, at any time, by which the value of the assets of the Company exceed (or are less than) (i) the liabilities of the Company as of the 30th day of the immediately preceding month and (ii) the aggregate of the redemption value of then outstanding preferred shares of the Company, divided by the number of Common Shares outstanding.

Voting

The holders of Common Shares are entitled to receive notice of and to attend all shareholder meetings and for all purposes shall be entitled to one vote for each Common Share held.

Liquidation, Dissolution or Winding-up

In the event of the liquidation, dissolution or winding-up of the Company, the holders of Common Shares are, subject to the rights of the holders of any other class of shares of the Company who are entitled to

receive the property or assets of the Company upon such distribution in priority to or rateably with holders of Common Shares, entitled to received the remaining property and assets of the Company.

VOTING SECURITIES AND PRINCIPAL SHAREHOLDER

All of the Company's Common Shares, approximately 72% of its Class 1 Senior Preferred Shares, Series A and all of its Class 1 Junior Preferred Shares are owned directly or indirectly by Brookfield. Brookfield's major shareholders are Partners Limited ("Partners") and BAM Investments Corp. (which is approximately 50% owned by Partners) which, together with the shareholders of Partners, collectively own, or control or direct, directly or indirectly, approximately 100 million Class A Limited Voting Shares of Brookfield, representing approximately 17% of the Class A Limited Voting Shares on a fully diluted basis. Partners also owns 85,120 Class B Limited Voting Shares of Brookfield, representing all of the Class B Limited Voting Shares of Brookfield. One director of the Company, Edward C. Kress, is also a shareholder of Partners.

DIVIDENDS AND DIVIDEND POLICY

The Company does not pay a regular dividend on its Common Shares, although special dividends are declared from time to time.

Dividends on the Company's Class 1 Senior Preferred Shares, Series A are normally paid quarterly at the end of March, June, September and December. Holders of Class 1 Senior Preferred Shares, Series A are entitled to receive quarterly fixed cumulative preferential dividends equal to C\$0.29375 per Series A Senior Preferred Share.

Dividends on the Company's Class 1 Junior Preferred Shares, Series A are normally paid quarterly at the end of March, June, September and December. Holders of Class 1 Junior Preferred Shares, Series A are entitled to receive quarterly fixed non-cumulative preferential dividends equal to \$0.31 per Class 1 Junior Preferred Share, Series A.

The dividends paid per share during the past three years ended December 31, 2009 by the Company and its predecessors are set out below, all expressed in US dollars:

	2009	2008
Class 1 Senior Preferred Shares, Series A ^(a)	\$ 1.03	\$ 1.10
Class I Junior Preferred Shares, Series A ^(b)	1.24	1.24

(a) These shares were issued on January 1, 2007.

(b) These shares were issued by Brascade Corporation in September 2005. They were exchanged into the Corporation's Class 1 Junior Preferred Shares Series A on the amalgamation on January 1, 2007.

Dividends on the Class I Senior Preferred Shares, Series A are declared in Canadian dollars at a quarterly rate of C\$0.29375 per share. The amount shown for 2009 has been converted to US dollars at the average exchange rate for 2009 of US\$1.00 = Cdn\$1.1404.

MARKET FOR SECURITIES

The Company's Class 1 Senior Preferred Shares, Series A commenced trading on the Toronto Stock Exchange on January 1, 2007 under the symbol BCA.PR.A. Their symbol was changed to BRN.PR.A on

February 21, 2008. The following sets out trading information in Canadian dollars for these shares in 2009.

Class 1 Senior Preferred Shares, Series A (TSX: BRN.PR.A)

Period	Price per Share			Volume Traded
	High	Low	Average	
	(C\$)	(C\$)	(C\$)	(#)
2009				
December	25.25	24.86	25.02	35,080
November	25.10	25.00	25.03	35,964
October	25.61	25.00	25.01	16,341
September	25.49	25.01	25.15	13,441
August	25.50	25.00	25.17	6,871
July	25.30	24.80	25.19	12,564
June	25.15	24.69	25.00	35,535
May	25.15	24.81	24.93	50,040
April	25.05	24.41	24.89	5,995
March	25.00	24.02	24.52	16,124
February	24.75	24.25	24.28	17,440
January	24.50	24.00	24.25	67,971

RATINGS

The Class 1 Senior Preferred Shares, Series A are rated “Pfd-2(low)” by Dominion Bond Rating Service Inc. (“DBRS”). A DBRS rating of “Pfd-2(low)” is the lowest sub-category within the second highest rating of the five standard categories of ratings utilized by DBRS for preferred shares. “High” and “low” grades may be used to indicate the relative standing of a credit within a particular rating category.

DBRS has informed the Company that their rating of “Pfd-2(low)” for the Class 1 Senior Preferred Shares, Series A is conditional upon the following:

- (a) the asset coverage for the Class 1 Senior Preferred Shares, Series A being at least three times the issue price of C\$25.00 per share (asset coverage being defined as (i) the market value of the Company’s portfolio of investments, less accrued expenses; divided by (ii) the par value of the Class 1 Senior Preferred Shares, Series A and senior debt of the Company);
- (b) the Company’s senior debt not exceeding 10% of the market value of its investment portfolio; and
- (c) no dividends being paid on the Common Shares unless, after giving effect to such dividend, the asset coverage for the Class 1 Senior Preferred Shares, Series A would be at least three times the issue price of \$25.00 per share.

In the event that any of the above does not continue to be satisfied, DBRS may revise or withdraw its rating of the Series A Senior Preferred Shares.

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities. The credit rating accorded to the Class 1 Senior Preferred Shares, Series A by DBRS

is not a recommendation to purchase, hold or sell the Class 1 Senior Preferred Shares, Series A in as much as such rating does not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

DIRECTORS AND OFFICERS

Each director of the Company holds office until the next annual meeting of shareholders or until a successor is appointed. The names and locations of residence of the directors and officers of the Company, the offices currently held by them and their respective principal occupations are as follows:

Name and Address	Position with the Company	Year Became Director^(b)	Principal Occupation
John P. Barratt ^(a) Ontario, Canada	Director	2006	Corporate Director
Alan V. Dean Ontario, Canada	Director	2003	Senior Vice-President, Brookfield Asset Management Inc. <i>(an asset management company)</i>
Howard A. Driman ^(a) Ontario, Canada	Director	2009	Director of Finance, UIA Federations Canada <i>(a fundraising and community planning organization)</i>
James L.R. Kelly ^(a) Ontario, Canada	Director	2001	President, Earth Power Tractors and Equipment Inc. <i>(a heavy equipment company)</i>
Edward C. Kress Ontario, Canada	Director, Chairman and President	1991	Group Chairman, Power Brookfield Asset Management Inc. <i>(an asset management company)</i>
Lisa W. Chu Ontario, Canada	Vice-President and Controller	–	Vice-President and Controller Brookfield Asset Management Inc.
Catherine J. Johnston Ontario, Canada	Vice-President and Secretary	–	Corporate Secretary and Legal Counsel Brookfield Asset Management Inc.
Sachin G. Shah Ontario, Canada	Vice-President and Chief Financial Officer	–	Senior Vice-President, Finance Brookfield Asset Management Inc.

(a) Member of the Audit Committee of the Board of Directors.

(b) Dates shown refer to the appointment or election as a director of the Company or its predecessors.

Mr. John Barratt was appointed to the Board of Directors of Brookfield Investments on July 18, 2006. Mr. Howard Driman was appointed to the Board of Directors of the Company effective January 1, 2009 at a meeting held on November 12, 2008. Mr. James Kelly served as a director of DCF II since December 18, 2001 and was appointed as a director of the Company on January 1, 2007.

All of the directors and officers listed above have held their current positions for the past five years, except as follows. Prior to July 2006, Mr. Barratt was Chief Operating Officer of The Caldwell Partners International, and prior to April 2005, he was Chief Operating Officer of Beyond.com Corporation, an e-commerce services company. Prior to February 2005, Mr. Kress was Chairman of the Board of Directors of Brookfield Power Inc. Prior to June 2008, Ms. Johnston was Assistant Secretary and Legal Counsel of Canadian Tire Corporation, Limited. Prior to January 2007, Mr. Shah was Vice-President and Chief Financial Officer of DCF II and has also held various financial positions with Brookfield.

None of the directors and officers of the Company owns, controls or directs - directly or indirectly - any of the Company's securities.

EXECUTIVE COMPENSATION

The management of the Company consists of four executive officers: Edward C. Kress, Chairman and President; Sachin G. Shah, Vice-President and Chief Financial Officer; Lisa W. Chu, Vice-President and Controller; and Catherine J. Johnston, Vice-President and Secretary.

No remuneration was paid or is payable by the Company to the executive officers of the Company during the years 2009 and 2008. All the officers, except for Mr. Kress, are employees of Brookfield and are remunerated by that company. Compensation for Ms. Chu, Ms. Johnston and Mr. Shah is not determined by the Company and the amounts allocated by Brookfield for services performed on behalf of the Company by these executive officers are less than C\$100,000. These amounts are not recoverable from the Company.

COMPENSATION

Directors of the Company, who are not full-time employees of the Company or who are not employed by affiliated companies as their officers, are entitled to receive an annual director's fee of C\$8,500, with no additional attendance fees for regular board or committee meetings. Additional fees are paid for attendance at meetings of independent committees of the Board. During 2009, the three non-management directors of the Company received total fees of C\$25,500. Directors are also reimbursed for travel and other out-of-pocket expenses incurred in attending board or committee meetings.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Mandate of the Board

The mandate of the board of directors of the Company (the “Board”) is to supervise the conduct of the affairs of the Company directly and through its committees. In so doing, the Board endeavours to always act in the best interests of the Company. In carrying out its responsibilities, the Board appoints the senior executives of the Company and meets with them on a regular basis to receive and consider reports on the Company’s business. Along with those matters, which must by law be approved by the Board, key strategic decisions are also submitted by management to the Board for approval.

In addition to approving specific corporate actions, the Board reviews and approves the reports issued to shareholders, including annual and interim financial statements, as well as materials prepared for shareholders’ meetings. The Board also approves the Company’s overall business strategies and annual business plans for achieving its objectives.

The Board’s mandate is set out in a written Charter which is renewed and approved annually. The Board’s Charter is reproduced in full in Appendix A to this Annual Information Form.

The Board meets at least once in each quarter, with additional meetings held when appropriate. Meeting frequency changes depending on the opportunities or risks facing the Company. During 2009, the Board of Directors held four regular meetings and four special meetings, and its Audit Committee met four times.

The following is a record of the Directors attendance at the meetings of the Company’s Board and Audit Committee during 2009.

Meetings	Board of Directors	Audit Committee ^(a)
	<i>Regular</i>	
John Barratt	4 of 4	4 of 4
Alan Dean	3 of 4	
Howard A. Driman	4 of 4	4 of 4
James Kelly	4 of 4	4 of 4
Edward Kress	4 of 4	

(a) Attendance shown only for Committee members.

Appointment of Directors

The Company supports the appointment of directors nominated by its voting shareholder, independent directors and directors drawn from senior management. This combination leads to a healthy exchange in Board deliberations, resulting in objective, well-balanced and informed discussion and decision making. Nominees for election to the Board are reviewed by the Board.

New directors are supplied with comprehensive information about the Company and its major investments. Directors are provided with opportunities to meet individually in work sessions with senior management to obtain further insight into the operations of the Company, and are involved on a regular basis in discussions with management. Individual directors are also free to consult with members of senior management whenever so required and to engage outside advisers with Board authorization.

Director compensation is reviewed annually by the Board. The Board also periodically assesses the size and composition of the Board and its committees, reviews the effectiveness of the Board's operations and its relations with management and assesses the performance of the directors.

Composition of the Board

The Board consists of five members. Three of the five directors, Messrs. John Barratt, Howard Driman and James Kelly, are considered by the Company to be independent, that is, free from any interests in or relationships with the Company's major shareholders and management. Messrs. Barratt and Kelly are also directors of BAM Split Corp., a company listed on the TSX, which owns approximately 9% of the shares of Brookfield. Mr. Driman is also a director of BAM Investments Corp., a company listed on the TSX, which owns approximately 9.7% of the shares of Brookfield.

The other two directors, Messrs. Edward Kress and Alan Dean, are officers or directors Brookfield and certain of its subsidiaries and are considered by the Company to be related directors. The Board believes that the composition of the Board fairly represents the investment in the Company by its major shareholders and by the minority shareholders of the Company.

The Board's three independent directors meet in private sessions at the conclusion of all regularly scheduled Board meetings under the leadership of the independent director who is also the Chairman of the Board's Audit Committee, who is also an independent director.

Audit Committee

The Audit Committee is composed of three directors, John Barratt, who is the Committee's chair, Howard Driman and James Kelly. The Board has determined that all these directors are independent and financially literate. Both Messrs. Driman and Kelly are Chartered Accountants. Messrs. Barratt and Kelly have extensive senior level financial management experience with major Canadian public companies. Mr. Driman has extensive financial management experience with charitable foundations and private investment companies.

The Audit Committee is responsible for monitoring the Company's systems and procedures for financial reporting and controls, reviewing all public disclosure documents containing financial information and monitoring the performance of the Company's external auditors. The Audit Committee is also responsible for reviewing the Company's quarterly and annual financial statements prior to their approval by the full Board. The responsibilities of the Audit Committee are set out in a written charter, which are reviewed and approved annually by the Board. The Audit Committee's charter is reproduced in full in Appendix B of this Annual Information Form.

Relationship with Management

Each year, the Board discusses the Company's strategic initiatives and business plans with management. The Board's annual approval of the business plan constitutes the mandate for management to conduct the affairs of the Company, with material deviations being reported and considered as appropriate by the Board.

In addition to the reports presented to the Board at its meetings, the Board is also kept informed by management of important corporate developments on a regular basis. The directors periodically assess the quality, completeness and timeliness of this information, particularly insofar as it relates to identifying the principal risks facing the Company and the initiatives being taken to manage these risks. The Board also meets independently of management from time to time.

Since the Company has no dedicated management or administrative staff, it has not adopted a written code of business conduct. The directors and officers of the Company who are also officers of Brookfield are subject to a written Code of Business Conduct and Ethics that has been adopted by the board of directors of that company. A copy of this code is available on the web site of Brookfield at www.brookfield.com at *About Brookfield/Corporate Governance* and is filed on SEDAR at www.sedar.com.

EXTERNAL AUDITOR AND AUDIT FEES

The external auditor of the Company for the year ended December 31, 2009 was Deloitte & Touche LLP (“Deloitte & Touche”), Chartered Accountants, Suite 1400, Brookfield Place, 181 Bay Street, Toronto, Ontario, M5J 2V1. Deloitte & Touche is independent of the Corporation in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

The following table provides information about the aggregate fees billed to the Company for professional services rendered by Deloitte & Touche during the years ended December 31, 2009 and 2008:

<i>US \$ thousands</i>	2009	2008
Audit Fees	\$54	\$28
Audit-related Fees	-	-
Tax Fees	-	-
All Other Fees	-	-

Audit Fees

Audit fees include fees for services that would normally be provided by the external auditor in connection with statutory and regulatory filings or engagements, including fees for services necessary to perform an audit or review in accordance with generally accepted auditing standards. This category also includes services that generally only the external auditor reasonably can provide, including comfort letters, statutory audits, attest services, consents and assistance with and review of certain documents filed with securities regulatory authorities.

Audit-Related Fees

Audit-related fees are for assurance and related services, such as due diligence services, those traditionally are performed by the external auditor. More specifically, these services include, among others: assistance in preparing due diligence related to mergers and acquisitions, accounting consultations and audits in connection with acquisitions, attest services that are not required by statute or regulation, and consultation concerning financial accounting and reporting standards.

Tax Fees

Tax fees are principally for assistance in tax return preparation and tax advisory services.

All Other Fees

All other fees include fees for translation, litigation and advisory support services.

INDEBTEDNESS TO THE COMPANY

As of the date of this Annual Information Form, no officer, director, employee or former officer, director or employee of the Company, or any associate of any such person is indebted to the Company, or has been indebted to the Company at any time since January 1, 2008.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company maintains directors and officers insurance with an annual policy limit of C\$50,000,000, subject to a corporate deductible of C\$500,000 per loss. Under this insurance coverage, the Company and certain of its associated companies (collectively, the "Organization") is reimbursed for indemnity payments made to directors or officers as required or permitted by law or under provisions of its by-laws as indemnity for losses, including legal costs arising from acts, errors or omissions committed by directors and officers during the course of their duties as such. This insurance also provides coverage to individual directors and officers without any deductible if they are not indemnified by the Organization. The insurance coverage for directors and officers has certain exclusions including, but not limited to, those acts determined to be deliberately fraudulent or dishonest or to have resulted in personal profit or advantage.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Company's preferred shares is CIBC Mellon Trust Company, P.O. Box 7010, Adelaide Street Postal Station, Toronto, Ontario, M5C 2W9.

MATERIAL CONTRACTS

There are no material contracts, other than contracts entered into in the ordinary course of business, which have been entered into by the Company or any of its subsidiaries or their predecessors within the most recently completed financial year, or were entered into before the most recently completed financial year are still in effect, or which is proposed to be entered into, other than as noted below.

Remarketing Agreement

Pursuant to a Remarketing Agreement dated January 1, 2007 between the Company, CIBC Mellon Trust Company and Brookfield Financial Corp. ("Brookfield Financial") (formerly Trilon Securities Corporation), Brookfield Financial has agreed, if requested by the Company, prior to the date fixed for payment of the retraction price for Class 1 Senior Preferred Shares, Series A which have been tendered for retraction, to use its reasonable efforts to find purchasers for such Class 1 Senior Preferred Shares, Series A provided that the holder of the Class 1 Senior Preferred Shares, Series A so tendered has not withheld consent to the purchase of such shares. Brookfield Financial, or an affiliate or associate of Brookfield Financial may, but is not obligated to, purchase Class 1 Senior Preferred Shares, Series A under the Remarketing Agreement if other purchasers cannot be found.

In the event that a purchaser for Class 1 Senior Preferred Shares, Series A is found in this manner, the amount to be paid to the holders of the retracted Class 1 Senior Preferred Shares, Series A following the relevant date fixed for payment of the retraction price will be an amount equal to the proceeds of the sale

of the Class 1 Senior Preferred Shares, Series A less any applicable commissions, but will in no event be less than the retraction price for the Series A Senior Preferred Shares.

ADDITIONAL INFORMATION

Additional financial information is provided in the Company's audited financial statements and management's discussion and analysis for the year ended December 31, 2009. A copy of these documents may be obtained upon request from the Secretary of the Company. These documents and other information on the Company are available on the Company's web site, www.brookfieldinvestments.com and on SEDAR at www.sedar.com.

Appendix A

BROOKFIELD INVESTMENTS CORPORATION

BOARD OF DIRECTORS CHARTER

1. ROLE OF THE BOARD

The role of the board of directors (the “Board”) of Brookfield Investments Corporation (the “Corporation”) is to oversee, directly and through its committees, the business and affairs of the Corporation, which are conducted by its officers and employees under the direction of the Chief Executive Officer (“CEO”). In doing so, the Board acts at all times with a view to the best interests of the Corporation and its shareholders.

The Board is appointed by the Corporation’s sole voting shareholder to oversee management, with the objective of advancing the best interests of the shareholders by enhancing shareholder value in a manner that recognizes the concerns of other stakeholders in the Corporation, including its employees, suppliers, customers and the communities in which it operates.

2. AUTHORITY AND RESPONSIBILITY

The Board meets regularly to review reports by management on the Corporation’s performance. In addition to the general supervision of management, the Board performs the following functions:

- (a) strategic planning – overseeing the strategic planning process within the Corporation and, at least annually, reviewing, approving and monitoring the strategic plan for the Corporation including fundamental financial and business strategies and objectives;
- (b) risk assessment – assessing the major risks facing the Corporation and reviewing, approving and monitoring the manner of managing those risks;
- (c) CEO – to the extent applicable, developing a position description for the CEO including the corporate objectives that the CEO is responsible for meeting and selecting, evaluating and compensating the CEO;
- (d) senior management – to the extent applicable, overseeing the selection, evaluation and compensation of senior management and monitoring succession planning;
- (e) communications and disclosure policy – adopting a communications and disclosure policy for the Corporation, including ensuring the timeliness and integrity of communications to shareholders and establishing suitable mechanisms to receive stakeholder views;
- (f) corporate governance – developing the Corporation’s approach to corporate governance, including developing a set of corporate governance principles and guidelines applicable to the Corporation;
- (g) internal controls – reviewing and monitoring the controls and procedures within the Corporation to maintain its integrity including its disclosure controls and procedures, and its internal controls and procedures for financial reporting and compliance; and

- (h) maintaining integrity – on an ongoing basis, satisfying itself as to the integrity of the CEO and executive officers and that the CEO and other executive officers create a culture of integrity throughout the Corporation.

3. COMPOSITION AND PROCEDURES

- (a) Sizes of Board and selection process – The directors of the Corporation are appointed each year by the sole voting shareholder. The Board proposes a slate of nominees to the shareholder for election.
- (b) Qualifications – Directors should have the highest personal and professional ethics and values and be committed to advancing the best interests of the shareholders of the Corporation. They should possess skills and competencies in areas that are relevant to the Corporation's activities. At least 50% of the directors will be independent directors based on the rules and guidelines of applicable stock exchanges and securities regulatory authorities.
- (c) Director orientation – The Corporation's management team is responsible for providing an orientation and education program for new directors.
- (d) Meetings – The Board has at least four scheduled meetings a year. The Board is responsible for its agenda. Materials for each meeting are distributed to the directors in advance of the meetings.

At the conclusion of each regularly scheduled meeting, the independent directors meet without management and related directors present. The directors have appointed the Chairman of its Audit Committee to chair these meetings.

- (e) Committees – The Board has established one standing committee, the Audit Committee, to assist it in discharging its responsibilities. Special committees are established from time to time to assist the Board in connection with specific matters. The chair of the Audit Committee reports to the Board following meetings of the committee. The terms of reference of the Audit Committee are reviewed annually by the Board.
- (f) Evaluation – The Board performs an annual evaluation of the effectiveness of the Board as a whole, its committees and the contributions of individual directors. In addition, the Audit Committee assesses its performance annually.
- (g) Compensation – The Board reviews annually the compensation for non-management directors. In reviewing the adequacy and form of compensation, the Board seeks to ensure that the compensation reflects the responsibilities and risks involved in being a director of the Corporation and aligns the interests of the directors with the best interests of the shareholder.
- (h) Access to independent advisors – The Board and any committee may at any time retain outside financial, legal or other advisors at the expense of the Corporation. Any director may, subject to the approval of the Chairman of the Board, retain an outside advisor at the expense of the Corporation.

Appendix B

BROOKFIELD INVESTMENTS CORPORATION

CHARTER OF THE AUDIT COMMITTEE

A committee of the board of directors (the “Board”) of Brookfield Investments Corporation (the “Corporation”) to be known as the Audit Committee (the “Committee”) shall have the following terms of reference:

MEMBERSHIP AND CHAIRPERSON

Following each annual meeting of shareholders, the Board of the Corporation shall appoint from its number three or more directors (the “Members” and each a “Member”) to serve on the Committee until the close of the next annual meeting of shareholders of the Corporation or until the Member ceases to be a director, resigns or is replaced, whichever occurs first.

The Members will be selected by the Board and any Member may be removed from office or replaced at any time by the Board. All of the Members of the Committee will be Independent Directors unless exempt from the independence requirements set out in Multilateral Instrument 52-110 - *Audit Committees*. In addition, every Member will be Financially Literate. Members may not serve on more than two other public company audit committees, except with the prior approval of the Board.

The Board shall appoint one Member as the chairperson of the Committee. If the chairperson is absent from a meeting, the Members shall select a chairperson from those in attendance to act as chairperson of the meeting.

RESPONSIBILITIES

The Committee shall:

- (a) oversee the work of the Corporation’s external auditor (the “auditor”) engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation;
- (b) review and evaluate the auditor’s independence, experience, qualifications and performance and determine whether the auditor should be appointed or re-appointed and nominate the auditor for appointment or re-appointment by the shareholders;
- (c) where appropriate, terminate the auditor;
- (d) when a change of auditor is proposed, review all issues related to the change, including the information to be included in the notice of change of auditor required, and the orderly transition of such change;
- (e) review the terms of the auditor’s engagement and the appropriateness and reasonableness of the proposed audit fees;
- (f) at least annually, obtain and review a report by the auditor describing:

- (i) the auditor's internal quality-control procedures; and
 - (ii) any material issues raised by the most recent internal quality control review, or peer review, of the auditor, or review by any independent oversight body such as the Canadian Public Accountability Board, or governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the auditor, and the steps taken to deal with any issues raised in any such review;
- (g) at least annually, confirm that the auditor has submitted a formal written statement describing all of its relationships with the Corporation; discuss with the auditor any disclosed relationships or services that may affect its objectivity and independence; obtain written confirmation from the auditor that it is objective within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Accountants to which it belongs and is an independent public accountant within the meaning of the Independence Standards of the Canadian Institute of Chartered Accountants; and, confirm that it has complied with applicable laws with the rotation of certain members of the audit engagement team;
- (h) review and evaluate the lead partner of the auditor;
- (i) ensure the regular rotation of the audit engagement team members as required by law, and periodically consider whether there should be regular rotation of the auditor firm;
- (j) meet privately with the auditor as frequently as the Committee feels is appropriate to fulfill its responsibilities, which will not be less frequently than annually, to discuss any items of concern to the Committee or the auditor, including:
 - (i) planning and staffing of the audit;
 - (ii) any material written communications between the auditor and management;
 - (iii) whether or not the auditor is satisfied with the quality and effectiveness of financial recording procedures and systems;
 - (iv) the extent to which the auditor is satisfied with the nature and scope of its examination;
 - (v) whether or not the auditor has received the full co-operation of management of the Corporation;
 - (vi) the auditor's opinion of the competence and performance of the Chief Financial Officer and other key financial personnel;
 - (vii) the items required to be communicated to the Committee in accordance with generally accepted auditing standards;
 - (viii) all critical accounting policies and practices to be used by the Corporation;
 - (ix) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications

of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor; and

- (x) any difficulties encountered in the course of the audit work, any restrictions imposed on the scope of activities or access to requested information, any significant disagreements with management and management's response;
- (k) approve, if permitted by law, the appointment of the auditor to provide any audit service or non-prohibited non-audit service;
- (l) resolve any disagreements between management and the auditor regarding financial reporting;
- (m) review, and, where appropriate, recommend for approval by the Board, the following:
 - (i) audited annual financial statements, in conjunction with the report of the external auditor;
 - (ii) interim financial statements;
 - (iii) annual and interim management discussion and analysis of financial condition and results of operation;
 - (iv) reconciliations of the annual or interim financial statement; and
 - (v) all other audited or unaudited financial information contained in public disclosure documents, including without limitation, any prospectus, or other offering or public disclosure documents and financial statements required by regulatory authorities;
- (n) discuss earnings press releases and other press releases containing financial information (to ensure consistency of the disclosure to the financial statement), as well as financial information and earnings guidance provided to analysts and rating agencies including the use of "pro forma" or "adjusted" non-GAAP information in such press releases and financial information. Such review may consist of a general discussion of the types of information to be disclosed or the types of presentations to be made;
- (o) review the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements;
- (p) review disclosures made to the Committee by the President or Chief Executive Officer and Chief Financial Officer during their certification process for applicable securities law filings about any significant deficiencies and material weaknesses in the design or operation of the Corporation's internal control over financial reporting which are reasonably likely to adversely affect the Corporation's ability to record, process, summarize and report financial information, and any fraud involving management or other employees;
- (q) review the effectiveness of management's policies and practices concerning financial reporting, any proposed changes in major accounting policies, the appointment and

replacement of management responsible for financial reporting and the internal audit function;

- (r) review the adequacy of the internal controls that have been adopted by the Corporation to safeguard assets from loss and unauthorized use and to verify the accuracy of the financial records and any special audit steps adopted in light of material control deficiencies;
- (s) meet privately with the person responsible for the Corporation's internal audit function as frequently as the Committee feels appropriate to fulfill its responsibilities, which will not be less frequently than annually, to discuss any items of concern;
- (t) review the mandate, budget, planned activities, staffing and organizational structure of the internal audit function (which may be outsourced to a firm other than the auditor) to confirm that it is independent of management and has sufficient resources to carry out its mandate. The Committee will discuss this mandate with the auditor; review the appointment and replacement of the person in charge of the Corporation's internal audit and review the significant reports to management prepared by the internal auditor and management's responses;
- (u) review the controls and procedures that have been adopted to confirm that material information about the Corporation and its subsidiaries that is required to be disclosed under applicable law or stock exchange rules is disclosed and to review the public disclosure of financial information extracted or derived from the issuer's financial statements and periodically assess the adequacy of these procedures;
- (v) review periodically, the Corporation's policies with respect to risk assessment and management, particularly financial risk exposure, including the steps taken to monitor and control risks;
- (w) review periodically, the status of taxation matters of the Corporation;
- (x) set clear policies for hiring partners and employees and former partners and employees of the external auditor;
- (y) review, with legal counsel where required, such litigation, claims, tax assessments, transactions, material inquiries from regulators and governmental agencies or other contingencies which may have a material impact on financial results or which may otherwise adversely affect the financial well-being of the Corporation;
- (z) review periodically the Corporation's susceptibility to fraud and oversee management's processes for identifying and managing the risks of fraud; and
- (aa) consider other matters of a financial nature as directed by the Board.

REPORTING

The Committee will regularly report to the Board on:

- (a) the auditor's independence;
- (b) the performance of the auditor and the Committee's recommendations regarding its reappointment or termination;
- (c) the performance of its internal audit function;
- (d) the adequacy of the Corporation's internal controls and disclosure controls;
- (e) its recommendations regarding the annual and interim financial statements of the Corporation and any reconciliation of the Corporation's financial statements, including any issues with respect to the quality or integrity of the financial statements;
- (f) its review of any other public disclosure document including the annual information form and the annual and interim management's discussion and analysis of financial condition and results of operations;
- (g) the Corporation's compliance with legal and regulatory requirements, particularly those related to financial reporting; and
- (h) all other significant matters it has addressed and with respect to such other matters that are within its responsibilities.

COMPLAINTS PROCEDURE

The Committee will establish a procedure for the receipt, retention and follow-up of complaints received by the Corporation regarding accounting, internal controls, disclosure controls or auditing matters and a procedure for the confidential, anonymous submission of concerns by employees of the Corporation regarding such matters.

REVIEW AND DISCLOSURE

The Committee will review this Charter at least annually and submit it to the Board for approval with such further amendments as it deems necessary and appropriate.

This Charter will be reproduced in full as an appendix to either the Corporation's Annual Information Form or Management Information Circular.

ASSESSMENT

At least annually, the Committee will review its effectiveness in fulfilling its responsibilities and duties as set out in this Charter and in a manner consistent with the corporate governance guidelines adopted by the Board.

ACCESS TO OUTSIDE ADVISORS AND SENIOR MANAGEMENT

The Committee may retain any outside advisor including legal counsel, at the expense of the Corporation, without the Board's approval, at any time. The Committee has the authority to determine any such advisor's fees.

The Corporation will provide for appropriate funding, for payment of compensation to any auditor engaged to prepare or issue an audit report or perform other audit, review or attest services, and ordinary administrative expenses of the Committee.

Members will meet privately with senior management as frequently as they feel is appropriate to fulfill the Committee's responsibilities, but not less than annually.

MEETINGS

Meetings of the Committee may be called by any Member, the Chairman of the Board, the President or Chief Financial Officer of the Corporation or the auditor. Meetings will be held each quarter and at such additional times as is necessary for the Committee to fulfill its responsibilities. The Committee shall appoint a secretary to be the secretary of each meeting of the Committee and to maintain minutes of the meeting and deliberations of the Committee.

The powers of the Committee shall be exercisable at a meeting at which a quorum is present. A quorum shall be not less than a majority of the Members from time to time. Matters decided by the Committee shall be decided by majority vote. Subject to the foregoing, the Business Corporations Act (Ontario) and the by-laws, and unless otherwise determined by the Board, the Committee shall have the power to regulate its procedure.

Notice of each meeting shall be given to each Member, the internal auditor, the auditor, and to the Chairman of the Board and the Chief Executive Officer of the Corporation. Notice of meeting may be given orally or by letter, facsimile or telephone not less than 24 hours before the time fixed for the meeting. Members may waive notice of any meeting and attendance at a meeting is deemed waiver of notice. The notice need not state the purpose or purposes for which the meeting is being held.

The Committee may invite from time to time such persons as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee. The Committee may require the auditors to attend any or all meetings.

DEFINITIONS

Capitalized terms used in this Charter and not otherwise defined have the meaning attributed to them below:

"Independent Director" means a director who has been affirmatively determined by the Board to have no material relationship with the Corporation, directly or as a partner, shareholder or officer of an organization that has a relationship with the Corporation. In addition to any other requirement of applicable securities laws or stock exchange provisions, a director who:

- (a) is an employee, or whose immediate family member is an executive officer of the Corporation is not independent until three years after the end of such employment relationship;
- (b) is receiving, or whose immediate family member receives, more than \$50,000 per year in direct compensation from the Corporation, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service) is not independent until three years after he or she ceases to receive more than \$50,000 per year in compensation;
- (c) is affiliated with or employed by, or whose immediate family member is employed in a professional capacity by a present or former internal or external auditor of the Corporation is not independent until three years after the end of the affiliation or employment of the auditing relationship;
- (d) is employed as, or whose immediate family member is employed as, an executive officer of another company where any of the present (at the time of review) members of senior management of the Corporation serve on that company's compensation committee is not independent until three years after the end of such service or the employment relationship; and
- (e) is an executive officer or an employee of, or whose immediate family member is an executive officer of, another company for which the Corporation accounts for at least 2% or \$1 million, whichever is greater, of such other company's consolidated gross revenues, in each case is not independent until three years after falling below such threshold.

For the purposes of the definition above, the term Corporation includes any parent, subsidiary or other affiliated entity of the Corporation.

Additionally, an Independent Director for the purpose of the Audit Committee specifically may not:

- (a) accept any consulting, advisory, or other compensatory fee from the Corporation or any of its subsidiaries, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service); or
- (b) be an affiliated person of the Corporation or any of its subsidiaries (within the meaning of applicable rules and regulations).

“Financially Literate” means the ability 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 Corporation's financial statements.