FORM 2A

LISTING STATEMENT

This Listing Statement must be used for all initial applications for listing and for Issuers resulting from a fundamental change. CNSX requires prospectus level disclosure in the Listing Statement (other than certain financial disclosure and interim Management's Discussion and Analysis) and can require that the Issuer include additional disclosure.

General Instructions

(a) Please prepare this Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) In this form, the term "Issuer" includes the applicant Issuer and any of its subsidiaries.

(c) In determining the degree of detail required, a standard of materiality should be applied. Materiality is a matter of judgment in a particular circumstance, and should generally be determined in relation to an item's significance to investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the Issuer's securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items should be considered individually rather than on a net basis, if the items have an offsetting effect. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

(d) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation.

(e) For Issuers that are re-qualifying for listing following a fundamental change, provide historic and current details on

(i) the Issuer

(ii) all other companies or businesses that are involved in the fundamental change (the "**target**"); and

(iii) the entity that will result from the fundamental change (the "**New Issuer**").

Information concerning the Issuer that was contained in the most recent Listing Statement may be incorporated by reference, but this statement must indicate if any of the information in the prior statement has changed (e.g. describing a business that will no longer be undertaken by the New Issuer). Information concerning assets or lines of business of the target that will not be part of the New Issuer's business should not be included.

(f) This Listing Statement provides prospectus-level disclosure. It will be amended from time to time to reflect any changes to the prospectus disclosure requirements. If changed, the new form is to be used for the next listing statement the Issuer is required to file. The Issuer does not have to amend a listing statement currently on file to reflect any new disclosure requirements.

1. Table of Contents

Except as otherwise defined in this Listing Statement, the following terms shall have the accompanying meanings. In the event of a conflict between a term defined in this glossary and the CNSX Policy 1 – Interpretation, the CNSX Policy 1 – Interpretation will govern.

"**BAMI LP**" means Brascan Asset Management Investments LP.

"**Board**" means the board of directors of the Company.

"**Brascan**" means Brascan Financial Corporation.

"**Brookfield**" means Brookfield Asset Management Inc.

"**CCAA**" means the *Companies' Creditors Arrangement Act* (Canada).

"**Common Share**" means a common share in the capital of the Company.

"**Company**" means Royal Oak Ventures Inc.

"**Computershare**" means Computershare Investor Services Inc.

"**Court**" means the Ontario Court of Justice.

"**Distributions**" has the meaning given to it on page 10.

"**Exchange**" means the TSX Venture Exchange.

"**External Auditor**" means Deloitte & Touche LLP.

"**FT**" means FT Capital Ltd.

"**GAAP**" means Generally Accepted Accounting Principles

"**IAS 12**" means IAS 12, Income Taxes.

"**IAS 27**" means IAS 27, Separate Financial Statements.

"**IAS 28**" means IAS 28, Investments in Associates and Joint Ventures.

"**IAS 39**" means IAS 39, Financial Instruments: Recognition and Measurement.

"**IFRS**" means International Financial Reporting Standards.

"**IFRS 1**" means IFRS 1 First-time Adoption of International Financial Reporting Standards.

"**IFRS 9**" means IFRS 9 Financial Instruments.

"**IFRS 10**" means IFRS 10, Consolidated Financial Statements.

"**IFRS 11**" means IFRS 11, Joint Arrangements.

"**IFRS 12**" means IFRS 12, Disclosure of Interests in Other Entities.

"**Informed Person**" has the meaning given to it on page 50.

"**Interim Receiver**" means PricewaterhouseCoopers LLP.

"**IUSI**" means International Utility Structure Inc.

"**Non-Voting Share**" means a non-voting share of the Company.

"**Northgate**" means Northgate Exploration Limited.

"**OBCA**" means the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B16.

"**Proposal**" has the meaning given to it on page 9.

"**Royal Oak Mines**" means Royal Oak Mines Inc.

"**Royalty**" has the meaning given to it on page 10.

"**SIC-12**" means SIC-12, Consolidation-Special Purpose Entities.

"**Special Share**" means a special share of the Company.

"**Trilon**" means Trilon Financial Corporation.

Words importing the masculine shall be interpreted to include the feminine or neuter and the singular include the plural and vice versa where the context so requires.

2. Corporate Structure

2.1 State the full corporate name of the Issuer or, if the Issuer is an unincorporated entity, the full name under which the entity exists and carries on business and the address(es) of the Issuer's head and registered office.

The head office of Royal Oak Ventures Inc. (the "Company") is located at Brookfield Place, Suite 300 – 181 Bay Street, Toronto, Ontario, M5J 2T3 and its registered and records office is located at 20th Floor, 250 Howe Street, Vancouver, British Columbia, V6C 3R8.

2.2 State the statute under which the Issuer is incorporated or continued or organized or, if the Issuer is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which the Issuer is established and exists. Describe the substance of any material amendments to the articles or other constating or establishing documents of the Issuer.

The Company was incorporated pursuant to the *Business Corporations Act* (Ontario) on July 23, 1991. The Company was formerly known as Royal Oak Mines Inc. and on February 11, 2000 changed its name to Royal Oak Ventures Inc.

2.3 Describe, by way of a diagram or otherwise, the intercorporate relationships among the Issuer and the Issuer's subsidiaries. For each subsidiary state

(a) the percentage of votes attaching to all voting securities of the subsidiary represented by voting securities beneficially owned, or over which control or direction is exercised, by the Issuer;

(b) the place of incorporation or continuance; and

(c) the percentage of each class of restricted shares beneficially owned, or over which control or direction is exercised, by the Issuer.

Not applicable.

2.4 If the Issuer is requalifying following a fundamental change or is proposing an acquisition, amalgamation, merger, reorganization or arrangement, describe by way of diagram or otherwise these intercorporate relationships both before and after the completion of the proposed transaction.

Not applicable.

2.5 Non-corporate Issuers and Issuers incorporated outside of Canada must describe how their governing legislation or constating documents differ materially from Canadian corporate legislation with respect to the corporate governance principles set out in Policy 4.

Not applicable.

3. General Development of the Business

3.1 Describe the general development of the Issuer's business over its three most recently completed financial years and any subsequent period. Include only major events or conditions that have influenced the general development of the Issuer's business. If the business consists of the production or distribution of more than one product or the rendering of more than one kind of service, describe the principal products or services. Also discuss changes in the business of the Issuer that are expected to occur during the current financial year of the Issuer.

Since April 16, 1999, the Company has undergone a reorganization from a mining and exploration company to an investment holding company and its current principal business relates to its investment holdings.

The Company now has an investment portfolio which consists of marketable securities and loans receivable. The marketable securities are comprised of investments in equity and debt securities of North American companies, or through entities making such investments.

The Company's loan portfolio consists of an indirect interest in approximately 20 loans to U.S. residential developers, through an interest in a private partnership. The individual loans bear interest at rates between 10% and 30% per annum and have maturities ranging from due on demand to November 2012.

3.2 Disclose:

(1) (a) any significant acquisition completed by the Issuer or any significant probable acquisition proposed by the Issuer, for which financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus; and

(b) any significant disposition completed by the Issuer during the most recently completed financial year or the current financial year for which *pro forma* financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus.

Not applicable.

(2) Under paragraph (1) include particulars of

(a) the nature of the assets acquired or disposed of or to be acquired or disposed of;

(b) the actual or proposed date of each significant acquisition or significant disposition;

(c) the consideration, both monetary and non-monetary paid, or to be paid, to or by the Issuer;

(d) any material obligations that must be complied with to keep any significant acquisition or significant disposition agreement in good standing;

(e) the effect of the significant acquisition or significant disposition on the operating results and financial position of the Issuer;

(f) any valuation opinion obtained within the last 12 months required under Canadian securities legislation, a directive of a Canadian securities regulatory authority, or a requirement of a Canadian stock exchange or other Canadian market to support the value of the consideration received or paid by the Issuer or any of its subsidiaries for the assets, including the name of the author, the date of the opinion, the assets to which the opinion relates and the value attributed to the assets; and

(g) whether the transaction is with a Related Party of the Issuer and if so, disclose the identity of the other parties and the relationship of the other parties to the Issuer.

Not applicable.

3.3 Discuss any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on the Issuer's business, financial condition or results of operations, providing forward-looking information based on the Issuer's expectations as of the date of the Listing Statement.

As an investment holding company the Issuer will be impacted by general economic conditions, particularly in Canada and the United States. In particular, since the Issuer has a loan portfolio with significant exposure to U.S. residential real estate developers, a deterioration in the U.S. housing market could have a material adverse effect on the Issuer's financial condition and results of operations. In addition, the Issuer's investments may be impacted by interest rates.

4. Narrative Description of the Business

4.1 General

(1) Describe the business of the Issuer with reference to the reportable operating segments as defined in the Handbook and the Issuer's business in general. Include the following for each reportable operating segment of the Issuer:

- (a) state the business objectives that the Issuer expects to accomplish in the forthcoming 12-month period;
- (b) describe each significant event or milestone that must occur for the business objectives in (a) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event;
- (c) disclose the total funds available to the Issuer and the following breakdown of those funds:
  - (i) the estimated consolidated working capital (deficiency) as of the most recent month end prior to filing the Listing Statement, and
  - (ii) the total other funds, and the sources of such funds, available to be used to achieve the objectives and milestones set out in paragraphs (a) and (b); and
- (d) describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available described under the preceding paragraph will be used by the Issuer.

(2) For principal products or services describe:

- (a) the methods of their distribution and their principal markets;
- (b) as dollar amounts or as percentages, for each of the two most recently completed financial years, the revenues for each category of principal products or services that accounted for 15 per cent or more of total consolidated revenues for the applicable financial year derived from:
  - (i) sales or transfers to joint ventures in which your company is a participant or to entities in which your company has an investment accounted for by the equity method;
  - (ii) sales to customers, other than those referred to in clause (i), outside the consolidated entity;
  - (iii) sales or transfers to controlling shareholders; and
  - (iv) sales or transfers to investees.

(c) if not fully developed, the stage of development of the principal products or services and, if the products are not at the commercial production stage,

(i) the timing and stage of research and development programs**;**

(ii) the major components of the proposed programs, including an estimate of anticipated costs**;**

(iii) whether the Issuer is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods**;** and

(iv) the additional steps required to reach commercial production and an estimate of costs and timing.

(3) Concerning production and sales, disclose:

(a) the actual or proposed method of production of products and if the Issuer provides services, the actual or proposed method of providing services;

(b) the payment terms, expiration dates and terms of any renewal options of any material leases or mortgages, whether they are in good standing and, if applicable, that the landlord or mortgagee is a Related Person of the Issuer;

(c) specialized skill and knowledge requirements and the extent that the skill and knowledge are available to the Issuer;

(d) the sources, pricing and availability of raw materials, component parts or finished products;

(e) the importance, duration and effect on the segment of identifiable intangible properties such as brand names, circulation lists, copyrights, franchises, licences, patents, software, subscription lists and trademarks;

(f) the extent to which the business of the segment is cyclical or seasonal;

(g) a description of any aspect of the Issuer's business that may be affected in the 12 months following the date of the Listing Statement by renegotiation or termination of contracts or sub-contracts and the likely effect;

(h) the financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of the Issuer in the current financial year and the expected effect, on future years;

(i) the number of employees, as at the most recent financial year end or as an average over that year, whichever is more relevant;

(j) any risks associated with foreign operations of the Issuer and any dependence of the segments upon the foreign operations;

(k) a description of any contract upon which your company's business is substantially dependent, such as a contract to sell the major part of your company's products or services or to purchase the major part of your company's requirements for goods, services or raw materials, or any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which your company's business depends;

(l) a description of any aspect of your company's business that you reasonably expect to be affected in the current financial year by renegotiation or termination of contracts or sub-contracts, and the likely effect.

(4) Describe the competitive conditions in the principal markets and geographic areas in which the Issuer operates, including, if reasonably possible, an assessment of the Issuer's competitive position.

(5) With respect to lending operations of an Issuer's business, describe the investment policies and lending and investment restrictions.

(6) Disclose the nature and results of any bankruptcy, or any receivership or similar proceedings against the Issuer or any of its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by the Issuer or any of its subsidiaries, within the three most recently completed financial years or the current financial year.

(7) Disclose the nature and results of any material restructuring transaction of the Issuer within the three most recently completed financial years or completed during or proposed for the current financial year.

(8) If the Issuer has implemented social or environmental policies that are fundamental to the Issuer's operations, such as policies regarding the Issuer's relationship with the environment or with the communities in which the Issuer does business, or human rights policies, describe them and the steps the Issuer has taken to implement them.

Since April 16, 1999, the Company has undergone a reorganization from a mining and exploration company to an investment holding company and its principal business relates to its investment holdings.

The Company now has an investment portfolio which consists of marketable securities and loans receivable. The marketable securities are comprised of investments in equity and debt securities of North American companies, or through entities making such investments.

The Company's loan portfolio consists of an indirect interest in approximately 20 loans to U.S. residential developers, through an interest in a private partnership. The individual loans bear interest at rates between 10% and 30% per annum and have maturities ranging from due on demand to November 2012.

On April 16, 1999, the Company was placed into interim receivership. Commencing with the appointment of the interim receiver, PricewaterhouseCoopers LLP (the "Interim Receiver"), the Company began winding down its exploration activities. Under an order of the Ontario Court of Justice ("Court"), the Interim Receiver was directed to sell the Company's assets and distribute the proceeds to its creditors. The Interim Receiver undertook the disposition of the Company's Giant and Colomac Mines in the Northwest Territories, the Pamour and Nighthawk Mines in Ontario, the Hope Brook Mine in Newfoundland, numerous exploration properties and the Company's equity investments, including its 44.2% interest in Asia Minerals Corporation and 38.6% interest in Highwood Resources Ltd. These dispositions all took place during 1999, with the Company's remaining operating asset being the Kemess Mine in Northern British Columbia.

On December 3, 1999, the Company filed a proposal (the "Proposal") under the Companies' Creditors Arrangement Act (the "CCAA") with the Court and the Company's creditors. The purpose of the Proposal was to compromise the claims of the Company's creditors, to provide for the satisfaction of the claims of the Company's unaffected creditors, to permit the Company to continue as a going concern and to allow for the possibility of a new business being introduced into the Company in the future. The Proposal considered a reorganization of the capital and assets of the Company, consolidating its outstanding common shares on the basis of 100 old common shares for one new common share, changing its authorized capital to include an unlimited number of non-voting shares, renaming Royal Oak Mines Inc. to its

current name and a compromise of the liabilities of the Company. The Proposal involved the following three principal steps:

- **(a) the sale of a convertible royalty interest (the "Royalty") in the Kemess Mine to Northgate, equal to 95% of the net cash flow of the Kemess Mine, which Royalty was converted by into a 95% equity interest in the Kemess Mine;**
- **(b) the transfer of all remaining assets of the Company, other than or relating to the Kemess Mine, to a wholly-owned subsidiary, which assets were sold by the Interim Receiver and the proceeds distributed to the creditors; and**
- **(c) the satisfaction or assumption of all of the outstanding indebtedness of the Company through the issuance of promissory notes and other notes which were convertible into common shares and non-voting shares of the Company (the "Distributions"), details of which issuances are as follows:**
  - **(i) 1,530,288 common shares and 107,341,027 non-voting shares of the Company to Brascan Financial Corporation, formerly Trilon Financial Corporation ("Trilon");**
  - **(ii) 48,748,350 non-voting shares of the Company to holders of certain notes issued by the Company;**
  - **(iii) 3,249,890 non-voting shares of the Company to certain unsecured creditors of the Company; and**
  - **(iv) three promissory notes in the aggregate principal amount of US$2.1 million, due and payable in February 2005, issued to certain secured creditors of the Company.**

The Proposal was accepted by the Company's creditors on December 14, 1999 and approved by the Court on January 4, 2000. The Proposal was implemented effective on February 11, 2000, at which point a new board of directors and officers assumed control of the Company.

After the implementation of the Proposal, the Company had tax deductions available to be utilized in future years estimated to exceed $300 million. The Company also had $14 million of earned depletion and mining exploration depletion base carry-forwards available to be deducted against certain future resource profits. Subsequently, the company's business was focused on generating investment income from its investment holdings. The Company began investing in debt and equity securities of North American securities and also engaged in bridge lending activities to certain distressed companies.

On March 13, 2000, the Commission granted an order partially revoking the cease trade order issued in Ontario to permit the Distributions to Trilon and 509 unsecured creditors of the Company resident in Ontario.

On February 29, 2000, the British Columbia Securities Commission granted an order partially revoking the cease trade order issued in British Columbia to permit the Distributions to unsecured creditors in British Columbia.

In February 2003, the Company sold its 5% interest in the Kemess Mine to Northgate for $10.3 million. The Company received 7,186,000 common shares of Northgate based on Northgate's share trading price at the time negotiations were completed in early January 2003. During 2004, the company disposed of all its shares of Northgate for proceeds of $25 million.

On August 19, 2011, the cease trade order issued by the Ontario Securities Commission was revoked. On August 25, 2011, August 24, 2011 and August 22, 2011, the cease trade orders issued by the British Columbia Securities Commission, Alberta Securities Commission and Commission des valeurs mobilières du Québec were respectively revoked.

The Company is a reporting issuer or the equivalent thereof in each of the provinces and territories of Canada and is no longer in default of any applicable securities laws.

Companies with Asset-backed Securities Outstanding

4.2 In respect of any outstanding asset-backed securities, disclose the following information:

(1) Payment Factors - A description of any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of any payments or distributions to be made under the asset-backed securities.

(2) Underlying Pool of Assets - For the three most recently completed financial years of your company or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, information on the pool of financial assets servicing the asset-backed securities relating to

(a) the composition of the pool as of the end of each financial year or partial period;

(b) income and losses from the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

(c) the payment, prepayment and collection experience of the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

(d) servicing and other administrative fees; and

(e) any significant variances experienced in the matters referred to in paragraphs (a), (b), (c), or (d).

(3) Investment Parameters - The investment parameters applicable to investments of any cash flow surpluses.

(4) Payment History - The amount of payments made during the three most recently completed financial years or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, in respect of principal and interest or capital and yield, each stated separately, on asset-backed securities of your company outstanding.

(5) Acceleration Event - The occurrence of any event that has led to, or with the passage of time could lead to, the accelerated payment of principal, interest or capital of asset-backed securities.

(6) Principal Obligors - The identity of any principal obligors for the outstanding asset-backed securities of your company, the percentage of the pool of financial assets servicing the asset-backed securities represented by obligations of each principal obligor and whether the principal obligor has filed an AIF in any jurisdiction or a Form 10-K, Form 10-KSB or Form 20F in the United States.

The Company does not have any outstanding asset-backed securities.

4.3 For Issuers with a mineral project, disclose and insert here the information required by Appendix A for each property material to the Issuer.

Not applicable.

4.4 For Issuers with Oil and Gas Operations disclose and insert here the information required by Appendix B (in tabular form, if appropriate).

Not applicable.

5. Selected Consolidated Financial Information

5.1 Annual Information — Provide the following financial data for the Issuer in summary form for each of the last three completed financial years and any period subsequent to the most recent financial year end for which financial statements have been prepared, accompanied by a discussion of the factors affecting the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions and major changes in the direction of the Issuer's business:

(a) net sales or total revenues;

(b) income from continuing operations, in total and on a per share basis and fully diluted per share basis, calculated in accordance with the Handbook;

(c) net income or loss, in total and on a per share and fully diluted per share basis, calculated in accordance with the Handbook;

(d) total assets;

(e) total long-term financial liabilities as defined in the Handbook;

(f) cash dividends declared per share for each class of share; and

(g) such other information as would enhance an investor's understanding of the Issuer's financial condition and results of operations and would highlight other trends in financial condition and results of operations.

	Year Ended December 31, 2009[1]	Year Ended December 31, 2010[2]	Year Ended December 31, 2011
Total Revenue	($15,216,000)	$6,702,000	($144,000)
Income from continuing operations			
Total	($35,033,000)	$5,805,000	($646,000)
Per share basis	(0.21)	0.04	-
Fully diluted per share basis	(0.21)	0.04	-
Net Income			
Total	($35,033,000)	$5,805,000	($646,000)
Per share basis	(0.21)	0.04	-
Fully diluted per share basis	(0.21)	0.04	-
Total Assets	$36,535,000	$35,814,000	$33,045,000
Total Long-term Financial Liabilities	nil	nil	nil
Dividends	nil	nil	nil

(1) Results for the year ended December 31, 2009 were restated in the December 31, 2010 annual report.

(2) Results for the year ended December 31, 2010 reflect adjustments from the transition from Canadian GAAP to International Financial Reporting Standards.

The Company's Audited Annual Financial Statements for the years ended December 31, 2011, 2010 and 2009 are attached as Schedule "A" to this Listing Statement. These Annual Financial Statements are also available for viewing under the Company's profile on SEDAR at www.sedar.com.

5.2 Quarterly Information — For each of the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs (a), (b) and (c) of Section 5.1.

	Three Months Ending March 31, 2010	Three Months Ending June 30, 2010	Three Months Ending September 30, 2010	Three Months Ending December 31, 2010
Total Revenue	$396,000	$401,000	$6,932,000	($1,027,000)
Income from continuing operations				
Total	$948,000	($519,000)	$6,114,000	($738,000)
Per share basis	0.01	-	0.04	(0.01)
Fully diluted per share basis	0.01	-	0.04	(0.01)
Net Income				
Total	$948,000	($519,000)	$6,114,000	($738,000)
Per share basis	0.01	-	0.04	(0.01)
Fully diluted per share basis	0.01	-	0.04	(0.01)

	Three Months Ending March 31, 2011	Three Months Ending June 30, 2011	Three Months Ending September 30, 2011	Three Months Ending December 31, 2011
Total Revenue	$220,000	$225,000	$217,000	($806,000)
Income from continuing operations				
Total	$173,000	($90,000)	$97,000	($826,000)
Per share basis	-	-	-	-
Fully diluted per share basis	-	-	-	-
Net Income				
Total	$173,000	($90,000)	$97,000	($826,000)
Per share basis	-	-	-	-
Fully diluted per share basis	-	-	-	-

5.3 Dividends – disclose:

(a) any restriction that could prevent the Issuer from paying dividends; and

(b) the Issuer's dividend policy and, if a decision has been made to change the dividend policy, the intended change in dividend policy.

As of the date hereof, the Company has not paid any dividends since its incorporation. The Company does not intend to declare or pay any cash dividends in the foreseeable future and intends to retain all future earnings and other cash resources for the future operation and development of its business. Payment of any future dividends will be at the discretion of the Board after taking into account many factors including the Company's operating results, financial condition and current and anticipated cash needs.

5.4 Foreign GAAP — An Issuer may present the selected consolidated financial information required in this section on the basis of foreign GAAP if:

(a) the Issuer's primary financial statements have been prepared using foreign GAAP; and

(b) if the Issuer is required under applicable securities legislation to have reconciled its financial statements to Canadian GAAP at the time of filing its financial statements or the Issuer has otherwise done so, a cross reference to the notes to the financial statements containing the reconciliation of the financial statements to Canadian GAAP is included.

Not applicable.

6. Management's Discussion and Analysis

Annual MD&A

6.1 Date - Specify the date of the MD&A. The date of the MD&A must be no earlier than the date of the auditor's report on the financial statements for the Issuer's most recently completed financial year.

April 18, 2012

6.2 Overall Performance - Provide an analysis of the Issuer's financial condition, results of operations and cash flows. Discuss known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on the Issuer's business. Compare the Issuer's performance in the most recently completed financial year to the prior year's performance. The analysis should address at least the following:

(a) operating segments that are reportable segments as those terms are used in the Handbook;

(b) other parts of the business if

(i) they have a disproportionate effect on revenues, income or cash needs, or

(ii) there are any legal or other restrictions on the flow of funds from one part of the Issuer's business to another;

(c) industry and economic factors affecting the Issuer's performance;

(d) why changes have occurred or expected changes have not occurred in the Issuer's financial condition and results of operations; and

(e) the effect of discontinued operations on current operations.

The Company recorded a comprehensive loss of $1.3 million for the year ended December 31, 2011 compared to comprehensive income of $5.5 million in the prior year. The current year comprehensive loss consisted of net loss of $0.6 million (2010 – net income of $5.8 million) and other comprehensive loss of $0.6 million (2010 – $0.3 million) which was primarily the result of a $0.7 million unrealized loss on the company's marketable securities which are recorded at fair value in other comprehensive income, and other investment losses of $1.0 million in net income.

The Company reported a net loss of $0.6 million or $nil per common share for the year ended December 31, 2011 compared to net income of $5.8 million or $0.04 per common share in 2010. Net loss in the current year included an impairment of $1.0 million (2010 – $2.1 million) on certain of the securities in the portfolio. Net income in the prior year included a $4.9 million disposition gain as well as a $1.7 million special distribution received on one of the portfolio investments.

The Company classifies marketable securities within its investment portfolio as available-for-sale financial instruments and accordingly records unrealized changes in the fair value of these investments in other comprehensive loss. The Company recorded a pre-tax unrealized loss of $0.7 million during 2011 (2010 – $0.3 million) in other comprehensive loss, as a result of a decrease in the fair value of the company's marketable securities portfolio.

At December 31, 2011, the Company had $42.9 million (2010 – $45.5 million) of available capital to provide bridge loans and make investments. The Company's capital is comprised of its $25.2 million (2010 – $26.5 million) investment portfolio, $7.7 million (2010 – $9.0 million)

of cash and cash equivalents, and $10.0 million (2010 – $10.0 million) of undrawn available capital from the Company's short-term debt facility.

See Section 17 – Risk Factors for further events or uncertainties that are reasonably likely to have an effect on the Company's business.

The Company's Management Discussion and Analysis for the three most recently completed years ended December 31, 2011, 2010 and 2009 are attached as Schedule "A" to this Listing Statement. These Management Discussion and Analyses are also available for viewing under the Company's profile on SEDAR at www.sedar.com.

Selected Annual Financial Information

6.3 Provide the following financial data derived from the Issuer's financial statements for each of the three most recently completed financial years:

(a) net sales or total revenues;

(b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis;

(c) net income or loss, in total and on a per-share and diluted per-share basis;

(d) total assets;

(e) total long-term financial liabilities; and

(f) cash dividends declared per-share for each class of share.

See Section 5.1 above.

6.4 Variations - Discuss the factors that have caused period to period variations including discontinued operations, changes in accounting policies, significant acquisitions or dispositions and changes in the direction of the Issuer's business, and any other information the Issuer believes would enhance an understanding of, and would highlight trends in, financial condition and results of operations.

The Company has adopted International Financial Reporting Standards ("IFRS") effective January 1, 2011. Prior to the adoption of IFRS, the Company's financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP").

6.5 Results of Operations - Discuss management's analysis of the Issuer's operations for the most recently completed financial year, including:

(a) net sales or total revenues by operating business segment, including any changes in such amounts caused by selling prices, volume or quantity of goods or services being sold, or the introduction of new products or services;

(b) any other significant factors that caused changes in net sales or total revenues;

(c) cost of sales or gross profit;

(d) for Issuers that have significant projects that have not yet generated operating revenue, describe each project, including the Issuer's plan for the project and the status of the project relative to that plan, and expenditures made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan;

(e) for resource Issuers with producing mines, identify milestones such as mine expansion plans, productivity improvements, or plans to develop a new deposit;

(f) factors that caused a change in the relationship between costs and revenues, including changes in costs of labour or materials, price changes or inventory adjustments;

(g) commitments, events, risks or uncertainties that you reasonably believe will materially affect the Issuer's future performance including net sales, total revenue and income or loss before discontinued operations and extraordinary items;

(h) effect of inflation and specific price changes on the Issuer's net sales and total revenues and on income or loss before discontinued operations and extraordinary items;

(i) a comparison in tabular form of disclosure you previously made about how the Issuer was going to use proceeds (other than working capital) from any financing, an explanation of variances and the impact of the variances, if any, on the Issuer's ability to achieve its business objectives and milestones; and

(j) unusual or infrequent events or transactions.

The Company is an investment holding company and its principal business relates to its investment holdings.

The Company's investment portfolio consists principally of equity and debt securities. The securities are subject to risks including issuer specific credit risks and fluctuations in interest rates. The investment portfolio includes $13.2 million (2010 - $14.5 million) of related party marketable securities. The Company has in past years and may continue to invest in related party securities, as it believes that it mitigates a portion of its exposure to issuer specific credit risks by investing in securities of entities under common ownership. Surplus funds are invested in highly rated money market instruments and deposits pending future deployment including $2.3 million (2010 – $2.3 million) on deposit with a related party. These securities are intended to provide the Company with the financial resources to develop new business opportunities when they become available.

The Company's business faces a number of risks and uncertainties, which arise from regulation, competition and economic trends and events beyond their control. The Company continues to pursue new merchant banking initiatives with specific emphasis on responding to clients requirements' for short-term bridge acquisition financing and examining several private asset workout opportunities in the natural resources sectors. The Company will, as in past years, continue to take a cautious approach to new initiatives and selectively allocate its capital to enhance shareholder value.

The Company's investments in securities and debt financing expose it to a variety of financial risks, including currency risk, other price risk, interest rate risk, credit risk, and liquidity risk. Management moderates risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy. The Company has foreign exchange exposure to the U.S. dollar due to cash balances and other investments which are denominated in U.S. dollars. As at December 31, 2011, the Company has entered into foreign exchange contracts with a notional amount of $16.4 million and a maturity date of January 31, 2012 to mitigate the foreign currency revaluation of its investment portfolio. Changes in foreign exchange rates would result in a change in the revaluation of the U.S. dollar investments, which would be equally offset by changes in the valuation of the foreign exchange contract which is valued based on forward rates in the foreign exchange market. The carrying values of the available-for-sale securities are based on their quoted market price, where available, which in turn may be influenced by factors not within control of the Company, including the financial performance of the underlying entities and other financial market conditions. The Company's investment portfolio, cash and cash equivalents, and debt balances are subject to fluctuations in interest rates as certain of the balances earn and pay

interest based on floating rates. The Company has no material counterparty credit risk other than its loans receivable, the carrying value of which represents the maximum credit exposure at December 31, 2011. A credit risk assessment is performed on the Company's assets to minimize this risk.

The Company believes that its exposure is further limited by the manner in which transactions are structured and in the selection of its clients. Earnings in these investments are cyclical and tied to underlying commodity prices and interest rates. Accordingly, the fair value of the Company's investment portfolio will fluctuate as a result of these market risks.

See Section 17 – Risk Factors for events or uncertainties that are reasonably likely to have an effect on the Company's business.

6.6 Summary of Quarterly Results - Provide the following information in summary form, derived from the Issuer's financial statements, for each of the eight most recently completed quarters:

(a) net sales or total revenues;

(b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis; and

(c) net income or loss, in total and on a per-share and diluted per-share basis.

Discuss the factors that have caused variations over the quarters necessary to understand general trends that have developed and the seasonality of the business.

See Section 5.2 above.

6.7 Liquidity - Provide an analysis of the Issuer's liquidity, including:

(a) its ability to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;

(b) trends or expected fluctuations in the Issuer's liquidity, taking into account demands, commitments, events or uncertainties;

(c) its working capital requirements;

(d) liquidity risks associated with financial instruments;

(e) if the Issuer has or expects to have a working capital deficiency, discuss its ability to meet obligations as they become due and how you expect it to remedy the deficiency;

(f) balance sheet conditions or income or cash flow items that may affect the Issuer's liquidity;

(g) legal or practical restrictions on the ability of subsidiaries to transfer funds to the Issuer and the effect these restrictions have had or may have on the ability of the Issuer to meet its obligations; and

(h) defaults or arrears or anticipated defaults or arrears on

(i) dividend payments, lease payments, interest or principal payment on debt,

(ii) debt covenants during the most recently completed financial year, and

(iii) redemption or retraction or sinking fund payments; and

(iv) details on how the Issuer intends to cure the default or arrears.

The Company's liquidity and capital available to make investments will increase or decrease over time as investments are made, or exited from, and as investment returns and gains or losses are realized. The Company's working capital requirements are generally limited to

interest expense on its short-term debt and general and administrative costs and it currently operates with positive operating cash flow excluding any non-recurring items. The Company has a $10.0 million credit facility available for drawdown which is due on demand and bears interest of prime rate plus 1% and a standby fee of 25 basis points on the undrawn balance.

6.8 Capital Resources - Provide an analysis of the Issuer's capital resources, including

(a) commitments for capital expenditures as of the date of the Issuer's financial statements including:

(i) the amount, nature and purpose of these commitments,

(ii) the expected source of funds to meet these commitments, and

(iii) expenditures not yet committed but required to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;

(b) known trends or expected fluctuations in the Issuer's capital resources, including expected changes in the mix and relative cost of these resources; and

(c) sources of financing that the Issuer has arranged but not yet used.

At December 31, 2011, the Company had $42.9 million (2010 – $45.5 million) of available capital to provide bridge loans and make investments. The Company's capital is comprised of its $25.2 million (2010 – $26.5 million) investment portfolio, $7.7 million (2010 – $9.0 million) of cash and cash equivalents, and $10.0 million (2010 – $10.0 million) of undrawn available capital from the Company's short-term debt facility.

6.9 Off-Balance Sheet Arrangements - Discuss any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Issuer including, without limitation, such considerations as liquidity and capital resources. This discussion shall include their business purpose and activities, their economic substance, risks associated with the arrangements, and the key terms and conditions associated with any commitments, including:

(a) a description of the other contracting part(ies);

(b) the effects of terminating the arrangement;

(c) the amounts receivable or payable, revenues, expenses and cash flows resulting from the arrangement;

(d) the nature and amounts of any other obligations or liabilities arising from the arrangement that could require the Issuer to provide funding under the arrangement and the triggering events or circumstances that could cause them to arise; and

(e) any known event, commitment, trend or uncertainty that may affect the availability or benefits of the arrangement (including any termination) and the course of action that management has taken, or proposes to take, in response to any such circumstances.

Not Applicable.

6.10 Transactions with Related Parties - Discuss all transactions involving related parties as defined by the Handbook.

As a result of the 1999 restructuring, a wholly owned subsidiary of Brookfield Asset Management Inc. ("Brookfield") owns 48% of the Company's voting shares. As such, Brookfield's affiliates, with whom the Company transacts in the ordinary course of business, are related parties by virtue of the common ownership.

The balance sheets included the following related party balances at December 31, 2011:

	2011	2010
Marketable securities	$13,196,000	$14,492,000
Cash and cash equivalents	$2,331,000	$2,331,000
Accounts receivable	$123,000	$299,000

Marketable Securities - As part of the ordinary course of business, the Company invests in marketable securities in order to generate returns, a number of which are related party securities. These investments are consistent with the Company's desired risk profile and returns. The composition of the related party marketable securities is as follows:

		Shares/Units		Carrying Value	
Security	**Type**	**2011**	**2010**	**2011**	**2010**
Brookfield Asset Management 5.8%	public debt	10,000,000	10,000,000	$10,844,000	$10,182,000
Brookfield Soundvest Split trust(1)	public trust units	455,034	455,034	$1,047,000	$1,665,000
Brookfield Technology Fund	private fund	N/A	N/A	$341,000	$1,467,000
Brookfield Asset Management Series 2	public preferred shares	27,100	27,100	$412,000	$499,000
Brookfield Asset Management Series 13	public preferred shares	22,500	22,500	$335,000	$413,000
Brookfield Asset Management Series 4	public preferred shares	12,000	12,000	$177,000	$221,000
Brookfield Asset Management Series 8	public preferred shares	1,000	1,000	$20,000	$22,000
Brookfield Asset Management Series 9	public preferred shares	1,000	1,000	$20,000	$23,000
				$13,196,000	$14,492,000

Cash and cash equivalents - Included in cash and cash equivalents are funds on deposit with Brascan Asset Management Investments LP ("BAMI LP"), a Brookfield subsidiary, which are due on demand.

Short-term debt – Short-term debt can be drawn on a $10.0 million unsecured facility provided by BAMI LP, which is due on demand. Short-term debt in the amount of $nil (2010 - $nil) bears interest at a prime rate plus 7%, and a standby fee of 25 basis points on the undrawn balance.

Accounts receivable - A foreign exchange forward contract with Trilon Bancorp Inc, a Brookfield subsidiary, is outstanding at December 31, 2011 with a notional amount of US$16.4 million (2010 – $13.6 million). The contract mitigates the foreign currency exposure of the U.S. dollar denominated investments held by the Company. The fair value of the contract at December 31, 2011 is $0.006 million (2010 – $0.2 million) and is included in accounts receivable.

6.11 Fourth Quarter - Discuss and analyze fourth quarter events or items that affected the Issuer's financial condition, cash flows or results of operations, including extraordinary items, year-end and other adjustments, seasonal aspects of the Issuer's business and dispositions of business segments.

Not Applicable.

6.12 Proposed Transactions - Discuss the expected effect on financial condition, results of operations and cash flows of any proposed asset or business acquisition or disposition if the Issuer's board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with the transaction. Include the status of any required shareholder or regulatory approvals.

Not Applicable.

6.13 Changes in Accounting Policies including Initial Adoption - Discuss and analyze any changes in the Issuer's accounting policies, including:

(a) for any accounting policies that management has adopted or expects to adopt subsequent to the end of the most recently completed financial year, including changes management has made or expects to make voluntarily and those due to a change in an accounting standard or a new accounting standard that you do not have to adopt until a future date:

(i) describe the new standard, the date the Issuer required to adopt it and, if determined, the date the Issuer plans to adopt it,

(ii) disclose the methods of adoption permitted by the accounting standard and the method management expects to use,

(iii) discuss the expected effect on the Issuer's financial statements, or if applicable, state that management cannot reasonably estimate the effect, and

(iv) discuss the potential effect on the Issuer's business, for example technical violations or default of debt covenants or changes in business practices; and

(b) for any accounting policies that management has initially adopted during the most recently completed financial year,

(i) describe the events or transactions that gave rise to the initial adoption of an accounting policy,

(ii) describe the accounting principle that has been adopted and the method of applying that principle,

(iii) discuss the effect resulting from the initial adoption of the accounting policy on the Issuer's financial condition, changes in financial condition and results of operations,

(iv) if the Issuer is permitted a choice among acceptable accounting principles,

(A) state that management made a choice among acceptable alternatives,

(B) identify the alternatives,

(C) describe why management made the choice that you did, and

(D) discuss the effect, where material, on the Issuer's financial condition, changes in financial condition and results of operations under the alternatives not chosen; and

(v) if no accounting literature exists that covers the accounting for the events or transactions giving rise to management's initial adoption of the accounting policy, explain management's decision regarding which accounting principle to use and the method of applying that principle.

<u>International Financial Reporting Standards</u>

The Accounting Standards Board confirmed in February 2008 that IFRS would replace Canadian GAAP for publicly accountable enterprises for financial statements relating to the fiscal years beginning on and after January 1, 2011. Accordingly, the Company has adopted

IFRS effective January 1, 2011. Prior to the adoption of IFRS, the Company's financial statements were prepared in accordance with Canadian GAAP. The Company's financial statements for the year ending December 31, 2011 will be the first annual financial statements that comply with IFRS.

(i) Significant differences between IFRS and Canadian GAAP

IFRS are premised on a conceptual framework similar to Canadian GAAP, however, significant differences exist in certain matters of recognition, measurement and disclosure.

The following discussion highlights the significant new standards that the Company has adopted under IFRS and the effect on the comparative period results of operations and financial position as previously reported under Canadian GAAP as well as the possible effects going forward.

(a) Foreign exchange gains and losses on available-for-sale debt securities

Under Canadian GAAP, foreign exchange gains and losses on available-for-sale debt securities were recorded in other comprehensive income whereas under IFRS these gains or losses are recorded directly to profit or loss. The Company mitigates its exposure to changes in foreign exchange rates by entering into foreign currency forward contracts and elected fair value hedge accounting for a portion of the contracts on April 1, 2010. As a result, foreign currency gains and losses recorded subsequent to April 1, 2010 were reclassified from other comprehensive income to net income and were offset by the foreign currency revaluation on the contract. Foreign currency gains and losses on debt instruments prior to April 1, 2010 were recorded in other comprehensive income. On transition to IFRS, the Company will no longer require the election of fair value hedge accounting for the foreign currency forward contracts that are hedges of debt securities. This difference between Canadian GAAP and IFRS increased the deficit at January 1, 2010 and December 31, 2010 by a pre-tax amount of $0.9 million and $1.3 million respectively, with an equal offsetting amount to accumulated other comprehensive income.

(b) Available-for-sale equity securities not traded in an active market

The Company holds investments in equity securities classified as available-for-sale securities that do not have a quoted price in an active market. Under Canadian GAAP these securities were recorded at cost. Under IFRS, where the fair value of such securities can be reliably measured, the securities are recorded at fair value. The impact of this difference on the financial statements at January 1, 2010 and December 31, 2010 is $nil.

(c) Provisions

Under IFRS, provisions should be recorded to reflect obligations present at the end of the reporting period, if it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made. A provision recognized in the financial statements should be recorded at the current best estimate of the amount required to settle an obligation at the end of the reporting period. Canadian GAAP does not provide guidance on the timing of recognition and quantification of provisions. In 2010, the Company released provisions of 1.4 million. These provisions have been reinstated under IFRS in the fourth quarter of 2010.

(ii) IFRS 1 First-time Adoption of International Financial Reporting Standards

The adoption of IFRS requires the application of IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires that an entity apply all standards effective at the end of its first IFRS reporting period retrospectively. However, IFRS 1 does require certain mandatory exceptions and provides limited optional exemptions in specified areas of certain standards from this general requirement. The Company did not elect any available optional exemptions on adoption of IFRS.

Future Changes in Accounting Policies

(i) Financial instruments

IFRS 9 Financial Instruments ("IFRS 9") was issued by the IASB on November 12, 2009 and will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company has not yet determined the impact of IFRS 9 on its financial statements.

(ii) Fair Value Measurements

In May 2011, the IASB issued IFRS 13, Fair Value Measurements ("IFRS 13"). IFRS 13 establishes a single source of fair value measurement guidance and sets out fair value measurement disclosure requirements. The standard requires that information be provided in the financial statements that enable the user to assess the methods and inputs used to develop fair value measurements, and for reoccurring fair value measurements that use significant unobservable inputs, the effect of the measurements on profit or loss or other comprehensive income. IFRS 13 is effective for annual periods beginning on or after January 1, 2013. The Company has not determined the impact of IFRS 13 on its financial statements.

(iii) Presentation of Items of Other Comprehensive Income

In June 2011, the IASB made amendments to IAS 1, Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income ("IAS 1"). The amendments require that items of other comprehensive income are grouped into two categories: items that will not be reclassified subsequently to profit or loss; and items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The Company does not expect the amendments to IAS 1 to have a material impact on the financial statements.

6.14 Financial Instruments and Other Instruments - For financial instruments and other instruments:

(a) discuss the nature and extent of the Issuer's use of, including relationships among, the instruments and the business purposes that they serve;

(b) describe and analyze the risks associated with the instruments;

(c) describe how management manages the risks in paragraph (b), including a discussion of the objectives, general strategies and instruments used to manage the risks, including any hedging activities;

(d) disclose the financial statement classification and amounts of income, expenses, gains and losses associated with the instrument; and

(e) discuss the significant assumptions made in determining the fair value of financial instruments, the total amount and financial statement classification of the change in fair value of financial instruments recognized in income for the period, and the total amount and financial statement classification of deferred or unrecognized gains and losses on financial instruments.

The Company is an investment holding company and its principal business relates to its investment holdings. The Company's investment portfolio consists principally of equity and debt securities.

Marketable securities are comprised of investments in equity and debt securities of North American companies, or through entities making such investments. The securities portfolio is classified as available-for-sale financial instruments and accordingly is carried at fair value. Marketable securities include $13.2 million (December 31, 2010 - $14.5 million, January 1, 2010 - $23.8 million) of securities of affiliates which are under common ownership.

As at December 31, 2011, the Company's marketable securities portfolio consists of $10,843,000 in bonds, $964,000 in preferred shares and $9,355,000 in equity securities for an aggregate of $21,162,000.

The company utilizes Level 1 inputs to determine the fair value of its marketable securities portfolio where applicable with the exception of $0.3 million (December 31, 2010 – $1.5 million, January 1, 2010 – $3.4 million) valued using Level 3 inputs. During the year an impairment loss of $1.1 million (2010 – $1.9 million) was recognized in net loss relating to a decrease in the value of Level 3 securities. The company utilizes Level 2 inputs to determine the fair value of its US$16.4 million (December 31, 2010 – US$13.6 million, January 1, 2010 – US$28.8 million) notional foreign exchange forward contract. There were no transfers of securities between Level 1,2, or 3 during the year.

The Company's loan portfolio, which is held indirectly through an 8% interest in a private partnership, is comprised of approximately twenty loans to various U.S. residential developers. The individual loans are unrated, bear interest at rates between 10% to 30% per annum and have maturities ranging from due on demand to November 2012. The investment is classified as loans and receivables and accordingly carried at amortized cost. The company's maximum exposure to credit losses on the loan portfolio is the carrying value of the loans receivable.

6.15 Date - Specify the date of the interim MD&A**.**

N/A – There has been no interim MD&A filed since the December 31, 2011 MD&A was filed on SEDAR at www.sedar.com.

6.16 Updated Disclosure - Interim MD&A must update the Issuer's annual MD&A for all disclosure required by sections 6.2 to 6.14 except sections 6.3 and 6.4. This disclosure must include:

(a) a discussion of management's analysis of

(i) current quarter and year-to-date results including a comparison of results of operations and cash flows to the corresponding periods in the previous year;

(ii) changes in results of operations and elements of income or loss that are not related to ongoing business operations;

(iii) any seasonal aspects of the Issuer's business that affect its financial condition, results of operations or cash flows; and

(b) a comparison of the Issuer's interim financial condition to the Issuer's financial condition as at the most recently completed financial year-end.

N/A – There has been no interim MD&A filed since the December 31, 2011 MD&A was filed on SEDAR at www.sedar.com.

6.17 Additional Disclosure for Issuers without Significant Revenue:

(a) unless the information is disclosed in the financial statements to which the annual or interim MD&A relates, an Issuer that has not had significant revenue from operations in either of its last two financial years must disclose a breakdown of material components of:

(i) capitalized or expensed exploration and development costs,

(ii) expensed research and development costs,

(iii) deferred development costs,

(iv) general and administration expenses, and

(v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);

(b) if the Issuer's business primarily involves mining exploration and development, the analysis of capitalized or expensed exploration and development costs must be presented on a property-by-property basis; and

(c) the disclosure in the annual MD&A must be for the two most recently completed financial years and the disclosure in the interim MD&A for the each year-to-date interim period and the comparative period presented in the interim statements.

See Schedule A attached hereto.

6.18 Description of Securities:

(a) disclose the designation and number or principal amount of:

(i) each class and series of voting or equity securities of the Issuer for which there are securities outstanding,

(ii) each class and series of securities of the Issuer for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of the Issuer, and

(iii) subject to subsection (b), each class and series of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer;

(b) if the exact number or principal amount of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer is not determinable, the Issuer must disclose the maximum number or principal amount of each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer and, if that maximum number or principal amount is not determinable, the Issuer must describe the exchange or conversion features and the manner in which the number or principal amount of voting or equity securities will be determined; and

(c) the disclosure under subsections (a) and (b) must be prepared as of the latest

practicable date.

The Company currently has the following securities issued and outstanding:

(a) 3,157,189 Common Shares; and
(b) 159,339,267 Non Voting Shares.

6.19 Provide Breakdown:

(a) if the Issuer has not had significant revenue from operations in either of its last two financial years, disclose a breakdown of material components of:
  (i) capitalized or expensed exploration and development costs,
  (ii) expensed research and development costs,
  (iii) deferred development costs,
  (iv) general and administrative expenses, and
  (v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);

(b) present the analysis of capitalized or expensed exploration and development costs required by subsection (a) on a property-by-property basis, if the Issuer's business primarily involves mining exploration and development; and

(c) provide the disclosure in subsection (a) for the following periods:
  (i) the two most recently completed financial years, and
  (ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included, if any.

See Schedule A attached hereto.

Subsection (a) does not apply if the information required under that subsection has been disclosed in the financial statements.

6.20 Negative cash-flow - If the Issuer had negative operating cash flow in its most recently completed financial year for which financial statements have been included, disclose:

(a) the period of time the proceeds raised are expected to fund operations;

(b) the estimated total operating costs necessary for the Issuer to achieve its stated business objectives during that period of time; and

(c) the estimated amount of other material capital expenditures during that period of time.

Not applicable.

6.21 Additional disclosure for Issuers with significant equity investees:

(a) if the Issuer has a significant equity investee
  (i) summarized information as to the assets, liabilities and results of operations of the equity investee, and
  (ii) the Issuer's proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the Issuer's share of earnings; and

(b) provide the disclosure in subsection (a) for the following periods
  (i) the two most recently completed financial years, and
  (ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included in the Listing Statement, if any.

(c) Subsection (a) does not apply if:

(i) the information required under that subsection has been disclosed in the financial statements included, or

(ii) the Issuer includes separate financial statements of the equity investee for the periods referred to in subsection (b).

Not applicable.

7. Market for Securities

7.1 Identify the exchange(s) and quotation and trade reporting system(s) on which the Issuer's securities are listed and posted for trading or quoted.

The Company's securities are not currently listed on an exchange.

8. Consolidated Capitalization

8.1 Describe any material change in, and the effect of the material change on, the share and loan capital of the Issuer, on a consolidated basis, since the date of the comparative financial statements for the Issuer's most recently completed financial year contained in the Listing Statement.

The Company has not issued any shares since 2000 and there have been no changes to the share capital of the Company since December 31, 2011.

9. Options to Purchase Securities

9.1 State, in tabular form, as at a specified date not more than 30 days before the date of the Listing Statement, information as to options to purchase securities of the Issuer or a subsidiary of the Issuer that are held by:

(a) all executive officers and past executive officers of the Issuer as a group and all directors and past directors of the Issuer who are not also executive officers as a group, indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies, without naming them;

(b) all executive officers and past executive officers of all subsidiaries of the Issuer as a group and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary as a group, in each case, without naming them and excluding individuals referred to in paragraph (a), indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies;

(c) all other employees and past employees of the Issuer as a group, without naming them;

(d) all other employees and past employees of subsidiaries of the Issuer as a group, without naming them;

(e) all consultants of the Issuer as a group, without naming them; and

(f) any other person or company, including the underwriter, naming each person or company.

The Company does not have a stock option plan and has no plans to adopt one.

10. Description of the Securities

10.1 General - State the description or the designation of each class of equity securities and describe all material attributes and characteristics, including:

(a) dividend rights;

(b) voting rights;
(c) rights upon dissolution or winding-up;
(d) pre-emptive rights;
(e) conversion or exchange rights;
(f) redemption, retraction, purchase for cancellation or surrender provisions,
(g) sinking or purchase fund provisions;
(h) provisions permitting or restricting the issuance of additional securities and any other material restrictions; and
(i) provisions requiring a securityholder to contribute additional capital.

The Company's authorized share capital consists of an unlimited number of Common Shares, Non-Voting Shares and Special Shares.

The following is a summary of the rights, privileges, restrictions and conditions attached to the Common Shares, Non-Voting Shares and Special Shares.

Common Shares

The holders of the Common Shares are entitled to receive notice of and to attend all meetings of shareholders of the Company, except meetings at which only holders of another specified class or series of shares are entitled to vote. The holders of the Common Shares are entitled to one vote for each Common Share held on all votes taken at such meetings.

Subject to the prior rights, privileges, restrictions and conditions attaching to the Special Shares or any series thereof, and the shares of any other class ranking senior to the Common Shares, the holders of Common Shares shall be entitled to receive dividends as and when declared by the board of directors of the Company.

Subject to the prior rights, privileges, restrictions and conditions attaching to the Special Shares or any series thereof, and the shares of any other class ranking senior to the Common Shares, the holders of Common Shares shall be entitled to receive the remaining property of the Company in the event of the liquidation, dissolution 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.

Subject to the provisions of the OBCA, any amendment to the articles of the Company to delete or vary any rights, privileges, restrictions and conditions attaching to the Common Shares or to create any shares ranking in priority to or on a parity with the Common Shares apart from the creation of any special rights or restrictions attached to any series of the Special Shares or to subdivide, consolidate, reclassify or change the Common Shares, may only be made if consented to by at least two-thirds of the votes cast at a meeting of the holders of the Common Shares duly called for that purpose.

Non-Voting Shares

Subject to the OBCA, the holders of the Non-Voting Shares shall not be entitled to vote at any meetings of the shareholders of the Company. The holders of the Non-Voting Shares shall be entitled to receive notice of and to attend meetings of holders of voting shares of the Company except meetings at which only holders of a specified class of shares (other than the Common Shares) are entitled to vote.

The holders of the Non-Voting Shares shall be entitled to receive at the same time on a share for share basis equally with the holders of the Common Shares any dividend declared by the directors of the Company.

The holders of the Non-Voting Shares shall be entitled to receive, on the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the remaining property of the Company available for distribution to the shareholders of the Company equally share for share with the holders of the Common Shares, without preference or distinction.

The holders of the Non-Voting Shares shall not be entitled to vote separately as a class or to dissent upon a proposal to amend the articles to:

- **(a) increase or decrease any maximum number of authorized shares of the Non-Voting Shares or increase any maximum number of authorized shares of any other class or series having rights or privileges equal or superior to the Non-Voting Shares; or**
- **(b) effect an exchange, reclassification or cancellation of the Non-Voting Shares; or**
- **(c) create a new class or series of shares equal or superior to the Non-Voting Shares.**

In the event that the articles of the Company are amended to change the attributes of the Common Shares (except as regards voting of rights), a similar amendment shall be made to amend the attributes of the Non-Voting Shares, to ensure that the attributes of the Non-Voting Shares conform to the Common Shares except as to voting rights.

Special Shares

The Special Shares may be issued from time to time in one or more series with such preferred, deferred or other special rights, privileges, restrictions, conditions and designations attached thereto, including without limitation, conversion rights, and in particular such rate or rates of non-cumulative dividends or cumulative preferential annual dividends, redemption price or prices and amount or amounts to be paid thereon on distribution of assets in the event of liquidation, dissolution or winding-up of the Company whether voluntary or involuntary, as shall be fixed hereby or from time to time before issuance by any resolution or resolutions providing for the issue of the shares of any series which may be passed by the board of directors of the Company and confirmed by and declared by articles of amendment.

The Special Shares of each series shall rank on a parity with the Special Shares of every other series, provided, however, that when in the case of any of such shares any fixed cumulative dividends or amounts payable on a return of capital are not paid in full in accordance with their respective terms, the Special Shares of all series shall participate rateably in respect of such dividends (including all unpaid accumulated dividends which for such purpose shall be calculated as if the same were accruing up to the date of payment) in accordance with the sums which would be payable on said shares if all such dividends were declared and paid in full in accordance with their respective terms, and on any return of capital in accordance with the sums which would be payable on such return of capital if all sums so payable were paid in full in accordance with their respective terms, and provided further that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the said shares with respect to return of capital shall first be paid and satisfied and any

assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends as aforesaid.

The Special Shares shall be entitled to preference over the Common Shares of the Company and any other shares of the Company ranking junior to the said Special Shares with respect to payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, to the extent fixed in the case of each respective series, and may also be given such other preferences over the Common Shares of the Company and any other shares of the Company ranking junior to the said Special Shares as may be fixed in the case of each such series.

Subject to the provisions of the OBCA, as the same may from time to time be in force or any successor corporations statute of the Province of Ontario and subject to the provisions relating to any particular series, Special Shares of any series, if so provided in the rights, privileges, restrictions and conditions attached to such series, may be purchased for cancellation or made subject to redemption at the option of the Company or the holder thereof at such time and at such prices and upon such other terms and conditions as may be specified in the rights, privileges, restrictions and conditions attaching to the Special Shares of such series.

The Company shall not, without the consent "as hereinafter defined" of the holders of Special Shares, authorize an amendment of its articles for the creation or issuance of any shares ranking in priority to the Special Shares.

The holders of the Special Shares shall not be entitled as such (except as hereinafter specifically provided) to receive notice of or to attend at any meeting of the shareholders of the Company and shall not be entitled to vote at any such meeting; the holders of the Special Shares shall, however be entitled to notice of meetings of the shareholders of the Company called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof.

Any amendment to the articles of the Company to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Special Shares or to create shares ranking in priority to or on a parity with the Special Shares, in addition to the authorization by special resolution, must be authorized by at least two-thirds of the votes cast at a meeting of the holders of the Special Shares duly called for the purpose in accordance with the by-laws of the Company, and each holder of a Special Share shall be entitled to one vote at such meeting in respect of each Special Share then held.

Where Special Shares are issued in more than one series with identical preferred, deferred or other special rights, privileges, restrictions, conditions and designations attached thereto, all such series of Special Shares shall rank *pari passu* and participate equally and proportionately without discrimination or preference as if all such series of Special Shares had been issued simultaneously and all such series Special Shares may be designated as one series.

10.2 Debt securities - If debt securities are being listed, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt, including:

(a) provisions for interest rate, maturity and premium, if any;

(b) conversion or exchange rights;

(c) redemption, retraction, purchase for cancellation or surrender provisions,

(d) sinking or purchase fund provisions;

(e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge;

(f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants, including restrictions against payment of dividends and restrictions against giving security on the assets of the Issuer or its subsidiaries, and provisions as to the release or substitution of assets securing the debt securities;

(g) the name of the trustee under any indenture relating to the Issuer and

(h) any financial arrangements between the Issuer and any of its affiliates or among its affiliates that could affect the security for the indebtedness.

The Company has no intention to list debt securities.

10.4 Other securities - If securities other than equity securities or debt securities are being listed, describe fully the material attributes and characteristics of those securities.

The Company does not have any other equity securities or debt securities being listed other that those already disclosed herein.

10.5 Modification of terms:

(a) describe provisions about the modification, amendment or variation of any rights attached to the securities being listed; and

(b) if the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

Not applicable.

10.6 Other attributes:

(a) if the rights attaching to the securities being listed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being listed, include information about the other securities that will enable investors to understand the rights attaching to the securities being listed; and

(b) if securities of the class being listed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

Not applicable.

10.7 Prior Sales - State the prices at which securities of the same class as the securities to be listed have been sold within the 12 months before the date of the Listing Statement, or are to be sold, by the Issuer or any Related Person and the number of securities of the class sold or to be sold at each price.

The Company did not distribute any securities during the 12-month period prior to the date hereof.

10.8 Stock Exchange Price:

(a) if shares of the same class as the shares to be listed were or are listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the Canadian stock exchange or market on which the greatest volume of trading generally occurs;

(b) if shares of the same class as the shares to be listed were or are not listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the foreign stock exchange or market on which the greatest volume of trading generally occurs; and

(c) information is to be provided on a monthly basis for each month or, if applicable, part month, of the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters.

The Company's securities are not currently listed on an exchange.

11. Escrowed Securities

11.1 State as of a specified date within 30 days before the date of the Listing Statement, in substantially the following tabular form, the number of securities of each class of securities of the Issuer held, to the knowledge of the Issuer, in escrow (which, for the purposes of this Form includes any securities subject to a pooling agreement) and the percentage that number represents of the outstanding securities of that class. In a note to the table, disclose the name of the depository, if any, and the date of and conditions governing the release of the securities from escrow.

None of the Company's securities are subject to or are held in escrow.

12. Principal Shareholders

12.1 (1) Provide the following information for each principal shareholder of the Issuer as of a specified date not more than 30 days before the date of the Listing Statement:

(a) Name;

(b) The number or amount of securities owned of the class to be listed;

(c) Whether the securities referred to in subsection 12(1)(b) are owned both of record and beneficially, of record only, or beneficially only; and

(d) The percentages of each class of securities known by the Issuer to be owned.

(2) If the Issuer is requalifying following a fundamental change or has proposed an acquisition, amalgamation, merger, reorganization or arrangement, indicate, to the extent known, the holding of each person of company described in paragraph (1) that will exist after giving effect to the transaction.

(3) If, to the knowledge of the Issuer, more than 10 per cent of any class of voting securities of the Issuer is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement. State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.

(4) If, to the knowledge of the Issuer, any principal shareholder is an associate or affiliate of another person or company named as a principal shareholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the Issuer held by the person or company other than the holding of voting securities of the Issuer.

(5) In addition to the above, include in a footnote to the table, the required calculation(s) on a fully-diluted basis.

Based on the public disclosure record, the Company is not aware of any person owning beneficially, directly or indirectly, or exercising control over greater than 10% of the issued and outstanding Common Shares or Non-Voting Shares of the Company, other than the following:

Name of Shareholder	Number and Type of Shares	Percentage of Issued Shares
Brookfield Asset Management Inc.	1,530,288 Common Shares	48.5% of Common Shares
Brookfield Asset Management Inc.	107,341,027 Non-Voting Shares	67% of Non-Voting Shares
Note: The registered holder for the 1,530,288 Common Shares and 107,341,027 Non-Voting Shares is currently Pricewaterhouse Coopers Inc. We are in the process of having the shares transferred to Brookfield Asset Management Inc.		

13 Directors and Officers

13.1 List the name and municipality of residence of each director and executive officer of the Issuer and indicate their respective positions and offices held with the Issuer and their respective principal occupations within the five preceding years.

The following table provides the name, province or state, and country of residence, position and office(s) held with the Company, principal occupation, during the five preceding years, period or periods during which the director or executive officer has served as a director or executive officer when his or her term of office will expire, as of the date hereof:

Name, Residence and Office Held with the Company	Date of Appointment as a Director/Officer[1]	Principal Occupation or Employment[2]
James Reid Calgary, Alberta, Canada President and Chief Executive Officer and a Director	2009 as Director 2009 as President and Chief Executive Officer (previously served 2000-2003)	Managing Partner, Energy, Brookfield Asset Management Inc.
Brian G. Kenning Vancouver, British Columbia, Canada Chairman and Director	2000 as Director 2001 as Chairman	Corporate Director and a director of Brookfield Asset Management Advisory Board (advisory board to Brookfield Asset Management Inc.)
William G. Crossley[3] Victoria, British Columbia, Canada Director	2009 as Director	Retired, former independent financial and management advisor
Frank N. C. Lochan[3] Oakville, Ontario, Canada Director	2000 as Director	Corporate Director; retired officer of Brookfield Asset Management Inc.
Terrence A. Lyons[3] Vancouver, British Columbia, Canada Director	2004 as Director	Corporate Director; Lead Director, Canaccord Financial Inc.
Brian M. A. Richardson[3] West Vancouver, British Columbia, Canada Director	2000 as Director	Vice President Finance, J. Proust & Associates Inc.
Derek Gorgi Toronto, Ontario, Canada Vice-President and Chief Financial Officer	2010 as Vice-President and Chief Financial Officer	Senior Vice President Finance, Brookfield Asset Management Inc.
Alan J. Hutchison Vancouver, British Columbia, Canada Corporate Secretary	2011 as Corporate Secretary	Partner, Fraser Milner Casgrain LLP

Notes:

(1) The terms of office of the directors will expire upon the next annual general meeting unless the director is re-elected by shareholders of the Company.

(2) The information as to principal occupation or employment is not within the knowledge of the management of the Company and has been furnished by the respective nominees.

(3) Member of the Audit Committee.

The following table provides information regarding each director's and executive officer's experience as a director or executive officer of any other reporting issuer (or the equivalent of a reporting issuer) in the five years preceding the date of this Listing Statement:

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	From	To
James Reid	Central Alberta Well Services Corp. (Alberta)	TSX-V	Director	May 2007	Present
	Brookfield Asset Management Inc. (Ontario)	TSX, NYSE, Euronext	Managing Partner	Jun 2003	Present
	Insignia Energy Ltd. (Alberta)	TSX	Director	Jul 2008	Present
	Second Wave Petroleum Inc. (Alberta)	TSX-V	Chairman	Aug 2007	Present
	Medisolution Ltd. (Ontario)	TSX	Director	Dec 2001	Aug 2007
William Crossley	BC Pacific Capital Corp. (BC)	TSX-V	Director	Apr 2006	Apr 2007
Brian Kenning	BC Pacific Capital Corp. (BC)	TSX-V	Chairman/ Director	May 1988	Mar 2007
	FT Capital Ltd. (Alberta)	TSX	Director	May 1990	Jun 2009
	Catalyst Paper Corporation (Canada)	TSX	Director	Apr 2004	Mar 2007
	MacDonald Dettwiler & Associates (Canada)	TSX	Director	Apr 2003	Present
	B.C. Ferry Services Inc. (B.C.)	*reporting issuer due to publicly listed debt	Director	Apr 2008	Present
Terrence Lyons	AuRico Gold Inc.	TSX/NYSE	Director	Oct 2011	Present
	Canaccord Financial Inc. (B.C.)	TSX/AIM	Director	Jun 2004	Present
	Diamonds North Resources Ltd (B.C.)	TSX-V	Director	Oct 2004	Present
	Eacom Timber Corporation (B.C.)	TSX-V	Chairman and Director	Sep 2009	Present
	Northgate Minerals Corporation (B.C.)	TSX/AMEX	Chairman and Director	Sep 1993	Oct 2011
	Pacific Wildcat Resources Corporation (B.C.)	TSX-V	Chairman and Director	Aug 1993	Present
	Polaris Minerals Corporation (B.C.)	TSX	Director	Dec 2005	Present
	Reliable Energy Ltd. (Alberta)	TSX-V	Chairman and Director	Feb 2008	Present
	Sprott Resource Corporation (Canada)	TSX	Director	Jun 2005	Present
	TTM Resources Inc. (B.C.)	TSX-V	Chairman and Director	Feb 2004	Present
	Farallon Mining Ltd. (British Columbia)	TSX	Director	Apr 2007	Jan 2011
	FT Capital Ltd. (Alberta)	TSX	Director	May 1990	Jun 2009
	Colombia Goldfields Ltd. (Nevada)	TSX-V (now delisted)	Director	Mar 2007	May 2009
	High River Gold Mines Ltd. (Yukon)	TSX	Director	Sep 2008	Mar 2009
	Skye Resource Inc. (now HMI Nickel Inc.) (B.C.)	TSX	Director	May 2006	Aug 2008
	B.C. Pacific Capital Corporation (B.C.)	TSX-V	President and Director	May 1988	Mar 2007
Brian Richardson	Dynamotive Energy Systems Corporation (B.C.)	OTCBB	CFO	Aug 2003	Sept 2009
	B.C. Pacific Capital Corp. (B.C.)	TSX	Director	Jan 2005	Mar 2007
	Bryant Resources Inc. (B.C.)	CDNX	CFO	Jan 2011	Present

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	From	To
Derek Gorgi	Brookfield Asset Management Inc. (Ontario)	NYSE, TSX, Euronext	SVP Finance	Oct 2006	Present
	BAM Split Corp. (Ontario)	TSX	Director and CFO	Dec 2007	Present
	BAM Investments Corp. (Ontario)	TSX-V	VP Finance	Aug 2007	Present
	West Street Capital Corporation (Ontario)	TSX-V	VP Finance	May 2007	Present
	Brookfield Investments Corporation	TSX-V	Vice President and CFO	May 2011	Present
Frank Lochan	BAM Investments Corp. (Ontario)	TSX	Chairman and Director	Jun 1998	Present
	BAM Split Corp. (Ontario)	TSX	Chairman and Director	Apr 2009	Present
	West Street Capital Corporation (Ontario)	TSX-V	Chairman and Director	Jun 1998	Present
	MICC Investments Limited (Canada)	Cease Reporting	Director	May 1999	Oct 2008
	BC Pacific Capital Corp. (B.C.)	TSX-V	Director	May 1997	Dec 2007
Alan Hutchison	Kiska Metals Corporation (previously, Rimfire Minerals Corporation)	TSX-V	Secretary	2008	Present
	Centenario Copper Corporation	TSX-V	Secretary	Mar 2004	April 2009
	AQM Copper Inc	TSX-V	Secretary	April 2007	Jan 2008
	Explorator Resources Inc.	TSX-V	Secretary	2009	2011

13.2 State the period or periods during which each director has served as a director and when his or her term of office will expire.

See notes to table above.

13.3 State the number and percentage of securities of each class of voting securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers of the Issuer as a group.

None of the directors and officers of the Company beneficially own or control voting securities of the Company.

13.4 Disclose the board committees of the Issuer and identify the members of each committee.

See notes to table above in section 13.1.

13.5 If the principal occupation of a director or officer of the Issuer is acting as an officer of a person or company other than the Issuer, disclose the fact and state the principal business of the person or company.

See notes to table above.

13.6 Disclose if a director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other Issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under Ontario securities law, for a period of more than

30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

(c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

(d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact.

Cease Trade Orders

No director or executive officer of the Company is, or within the 10 years prior to the date of this Listing Statement, has been, a director or executive officer of any company that, while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or was subject to any such order that was issued after the director or executive officer ceased to be a director or executive officer and which resulted from an event that occurred while that person was acting in the capacity as director or executive officer, other than the following:

(a) James Reid, Brian Kenning, William Crossley, Frank Lochan, Terrence Lyons, Brian Richardson and Derek Gorgi were directors and executive officers of the Company when the Company was subject to cease trade orders in each of the provinces of British Columbia, Alberta, Ontario and Quebec due to the failure of the Company to file certain financial statements;

(b) Brian Kenning and Terrence Lyons were directors and executive officers of FT Capital Ltd. ("FT"), which was subject to cease trade orders in each of the provinces of British Columbia, Alberta, Manitoba and Ontario due to the failure of FT to file certain financial statements. On June 12, 2002, the Toronto Stock Exchange issued a cease trade order against FT for failure to file financial statements. On June 30, 2009, FT was wound up and dissolved and Mr. Kenning and Mr. Lyons ceased to be directors; and

(c) Brian Richardson was the Chief Financial Officer of Dynamotive Energy Systems Corp. when it was subject to a cease trade order in British Columbia from May 2009 to July 2009 for failure to file financial statements on time.

Bankruptcies

No director or executive officer of the Company or, to the Company's knowledge, a shareholder holding a sufficient number of securities of the Company to materially affect the control of the Company, or any personal holding company of such persons (a) is, or has been within the 10 years prior to the date hereof, a director or executive officer of a company that,

while such person was acting in such capacity, or within a year of such person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceeding arrangement or compromise with creditors, or had a receiver, receiver-manager, or trustee appointed to hold its assets; or (b) has, within the 10 years prior to the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder, other than the following:

(a) Brian Kenning and Terrence Lyons were directors of International Utility Structure Inc. ("IUSI"), which on October 17, 2003, applied and was granted an Order by the Court of Queen's Bench of Alberta to provide creditor protection to IUSI and permitted IUSI to develop a financial restructuring plan to present to its creditors. The order was granted under the CCAA. Mr. Kenning was asked to stay as a director by the creditor group to ensure an orderly restructuring due to his expertise in this area. On March 31, 2005, an order was granted approving the final plan and distribution to creditors under the CCAA. The plan was accepted by all parties. Mr. Kenning and Mr. Lyons resigned as Directors concurrent with the final order. Mr. Kenning and Mr. Lyons were elected by the board of directors of IUSI because of their valuable experience and expertise in financial restructuring in the insolvency context.

(b) FT Capital Ltd. was formerly Financial Trustco Capital Ltd., a company which had undergone a financial restructuring commencing in the early 1990s. Brascan Financial Corporation ("Brascan") arranged the acquisition of the two series of debentures of FT (being the remaining corporate debt) and had been working with the Company to restructure its financial affairs.

Mr. Kenning and Mr. Lyons, previously Managing Partners of Brascan (now Brookfield Asset Management Inc. ("Brookfield")), were asked to assume the role of Vice-President Finance and Secretary and President, respectively, as a result of their expertise in the area of restructuring and corporate finance. Among the activities taken was the liquidation of FT's remaining assets and the repayment of creditors' accounts. FT held certain investments and utilized its tax losses.

FT reached an agreement to transfer all of its remaining assets to Brookfield in settlement of all of its outstanding debt obligations. With the restructuring complete and FT having no assets or liabilities, FT was declared inactive. All directors resigned effective June 30, 2009.

(c) Brian Kenning was elected to the Board of the Company on April 1, 2004 because of his valuable experience and expertise in financial restructurings.

The Company was formerly known as Royal Oak Mines Inc. and was an active mining company. In 1998, Royal Oak Mines entered into a bridge loan with Brookfield in order to complete construction of the Kemess Mine. In 1999 Royal Oak Mines defaulted on this loan.

Mr. Kenning, then an officer of Brookfield, undertook the restructuring of Royal Oak Mines. All operating assets were sold with Northgate acquiring the Kemess Mine. With no tangible assets, Royal Oak Mines entered into a financing arrangement with Brookfield in order to utilize tax losses and changed its name to Royal Oak Ventures Inc. It also settled its

obligations to remaining creditors through a CCAA filing and the distribution of commons shares. The CCAA proceedings have received court approval and the distribution of shares to creditors has been approved.

13.7 Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, has:

(a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

No director or executive officer of the Company or, to the Company's knowledge, a shareholder holding a sufficient number of securities of the Company to materially affect the control of the Company, has been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to securities legislation, has entered into a settlement agreement with a securities regulatory authority, or been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self regulatory body, that would likely be considered important to a reasonable security holder making an investment decision about the Company.

13.8 Despite section 13.7, no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be important to a reasonable investor in making an investment decision.

Not applicable.

13.9 If a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer, state the fact.

Not applicable.

13.10 Disclose particulars of existing or potential material conflicts of interest between the Issuer or a subsidiary of the Issuer and a director or officer of the Issuer or a subsidiary of the Issuer.

The directors and officers of the Company may, from time to time, serve as directors or officers of other issuers or organizations or may be involved with the business and operations of other issuers or organizations, in which case a conflict of interest may arise.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors and officers conflicts of interest or in respect of any breaches of duty by any of its

directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the OBCA and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

13.11 Management — In addition to the above provide the following information for each member of management:

(a) state the individual's name, age, position and responsibilities with the Issuer and relevant educational background;

(b) state whether the individual works full time for the Issuer or what proportion of the individual's time will be devoted to the Issuer;

(c) state whether the individual is an employee or independent contractor of the Issuer;

(d) state the individual's principal occupations or employment during the five years prior to the date of the Listing Statement, disclosing with respect to each organization as of the time such occupation or employment was carried on:

  (i) its name and principal business,

  (ii) if applicable, that the organization was an affiliate of the Issuer,

  (iii) positions held by the individual, and

  (iv) whether it is still carrying on business, if known to the individual;

(e) describe the individual's experience in the Issuer's industry; and

(f) state whether the individual has entered into a non-competition or non-disclosure agreement with the Issuer.

Other than disclosed herein, the Company does not have any other members of management.

14. Capitalization

14.1 Prepare and file the following chart for each class of securities to be listed:

Issued Capital – Common Shares

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	%of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding (A)	**3,157,189**	**3,157,189**	**100**	**100**
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	**1,530,288**	**1,530,288**	**48.5**	**48.5**
Total Public Float (A-B)	**1,626,901**	**1,626,901**	**51.5**	**51.5**
Freely-Tradeable Float				
Number of outstanding securities	**Nil**	**Nil**	**Nil**	**Nil**

subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)				
Total Tradeable Float (A-C)	**3,157,189**	**3,157,189**	**100**	**100**

Public Securityholders (Registered) – Common Shares

Instruction: For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	**7,118**	**49,224**
100 – 499 securities	**140**	**24,432**
500 – 999 securities	**20**	**13,131**
1,000 or more securities	**35**	**1,540,114**
	7,313	**1,626,901**

Public Securityholders (Beneficial) – Common Shares

Instruction: Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	**5960**	**101,909**
100 – 499 securities	**552**	**161,566**
500 – 999 securities	**72**	**163,890**
1,000 – 1,999 securities	**49**	**205,848**
2,000 – 2,999 securities	**18**	**202,692**
3,000 – 3,999 securities	**9**	**204,679**
4,000 – 4,999 securities	**4**	**200,090**
5,000 or more securities	**13**	**314,783**

Unable to confirm	**Nil**	**Nil**

Non-Public Securityholders (Registered) – Common Shares

Instruction: For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

Class of Security

Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	**Nil**	**Nil**
100 – 499 securities	**Nil**	**Nil**
500 – 999 securities	**Nil**	**Nil**
1,000 – 1,999 securities	**Nil**	**Nil**
2,000 – 2,999 securities	**Nil**	**Nil**
3,000 – 3,999 securities	**Nil**	**Nil**
4,000 – 4,999 securities	**Nil**	**Nil**
5,000 or more securities	**1**	**1,530,288**
	1	**1,530,288**

Issued Capital – Non-Voting Shares

	Number of Securities (non-diluted)	**Number of Securities (fully-diluted)**	**% of Issued (non-diluted)**	**% of Issued (fully diluted)**
Public Float				
Total outstanding (A)	**159,339,267**	**159,339,267**	**100**	**100**
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	**107,341,027**	**107,341,027**	**67**	**67**
Total Public Float (A-B)	**51,998,240**	**51,998,240**	**33**	**33**
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by	**Nil**	**Nil**	**Nil**	**Nil**

control block holders (C)				
Total Tradeable Float (A-C)	**159,339,267**	**159,339,267**	**100**	**100**

Public Securityholders (Registered) – Non-Voting Shares

Instruction: For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	**544**	**23,210**
100 – 499 securities	**361**	**76,198**
500 – 999 securities	**31**	**21,504**
1,000 – 1,999 securities	**27**	**38,936**
2,000 – 2,999 securities	**11**	**28,951**
3,000 – 3,999 securities	**4**	**12,671**
4,000 – 4,999 securities	**Nil**	**Nil**
5,000 or more securities	**18**	**51,796,770**
	996	**51,998,240**

Public Securityholders (Beneficial) – Non-Voting Shares

Instruction: Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	**22**	**1,101**
100 – 499 securities	**53**	**12,118**
500 – 999 securities	**24**	**15,290**
1,000 – 1,999 securities	**10**	**12,058**
2,000 – 2,999 securities	**3**	**8,176**
3,000 – 3,999 securities	**1**	**3,000**
4,000 – 4,999 securities	**2**	**8,776**

5,000 or more securities	**19**	**1,618,504**
Unable to confirm	**Nil**	**Nil**

Non-Public Securityholders (Registered) – Non-Voting Shares

Instruction: For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	**Nil**	**Nil**
100 – 499 securities	**Nil**	**Nil**
500 – 999 securities	**Nil**	**Nil**
1,000 – 1,999 securities	**Nil**	**Nil**
2,000 – 2,999 securities	**Nil**	**Nil**
3,000 – 3,999 securities	**Nil**	**Nil**
4,000 – 4,999 securities	**Nil**	**Nil**
5,000 or more securities	**1**	**107,341,027**
	1	**107,341,027**

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Not applicable	**Not applicable**	**Not applicable**

14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2.

Not applicable.

15. Executive Compensation

15.1 Attach a Statement of Executive Compensation from Form 51-102F6 or any successor instrument and describe any intention to make any material changes to that compensation.

The Company's Statement of Executive Compensation for its most recently financial year ended December 31, 2011 is attached as Schedule "B" to this Listing Statement.

16. Indebtedness of Directors and Executive Officers

16.1 Aggregate Indebtedness

Not applicable.

16.2 Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs

No director, executive officer or employee and no former director, executive officer or employee of the Company or its subsidiaries is currently, as of the date of this Listing Statement, indebted to the Company or any of its subsidiaries nor has any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company or any of its subsidiaries. No director or executive officer of the Company, no proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing, is currently or has at any time since the beginning of the Company's last completed financial year been indebted to the Company or any of its subsidiaries nor have any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company or any of its subsidiaries.

17. Risk Factors

17.1 Disclose risk factors relating to the Issuer and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by the Issuer, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political conditions and financial history and any other matter that would be likely to influence an investor's decision to purchase securities of the Issuer.

17.2 If there is a risk that securityholders of the Issuer may become liable to make an additional contribution beyond the price of the security, disclose that risk.

17.3 Describe any risk factors material to the Issuer that a reasonable investor would consider relevant to an investment in the securities being listed and that are not otherwise described under section 17.1 or 17.2.

The Company's business faces a number of risks and uncertainties, which arise from regulation, competition and economic trends and events beyond their control. The Company continues to pursue new merchant banking initiatives with specific emphasis on responding to clients requirements' for short-term bridge acquisition financing and examining several private asset workout opportunities in the natural resources sectors. The Company will, as in past years, continue to take a cautious approach to new initiatives and selectively allocate its capital to enhance shareholder value.

<u>Financial Risks</u>

The Company's investments in securities and debt financing expose it to a variety of financial risks, including currency risk, other price risk, interest rate risk, credit risk, and liquidity risk.

Currency Risk

The Company reports its results in Canadian dollars. Accordingly, the carrying value of the U.S. dollar denominated securities and loans will vary from time to time with fluctuations in

the exchange rate between the Canadian dollar and the U.S. dollar. As a result, the Company uses foreign exchange contracts to manage its exposure to the U.S. dollar and has elected fair value hedge accounting for a portion of the foreign exchange forward contract to hedge an equivalent notional amount of U.S. dollar investments classified as available-for-sale securities. A $0.01 appreciation (depreciation) in the value of the U.S. dollar relative to the Canadian dollar would increase (decrease) the value of the U.S. dollar investments which would be offset by a decrease (increase) in the value of the foreign exchange forward contract, and would result in a net impact on net income of $nil (2010 - $nil).

Other Price Risk

The carrying values of the available-for-sale securities are based on their quoted market price, where available, which in turn may be influenced by factors not within the control of the Company, including the financial performance of the underlying entities and other financial market conditions. A 500 basis point increase or decrease in the value of the available-for-sale securities would have increased or decreased the fair value of the Company's marketable securities by $1.0 million (2010 - $1.1 million).

Interest Rate Risk

The Company holds a fixed rate security within its marketable securities portfolio. A 50 basis point increase in the yield curve would decrease the fair value of the securities by $0.7 million (2010 - $0.07 million). The Company's securities portfolio contain instruments that earn interest based on floating rates. A 1% increase in these rates would increase net income by $nil (2010 - $nil).

Credit Risk

The Company has no material counterparty risk other than its loans receivable which are held through a partnership interest. The value and risk is monitored on an ongoing basis through review of the partnership's financial statements which carry the loans at fair value. The carrying value of the loans represents the maximum credit exposure at December 31, 2011.

Liquidity Risk

The Company's cash requirements primarily relate to operating expenses and interest expenses and are covered in part by dividend income, interest income, and realization gains. Liquidity is managed through regular reviews of cash flow projections and monitoring for adequate borrowing reserves with related parties. As at December 31, 2011, the Company has a net equity position of $33.0 million (December 31, 2010 - $34.2 million, January 1, 2010 - $28.7 million).

Management moderates risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy. The Company believes that its exposure is further limited by the manner in which transactions are structured and in the selection of its clients. Earnings in these investments are cyclical and tied to underlying commodity prices and interest rates. Accordingly, the fair value of the Company's investment portfolio will fluctuate as a result of these market risks.

Other Risks

Current Global Financial Condition

Current global financial conditions have been characterized by increased volatility and several financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. These factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of its common shares may be adversely affected.

Dependence upon Key Management Personnel and Executives

The Company will be dependent upon the continued support and involvement of a number of key management personnel. The loss of the services of one or more of such personnel could have a material adverse effect on the Company. The Company's ability to manage its investment portfolio and, hence, its success, will depend in large part on the efforts of these individuals. The Company faces intense competition for qualified personnel and there can be no assurance that the Company will be able to attract and retain such personnel.

Significant Shareholder

As of the date of this Listing Statement, Brookfield Asset Management Inc. owns approximately 48% of the Common Shares and 67% of the Non-Voting Shares. Subject to applicable law, Brookfield may, as a practical matter, be able to cause the Company to effect corporate transactions without the consent of other shareholders and cause or prevent a change in control of the Company.

Possible Conflicts of Interest of Directors and Officers of the Company

Certain of the directors and officers of the Company also serve as directors, officers and/or advisors of and to other companies involved in investment management. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. The Company expects that any decision made by any of such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders, but there can be no assurance in this regard. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest or which are governed by the procedures set forth in the OBCA and any other applicable law.

Absence of Dividends

The Company has never paid a dividend and the Company does not expect to do so in the foreseeable future.

Risk of Dilution

Under applicable Canadian law, shareholder approval may not be required for the Company to issue common shares. Future issuances of equity capital may have a substantial dilutive effect on existing shareholders. The Company is not able at this time to predict the future amount of such issuances or dilution.

Value Assigned to the Company May Not be Indicative of Its Fair Market Value

There is currently no market for the Company's Common Shares or Non-Voting Shares and there can be no assurance that an active market will develop or be sustained after the listing of the Company on the CNSX. The lack of an active public market could have a material adverse effect on the price and liquidity of the Common Shares and Non-Voting Shares. The price of the Common Shares and Non-Voting Shares to the public was established by the Company, and may not be indicative of fair market value or future market prices.

18. Promoters

18.1 For a person or company that is, or has been within the two years immediately preceding the date of the Listing Statement, a promoter of the Issuer or of a subsidiary of the Issuer, state:

(a) the person or company's name;

(b) the number and percentage of each class of voting securities and equity securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control is exercised;

(c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the Issuer or from a subsidiary of the Issuer, and the nature and amount of any assets, services or other consideration therefor received or to be received by the Issuer or a subsidiary of the Issuer in return; and

(d) for an asset acquired within the two years before the date of the Listing Statement or thereafter, or to be acquired, by the Issuer or by a subsidiary of the Issuer from a promoter:

(i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,

(ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the Issuer, the promoter, or an associate or affiliate of the Issuer or of the promoter, and

(iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

Not applicable.

18.2 (1) If a promoter referred to in section 18.1 is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer, or chief financial officer of any person or company that:

(a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

(2) For the purposes of section 18.2 (1), "order" means:

(a) a cease trade order;

(b) an order similar to a cease trade order; or

(c) an order that denied the relevant person or company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

(3) If a promoter referred to in section 18.2 (1):

(a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

(b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.

(4) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in section 18.2(1) has been subject to:

(a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

(5) Despite section 18.2(4), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

Not applicable.

19. Legal Proceedings

19.1 Describe any legal proceedings material to the Issuer to which the Issuer or a subsidiary of the Issuer is a party or of which any of their respective property is the subject matter and any such proceedings known to the Issuer to be contemplated, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount

claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

Since the beginning of the most recently completed financial year, the Company was not, nor was any of its property, the subject of any legal proceedings.

The Company does not know of any legal proceedings contemplated against it.

19.2 Regulatory actions - Describe any:

(a) penalties or sanctions imposed against the Issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof;

(b) other penalties or sanctions imposed by a court or regulatory body against the Issuer necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; and

(c) settlement agreements the Issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

On February 16, 2000, the Ontario Securities Commission issued a cease trade order against the Company. The cease trade order was revoked on August 19, 2011. The Company was also subject to cease trade orders issued by British Columbia Securities Commission on July 19, 1999, Alberta Securities Commission on September 13, 2002 and Commission des valeurs mobilières de Quebec on July 20, 1999. These cease trade orders were revoked on August 25, 2011, August 24, 2011 and August 22, 2011, respectively.

20. Interest of Management and Others in Material Transactions

20.1 Describe, and state the approximate amount of, any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three years before the date of the Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer:

(a) any director or executive officer of the Issuer;

(b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of your outstanding voting securities; and

(c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

To the knowledge of the management of the Company, other than as described below, no director or executive officer of the Company, no person who beneficially owns, directly or indirectly, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company (each of the foregoing being an "Informed Person"), no director or officer of an entity that is itself an Informed Person or subsidiary of the Company, no proposed nominee for election as a director of the Company, and no associate or affiliate of the foregoing has any material interest, direct or indirect, in any transaction since the beginning of the Company's last completed financial year or in any

proposed transaction which, in either case, has materially affected or will materially affect the Company.

21. Auditors, Transfer Agents and Registrars

21.1 State the name and address of the auditor of the Issuer.

Deloitte & Touche LLP, chartered accountants, of 1400 – 181 Bay Street, Toronto, Ontario, M5J 2T3, are the Company's auditors.

21.2 For each class of securities, state the name of any transfer agent, registrar, trustee, or other agent appointed by the Issuer to maintain the securities register and the register of transfers for such securities and indicate the location (by municipality) of each of the offices of the Issuer or transfer agent, registrar, trustee or other agent where the securities register and register of transfers are maintained or transfers of securities are recorded.

Computershare Investor Services Inc. ("Computershare"), of 3rd Floor, 510 Burrard Street, Vancouver, British Columbia V6C 3B9, is the transfer agent and registrar for the Common Shares and Non-Voting Shares. Following the completion of the listing on the Exchange, it is anticipated that Computershare will remain the transfer agent and registrar for the Company.

22. Material Contracts

22.1 Give particulars of every material contract, other than contracts entered into in the ordinary course of business that was entered into within the two years before the date of Listing Statement by the Issuer or a subsidiary of the Issuer.

The Company does not have any material contracts at this time.

22.2 If applicable, attach a copy of any co-tenancy, unitholders' or limited partnership agreement.

Not applicable.

23. Interest of Experts

23.1 Disclose all direct or indirect interests in the property of the Issuer or of a Related Person of the Issuer received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the Listing Statement or prepared or certified a report or valuation described or included in the Listing Statement.

23.2 Disclose the beneficial ownership, direct or indirect, by a person or company referred to in section 23.1 of any securities of the Issuer or any Related Person of the Issuer.

23.3 For the purpose of section 23.2, if the ownership is less than one per cent, a general statement to that effect shall be sufficient.

23.4 If a person, or a director, officer or employee of a person or company referred to in section 23.1 is or is expected to be elected, appointed or employed as a director, officer or employee of the Issuer or of any associate or affiliate of the Issuer, disclose the fact or expectation.

Not applicable.

24. Other Material Facts

24.1 Give particulars of any material facts about the Issuer and its securities that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

There are no other material facts about the securities to be listed which are not disclosed elsewhere in this Listing Statement and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the securities to be listed.

25. Financial Statements

25.1 Provide the following audited financial statement for the Issuer:

(a) copies of all financial statements including the auditor's reports required to be prepared and filed under applicable securities legislation for the preceding three years as if the Issuer were subject to such law; and

(b) a copy of financial statements for any completed interim period of the current fiscal year.

Attached to this Listing Statement are the following:

(a) Schedule A – Annual report including audited annual financial statements and management discussion and analysis of the Company for the three most recently completed years ended December 31, 2011, 2010 and 2009.

25.2 For Issuers re-qualifying for listing following a fundamental change provide

(a) the information required in sections 5.1 to 5.3 for the target;

(b) financial statement for the target prepared in accordance with the requirements of National Instrument 41-101 *General Prospectus Requirements* as if the target were the Issuer;

(c) pro-forma consolidated financial statements for the New Issuer giving effect to the transaction for:

(i) the last full fiscal year of the Issuer, and

(ii) any completed interim period of the current fiscal year.

Not applicable.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Royal Oak Ventures Inc., hereby applies for the listing of the above mentioned securities on CNSX. The foregoing contains full, true and plain disclosure of all material information relating to Royal Oak Ventures Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario

this 24th day of May, 2012.

(signed) "*James Reid*"	(signed) "*Derek Gorgi*"
James Reid, Chief Executive Officer	Derek Gorgi, Chief Financial Officer
Terrence A. Lyons, Director	Brian G. Kenning, Director

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Royal Oak Ventures Inc., hereby applies for the listing of the above mentioned securities on CNSX. The foregoing contains full, true and plain disclosure of all material information relating to Royal Oak Ventures Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia

this 24th day of May, 2012.

James Reid, Chief Executive Officer	Derek Gorgi, Chief Financial Officer
(signed) "*Terrence A. Lyons*"	(signed) "*Brian G. Kenning*"
Terrence A. Lyons, Director	Brian G. Kenning, Director

SCHEDULE A: Annual Reports Including Audited Annual Financial Statements and Management Discussion and Analysis for the three most recently completed years ended December 31, 2011, 2010 and 2009

ROYAL OAK VENTURES INC.

2011 ANNUAL REPORT

Table of Contents

Management's Discussion & Analysis

December 31, 2011 (All amounts are in Canadian dollars unless otherwise stated)

OVERVIEW

Royal Oak Ventures Inc. ("Royal Oak" or the "company") recorded a comprehensive loss of $1.3 million for the year ended December 31, 2011 compared to comprehensive income of $5.5 million in the prior year. The current year comprehensive loss consisted of net loss of $0.6 million (2010 – net income of $5.8 million) and other comprehensive loss of $0.6 million (2010 – $0.3 million) which was primarily the result of a $0.7 million unrealized loss on the company's marketable securities which are recorded at fair value in other comprehensive income, and other investment losses of $1.0 million in net income.

The company reported a net loss of $0.6 million or $nil per common share for the year ended December 31, 2011 compared to net income of $5.8 million or $0.04 per common share in 2010. Net loss in the current year included an impairment of $1.0 million (2010 – $2.1 million) on certain of the securities in the portfolio. Net income in the prior year included a $4.9 million disposition gain as well as a $1.7 million special distribution received on one of the portfolio investments.

The company classifies marketable securities within its investment portfolio as available-for-sale financial instruments and accordingly records unrealized changes in the fair value of these investments in other comprehensive loss. The company recorded a pre-tax unrealized loss of $0.7 million during 2011 (2010 – $0.3 million) in other comprehensive loss, as a result of a decrease in the fair value of the company's marketable securities portfolio.

The following section presents management's analysis and review of the financial position of Royal Oak, the results of its operations, liquidity and capital resources, business risks and future outlook. This section makes reference to the financial statements of the company, which are prepared in accordance with International Financial Reporting Standards ("IFRS"), and are presented on pages 12 through 24 of the company's annual report. Certain of the comparative figures included in the management's discussion and analysis are presented in accordance with Canadian generally accepted accounting principles ("Canadian GAAP" or "C GAAP"). Additional information regarding the company can be found on SEDAR at *www.sedar.com.*

STATEMENTS OF FINANCIAL POSITION

As at December 31 *(Thousands)*		**2011**		2010
Investment portfolio	**$**	**25,169**	$	26,456
Cash and cash equivalents		**7,742**		9,038
Accounts receivable		**134**		320
Total assets	**$**	**33,045**	$	35,814
Accounts payable and accrued liabilities	**$**	**118**	$	1,602
Equity		**32,927**		34,212
Total liabilities and equity	**$**	**33,045**	$	35,814

CHANGES IN NET BOOK VALUE

For the years ended December 31	**2011**		2010	
(Thousands, except per share amounts)	**Total**	**Per Share[1]**	Total	Per Share[1]
Net book value, beginning of year [2]	**$ 34,212**	**$ 0.21**	$ 28,684	$ 0.18
Net (loss) income	**(646)**	**—**	5,805	0.04
Other comprehensive loss	**(639)**	**(0.01)**	(277)	(0.01)
Comprehensive (loss) income	**(1,285)**	**(0.01)**	5,528	0.03
Net book value, end of year [2]	**$ 32,927**	**$ 0.20**	$ 34,212	$ 0.21

(1) As at December 31, 2011, there were 162,496,456 common shares issued and outstanding

(2) Net book value is a non-IFRS measure

BALANCE SHEET ANALYSIS

Investment Portfolio

The company's investment portfolio consists of marketable securities and loans receivable as shown below:

As at December 31

(Thousands)		**2011**		2010
Marketable securities	**$**	**21,162**	$	22,541
Loans receivable		**4,007**		3,915
	$	**25,169**	$	26,456

Marketable securities are comprised of investments in equity and debt securities of North American companies or through entities making such investments. The securities portfolio is classified as available-for-sale financial instruments and is recorded at fair value, as determined by the publicly traded market prices. Changes in the fair value of the securities portfolio are recorded in other comprehensive income. Marketable securities decreased by $1.4 million during the year ended December 31, 2011 as a result of a decrease in the fair value of the underlying securities of $0.6 million, and an impairment loss of $1.0 million, partially offset by foreign exchange gains on U.S. dollar securities. The company enters into foreign exchange forward contracts which mitigate the impact of changes in the value of the U.S. dollar relative to the Canadian dollar. The mark-to-market on the forward contract is recorded in accounts receivable.

The company's loan portfolio consists of an indirect interest in approximately twenty loans to U.S. residential developers through an interest in a private partnership. The loan maturities range from due on demand to November 2012. The investment is classified as loans and receivables and accordingly is recorded at amortized cost. The company's maximum exposure to credit losses on the loan portfolio is the carrying value of the loans receivable.

Deferred Tax Assets

As at December 31, 2011, the company has $119.0 million (2010 – $120.1 million) of gross tax deductions and available tax losses which consist primarily of cumulative Canadian exploration expense deductions and non-capital losses. At December 31, 2011, the company has ascribed value of $0.4 million to the gross tax deductions, however, no recognition has been given to the remainder of the tax losses.

ANALYSIS OF NET (LOSS) INCOME

For the years ended December 31

(Thousands)		**2011**		2010
Investment income				
Interest and dividend income	**$**	**889**	$	2,938
Other investment (loss) income		**(1,033)**		3,764
General, administrative and other expenses		**(561)**		(571)
Interest expense		**—**		(535)
Foreign currency revaluation		**137**		256
Deferred income tax expense		**(78)**		(47)
Net (loss) income	**$**	**(646)**	$	5,805

Investment Income

Investment income consists of dividend and interest income earned on the company's investment portfolio and cash and cash equivalents as well as other investment income. The company earned interest and dividend income of $0.9 million during the year ended December 31, 2011 (2010 – $2.9 million). The decrease in interest and dividend income relative to the prior year is primarily a result of a special distribution of $1.7 million from one of the portfolio investments received in 2010, as well as a lower amount of income earned following the disposition of a security in the prior year. Other investment income in the year included an impairment loss of $1.0 million in the portfolio during the year. The gain of $3.8 million in 2010 consisted of a $4.9 million disposition gain, a gain of $1.0 million on the release of certain liabilities as a result of the company coming out of receivership, partially offset by a $2.1 million impairment loss.

Interest Expense

Interest expense is accrued and paid on the company's short-term debt. Royal Oak repaid the short-term debt facility in full in 2010, and as a result, interest expense in the current year was $nil (2010 – $0.5 million).

Foreign Currency Revaluation

Foreign currency revaluation in the current period is the result of fluctuations in the value of the U.S. dollar relative to the Canadian dollar. The company elected fair value hedge accounting for its U.S. dollar investments within its investment portfolio in the second quarter of 2010, and accordingly, any foreign currency revaluation of the investment portfolio subsequent to the election of hedge accounting is offset by changes in value of the foreign currency forward contract.

At December 31, 2011, the company held a foreign exchange forward contract with a notional amount of US$16.4 million of which US$2.1 million was elected as a fair value hedge of U.S. dollar denominated equity securities classified as available for-sale instruments. The company reclassified approximately $30 thousand of unrealized foreign currency revaluation gains on U.S. dollar available-for-sale securities from other comprehensive loss to net loss during the year, as a result of the change in foreign exchange rates, which offset the net realized and unrealized foreign exchange losses of approximately $30 thousand on the forward contract recorded in net income relating to the hedged exposure. The balance of the foreign exchange forward contract is an economic hedge of foreign exchange revaluation of monetary items, which is recorded in net loss. The contract matures on January 31, 2012.

Deferred income tax expense

The company ascribes value to tax losses to reflect any unrealized fair value gains on the securities portfolio. Changes in the value of the securities portfolio, as well as the associated deferred tax impact, accrues through other comprehensive income. The company derecognized $78 thousand (2010 – $47 thousand) of tax losses during the year as a result of the decrease in the fair value of the marketable securities portfolio.

LIQUIDITY AND CAPITAL RESOURCES

The company's liquidity and capital available to make investments will increase or decrease over time as investments are made, or exited from, and as investment returns and gains or losses are realized. The company's working capital requirements are generally limited to interest expense on any outstanding balances on its short-term debt and general and administrative costs and it currently operates with positive operating cash flow excluding any non-recurring items. The company has a $10.0 million credit facility available for drawdown which is due on demand and bears interest of prime rate plus 1% and a standby fee of 25 basis points on the undrawn balance.

At December 31, 2011, the company had $42.9 million (2010 – $45.5 million) of available capital to provide bridge loans and make investments. The company's capital is comprised of its $25.2 million (2010 – $26.5 million) investment portfolio, $7.7 million (2010 – $9.0 million) of cash and cash equivalents, and $10.0 million (2010 – $10.0 million) of undrawn available capital from the company's short-term debt facility.

SELECTED ANNUAL INFORMATION

The following table summarizes the company's financial information for the years ended December 31, 2011, 2010 and 2009.

	Years ended December 31		
	IFRS	IFRS	C GAAP
(Thousands, except per share amounts)	**2011**	2010	2009
Investment income			
Interest and dividend income	**$ 889**	$ 2,938	$ 2,896
Other investment (loss) income	**(1,033)**	3,764	(18,112)
Net (loss) income	**(646)**	5,805	(35,033)
Net income (loss) per share [1]	**—**	0.04	(0.21)
Total assets	**33,045**	35,814	36,535
Total liabilities	**118**	1,602	7,851

(1) Net income (loss) per share is based on a weighted average number of common shares outstanding of 162,496,456 for the year ended December 31, 2011 (2010 – 162,496,456)

A summary of the eight most recently completed quarters is as follows:

	2011				2010			
(Thousands, except per share amounts)	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Investment income								
Interest and dividend income	**$ 227**	$ 217	$ 225	$ 220	$ 142	$ 1,999	$ 401	$ 396
Other investment (loss) income	**(1,033)**	—	—	—	(1,169)	4,933	—	—
Net (loss) income	**(826)**	97	(90)	173	(738)	6,114	(519)	948
Net (loss) income per share	**—**	—	—	—	(0.01)	0.04	—	0.01

The company's investment income consists principally of interest and dividends earned on the company's investment portfolio and fluctuates due to the timing of dispositions and acquisitions as well as for changes in interest rates on the company's floating rate investments. Investment income and other for the fourth quarter of 2011 included an impairment loss of $1.0 million. Investment income for the third quarter of 2010 included a special distribution of $1.7 million received from a security within the investment portfolio. Net income in the third quarter of 2010 included a $4.9 million disposition gain on the sale of certain securities.

BUSINESS RISKS AND OUTLOOK

Royal Oak is an investment holding company and its principal business relates to its investment holdings.

Royal Oak's investment portfolio consists principally of equity and debt securities. The securities are subject to risks including issuer specific credit risks and fluctuations in interest rates. The investment portfolio includes $13.2 million (2010 – $14.5 million) of related party marketable securities. The company has in past years and may continue to invest in related party securities, as it believes that it mitigates a portion of its exposure to issuer specific credit risks by investing in securities of entities under common ownership. Surplus funds are invested in highly rated money market instruments and deposits pending future deployment including $2.3 million (2010 – $2.3 million) on deposit with a related party. These securities are intended to provide the company with the financial resources to develop new business opportunities when they become available.

The company's business faces a number of risks and uncertainties, which arise from regulation, competition and economic trends and events beyond their control. Royal Oak continues to pursue new merchant banking initiatives with specific emphasis on responding to clients requirements' for short-term bridge acquisition financing and examining several private asset workout opportunities in the natural resources sectors. The company will, as in past years, continue to take a cautious approach to new initiatives and selectively allocate its capital to enhance shareholder value.

The company's investments in securities and debt financing expose it to a variety of financial risks, including currency risk, other price risk, interest rate risk, credit risk, and liquidity risk. Management moderates risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy. Royal Oak has foreign exchange exposure to the U.S. dollar due to cash balances and other investments which are denominated in U.S. dollars. As at December 31, 2011, the company has entered into foreign exchange contracts with a notional amount of $16.4 million and maturity date of January 31, 2012 to mitigate the foreign currency revaluation of its investment portfolio. Changes in foreign exchange rates would result in a change in the revaluation of the U.S. dollar investments, which would be equally offset by changes in the valuation of the foreign exchange contract which is valued based on forward rates in the foreign exchange market. The carrying values of the available-for-sale securities are based on their quoted market price, where available, which in turn may be influenced by factors not within control of the company, including the financial performance of the underlying entities and other financial market conditions. The company's investment portfolio, cash and cash equivalents, and debt balances are subject to fluctuations in interest rates as certain of the balances earn and pay interest based on floating rates. The company has no material counterparty credit risk other than its loans receivable, the carrying value of which represents the maximum credit exposure at December 31, 2011. A credit risk assessment is performed on the company's assets to minimize this risk.

Royal Oak believes that its exposure is further limited by the manner in which transactions are structured and in the selection of its clients. Earnings in these investments are cyclical and tied to underlying commodity prices and interest rates. Accordingly, the fair value of the company's investment portfolio will fluctuate as a result of these market risks.

RELATED PARTIES

A wholly owned subsidiary of Brookfield Asset Management Inc. ("Brookfield") owns 48% of the company's voting shares and 67% of the company's non-voting shares for a combined economic interest of 67% in the company. As such, Brookfield's affiliates, with whom the company transacts in the ordinary course of business, are deemed to related parties by virtue of the common ownership. Related party transactions are recorded at the exchange amount, which are equivalent to normal market terms.

The statements of financial position included the following related party balances at December 31:

(Thousands)	*Note*	**2011**	2010
Marketable securities	*(a)*	**$ 13,196**	$ 14,492
Cash and cash equivalents	*(b)*	**2,331**	2,331
Accounts receivable	*(c)*	**123**	299

(a) Marketable securities

As part of the ordinary course of business, the company invests in marketable securities in order to generate returns, a number of which are related party securities. These investments are consistent with the company's desired risk profile and returns. The composition of the related party marketable securities is as follows:

(Thousands, except number of shares/units)		**Shares/Units**		Carrying Value	
Security	Type	**2011**	2010	**2011**	2010
Brookfield Asset Management 5.8%	Public debt	**10,000,000**	10,000,000	**$ 10,844**	$ 10,182
Brookfield Soundvest Split Trust	Public trust units	**455,034**	455,034	**1,047**	1,665
Brookfield Technology Fund	Private fund	**N/A**	N/A	**341**	1,467
Brookfield Asset Management Series 2	Public preferred shares	**27,100**	27,100	**412**	499
Brookfield Asset Management Series 13	Public preferred shares	**22,500**	22,500	**335**	413
Brookfield Asset Management Series 4	Public preferred shares	**12,000**	12,000	**177**	221
Brookfield Asset Management Series 8	Public preferred shares	**1,000**	1,000	**20**	22
Brookfield Asset Management Series 9	Public preferred shares	**1,000**	1,000	**20**	23
				$ 13,196	$ 14,492

(b) Cash and cash equivalents

Included in cash and cash equivalents are funds on deposit with Brascan Asset Management Investments LP ("BAMI LP"), a Brookfield subsidiary, which are due on demand.

(c) Accounts receivable

A foreign exchange forward contract with Trilon Bancorp Inc, a Brookfield subsidiary, is outstanding at December 31, 2011 with a notional amount of US$16.4 million (2010 – US$13.6 million). The contract mitigates the foreign currency exposure of the U.S. dollar denominated investments held by the company. The fair value of the contract at December 31, 2011 is $6 thousand (2010 – $193 thousand) and is included in accounts receivable. Related party accounts receivable also include dividends receivable of certain related party investments.

The related income and expense items for the year were as follows:

(Thousands)	**2011**	2010
Income items		
Investment income	**$ 623**	$ 2,716
Interest expense	**—**	535

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to select appropriate accounting policies to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In particular, critical accounting policies and estimates utilized in the normal course of preparing the company's financial statements require the determination of future cash flows utilized in assessing net recoverable amounts and net realizable values; ability to utilize tax losses; and fair values for disclosure purposes.

In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates have been applied in a manner consistent with that in the prior year and there are no known trends, commitments, events or uncertainties that we believe will materially affect the methodology or assumptions utilized. The estimates are impacted by, among other things, movements in interest rates and other factors, some of which are highly uncertain. The interrelated nature of these factors prevents us from quantifying the overall impact of these movements on the company's financial statements in a meaningful way.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Accounting Standards Board ("AcSB") confirmed in February 2008 that IFRS would replace Canadian generally accepted accounting principles ("Canadian GAAP") for publicly accountable enterprises for financial statements relating to the fiscal years beginning on and after January 1, 2011. Accordingly, the company has adopted IFRS effective January 1, 2011. These financial statements for the year ended December 31, 2011 are the first annual financial statements that comply with IFRS.

(i) Significant differences between IFRS and Canadian GAAP

IFRS are premised on a conceptual framework similar to Canadian GAAP, however, significant differences exist in certain matters of recognition, measurement and disclosure.

The following discussion highlights the significant new standards that the company has adopted under IFRS and the effect on the comparative period results of operations and financial position as previously reported under Canadian GAAP as well as the possible effects going forward.

(a) Foreign exchange gains and losses on available-for-sale debt securities

Under Canadian GAAP, foreign exchange gains and losses on available-for-sale debt securities were recorded in other comprehensive income whereas under IFRS these gains or losses are recorded directly to profit or loss. The company mitigates its exposure to changes in foreign exchange rates by entering into foreign currency forward contracts and elected fair value hedge accounting for a portion of the contracts on April 1, 2010. As a result, foreign currency gains and losses recorded subsequent to April 1, 2010 were reclassified from other comprehensive income to net income and were offset by the foreign currency revaluation on the contract. Foreign currency gains and losses on debt instruments prior to April 1, 2010 were recorded in other comprehensive income. The company will no longer require the election of fair value hedge accounting for the foreign currency forward contracts that are hedges of debt securities under IFRS. The company will continue to elect fair value hedge accounting on foreign currency forward contracts that are hedges of available-for-sale equity securities. This difference between Canadian GAAP and IFRS increased the deficit at January 1, 2010 and December 31, 2010 by a pre-tax amount of $0.9 million and $1.3 million respectively, with an equal offsetting amount to accumulated other comprehensive income.

(b) Available-for-sale equity securities not traded in an active market

The company holds investments in equity securities classified as available-for-sale securities that do not have a quoted price in an active market. Under Canadian GAAP these securities were recorded at cost. Under IFRS, where the fair value of such securities can be reliably measured, the securities are recorded at fair value. The impact of this difference on the financial statements at January 1, 2010 and December 31, 2010 is $nil.

(c) Provisions

Under IFRS, provisions should be recorded to reflect obligations present at the end of the reporting period, if it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made. A provision recognized in the financial statements should be recorded at the current best estimate of the amount required to settle an obligation at the end of the reporting period. In 2010 the company released provisions of $1.4 million. These provisions have been reinstated under IFRS in the fourth quarter of 2010.

(ii) IFRS 1 First-time Adoption of International Financial Reporting Standards

The adoption of IFRS requires the application of IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires that an entity apply all standards effective at the end of its first IFRS reporting period retrospectively. However, IFRS 1 does require certain mandatory exceptions and provides limited optional exemptions in specified areas of certain standards from this general requirement. The company did not elect any available optional exemptions on adoption of IFRS.

FUTURE CHANGES IN ACCOUNTING POLICIES

(i) *Financial instruments*

IFRS 9 *Financial Instruments* ("IFRS 9") was issued by the IASB on November 12, 2009 and will replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The company has not yet determined the impact of IFRS 9 on its financial statements.

(ii) *Fair Value Measurements*

In May 2011, the IASB issued IFRS 13, Fair Value Measurements ("IFRS 13"). IFRS 13 establishes a single source of fair value measurement guidance and sets out fair value measurement disclosure requirements. The standard requires that information be provided in the financial statements that enable the user to assess the methods and inputs used to develop fair value measurements, and for reoccurring fair value measurements that use significant unobservable inputs, the effect of the measurements on profit or loss or other comprehensive income. IFRS 13 is effective for annual periods beginning on or after January 1, 2013. The company has not determined the impact of IFRS 13 on its financial statements.

(iii) *Presentation of Items of Other Comprehensive Income*

In June 2011, the IASB made amendments to IAS 1, Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income ("IAS 1"). The amendments require that items of other comprehensive income are grouped into two categories: items that will not be reclassified subsequently to profit or loss; and items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The company does not expect the amendments to IAS 1 to have a material impact on the financial statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

As the company is a venture issuer, the Chief Executive Officer and the Chief Financial Officer of the company do not make representations relating to the disclosure controls and procedures relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR") as defined in National Instrument 52-109, which is a requirement for non-venture issuers.

James Reid
President and CEO
April 18, 2012

Forward-Looking Information

This annual report contains forward-looking information concerning the company's business and operations. The words "objective", "expect", "potential", "believes" and other expressions of similar import, or the negative variations thereof, and similar expressions of future or conditional verbs such as "may", "should", "could", "would" or "will", are predictions of or indicate future events, trends or prospects or identify forward-looking information. Forward-looking information in this annual report includes, among others, statements with respect to the company's objective of providing capital appreciation to its common shareholders, potential tax liability, expected future results, the impact of the adoption of IFRS on the company's reported financial position and results of operations, the company's liquidity and its ability to finance its obligations 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 the forward-looking statements and information 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: the behavior of financial markets, including fluctuations in interest and exchange rates, availability of equity and debt financing and other risks and factors detailed from time to time in the company's other documents filed 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. Reference should be made to the company's most recent Annual Report for a description of the major risk factors.

Management's Responsibility for Financial Statements

The accompanying financial statements and other financial information have been prepared by the management of the company who are responsible for the integrity and objectivity of the statements and providing a high degree of assurance that relevant and reliable financial information is produced.

These statements which have been prepared in conformity with IFRS, reflect estimates based on management's judgment, where appropriate. The financial information presented throughout this annual report is consistent with the information contained in the company's financial statements.

Deloitte & Touche LLP, the independent auditors appointed by the shareholders, have examined the financial statements in accordance with auditing standards generally accepted in Canada to enable them to express to the shareholders their opinion on the financial statements. Their report is set out below.

The financial statements have been further examined by the Board of Directors and by its Audit Committee, which meets with the auditors and management to review the activities of each and reports to the Board of Directors. The auditors have direct and full access to the Audit Committee and meet with the committee both with and without management present. The Board of Directors, directly and through its Audit Committee, oversees management's financial reporting responsibilities and is responsible for reviewing and approving the financial statements.

James Reid
President and CEO
April 18, 2012

Independent Auditor's Report to the Shareholders

To the Shareholders of Royal Oak Ventures Inc.

We have audited the accompanying financial statements of Royal Oak Ventures Inc., which comprise the statements of financial position as at December 31, 2011, December 31, 2010, and January 1, 2010, and the statements of operations, statements of comprehensive (loss) income, statements of changes in equity and statements of cash flows for the years ended December 31, 2011, and December 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Royal Oak Ventures Inc. as at December 31, 2011, December 31, 2010, and January 1, 2010, and its financial performance and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

Deloitte & Touche LLP

Toronto, Canada
April 18, 2012

Chartered Accountants
Licensed Public Accountants

Statements of Financial Position

(Thousands)	*Note*	**December 31, 2011**	December 31, 2010	January 1, 2010
Assets				
Current assets				
Cash and cash equivalents		**$ 7,742**	$ 9,038	$ 1,637
Marketable securities	*4*	**21,162**	22,541	30,109
Accounts receivable		**134**	320	554
Loans receivable	*5*	**4,007**	3,915	4,235
		$ 33,045	$ 35,814	$ 36,535
Liabilities and equity				
Current liabilities				
Accounts payable and accrued liabilities		**$ 118**	$ 1,602	$ 2,960
Short-term debt		**—**	—	4,891
		118	1,602	7,851
Equity	*8*	**32,927**	34,212	28,684
		$ 33,045	$ 35,814	$ 36,535

Statements of Operations

For the years ended December 31 *(Thousands, except per share amounts)*	*Note*		**2011**		2010
Revenue					
Investment income					
Interest and dividend income		**$**	**889**	$	2,938
Other investment (loss) income			**(1,033)**		3,764
			(144)		6,702
Expenses					
General, administrative and other			**561**		571
Interest expense			**—**		535
			561		1,106
			(705)		5,596
Foreign currency revaluation			**137**		256
(Loss) income before income taxes			**(568)**		5,852
Deferred income tax expense	*6*		**(78)**		(47)
Net (loss) income		**$**	**(646)**	$	5,805
Net income per share (basic and diluted)	*9*	**$**	**—**	$	0.04

Statements of Comprehensive (Loss) Income

For the years ended December 31 *(Thousands)*		**2011**		2010
Net (loss) income	**$**	**(646)**	$	5,805
Other comprehensive loss				
Unrealized loss on available-for-sale securities		**(717)**		(324)
Deferred tax recovery		**78**		47
Other comprehensive loss		**(639)**		(277)
Comprehensive (loss) income	**$**	**(1,285)**	$	5,528

Statements of Changes in Equity

For the year ended December 31, 2011 (Thousands)	Common Shares	Deficit	Accumulated Other Comprehensive Income *(Note 8)*	Total Equity
Balance as at December 31, 2010	$ 41,439	$ (10,686)	$ 3,459	$ 34,212
Changes in year				
Net loss	—	(646)	—	(646)
Other comprehensive loss	—	—	(639)	(639)
Comprehensive loss	—	(646)	(639)	(1,285)
Balance as at December 31, 2011	$ 41,439	$ (11,332)	$ 2,820	$ 32,927

For the year ended December 31, 2010 (Thousands)	Common Shares	Deficit	Accumulated Other Comprehensive Income *(Note 8)*	Total Equity
Balance as at January 1, 2010	$ 41,439	$ (16,491)	$ 3,736	$ 28,684
Changes in year				
Net income	—	5,805	—	5,805
Other comprehensive loss	—	—	(277)	(277)
Comprehensive income	—	5,805	(277)	5,528
Balance as at December 31, 2010	$ 41,439	$ (10,686)	$ 3,459	$ 34,212

Statements of Cash Flows

For the years ended December 31 *(Thousands)*		**2011**		2010
Operating activities				
Net (loss) income	**$**	**(646)**	$	5,805
Adjustments to net (loss) income:				
Deferred income tax expense		**78**		47
Other investment (loss) income		**1,033**		(3,764)
Changes in working capital		**(1,761)**		456
		(1,296)		2,544
Investing activities				
Securities sold		**—**		9,877
Loans receivable		**—**		(129)
		—		9,748
Financing activities				
Short-term debt financing		**—**		(4,891)
		—		(4,891)
(Decrease) increase in cash and cash equivalents		**(1,296)**		7,401
Cash and cash equivalents, beginning of year		**9,038**		1,637
Cash and cash equivalents, end of year	**$**	**7,742**	$	9,038

Supplemental cash flow information				
Interest paid	**$**	**—**	$	535

1. BUSINESS OPERATION

Royal Oak Ventures Inc. ("Royal Oak" or the "company") is an investment holding company incorporated under the laws of the province of Ontario with an investment portfolio consisting principally of preferred shares, equity securities and bonds. The company's principal business risks relate to the quality of its investment holdings. The office of the company is Brookfield Place, 181 Bay Street, Suite 300, Toronto, Ontario, M5J 2T3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements represent the first annual financial statements of the company prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The company adopted IFRS in accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards" ("IFRS 1") as discussed in Note 3.

These financial statements were authorized for issuance by the Board of Directors of the company on April 18, 2012.

Basis of Presentation

The financial statements are prepared on a going concern basis. Standards and guidelines not effective for the current accounting periods are described in the Future Changes in Accounting Policies section below.

Use of judgment, estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to exercise judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities of the date of the balance sheet and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates. It is the judgment of the company's management that there are no significant estimates, and the key areas of management judgment contained within the financial statements are the ability to utilize the deferred tax asset; the determination of future cash flows utilized in assessing net realizable values; and fair values for disclosure purposes.

Foreign currencies

The company considers the Canadian dollar to be its functional currency as it is the currency of the primary economic environment in which the company operates. Accordingly, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates in effect at the end of the reporting period and non-monetary assets and liabilities at the exchange rates in effect at the time of acquisition or issue. Revenues and expenses are translated at rates approximating the exchange rates in effect at the time of the transactions.

Cash and cash equivalents

The company defines cash and cash equivalents as highly liquid financial instruments with an original maturity of ninety days or less. Cash and cash equivalents are carried at amortized cost which is reflective of fair value.

Financial instruments

Marketable securities are classified as available-for-sale financial instruments and are carried at fair value with any changes in fair value recorded in other comprehensive income. The cumulative changes in the fair value of available-for-sale financial instruments previously recognized in other comprehensive income are reclassified to net income when the underlying security is either sold or there is an impairment loss as a result of the carrying value exceeding the estimated recoverable amount. Equity instruments that do not have a quoted market price from an active market are measured at estimated fair value. The company accounts for securities using trade date accounting and capitalizes transaction costs.

The company's loans receivable portfolio which is indirectly held through an 8% limited partnership interest in a private partnership, is classified as loans and receivable and recorded at amortized cost. The company assesses the investment for impairment on a quarterly basis, based on the fair values ascribed to the loan portfolio in the partnership's quarterly financial statements.

Accounts receivable are classified as loans and receivable, carried at amortized cost, and are expected to be collected within one year. Accounts payable and accrued liabilities are classified as other financial liabilities, carried at amortized cost, and are due within one year. Derivative instruments are recorded at fair value with changes in value recognized in net income.

Investment income

Investment income includes dividends received and interest earned on the investments. Investment income is recognized when amounts are realized with respect to sales of investments and the receipt is reasonably assured.

Income taxes

The company follows the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the carrying amount and tax bases of assets and liabilities, and unused income tax losses are measured using the tax rates and laws substantively enacted at the end of the reporting period. The valuation of deferred tax assets is reviewed quarterly and adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

Net income per share

Net income per share is computed by dividing the net income by the weighted average number of common and non-voting shares outstanding during the year.

Future Changes in Accounting Policies

(i) Financial instruments

IFRS 9 *Financial Instruments* ("IFRS 9") was issued by the IASB on November 12, 2009 and will replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The company has not yet determined the impact of IFRS 9 on its financial statements.

(ii) Fair Value Measurements

In May 2011, the IASB issued IFRS 13, Fair Value Measurements ("IFRS 13"). IFRS 13 establishes a single source of fair value measurement guidance and sets out fair value measurement disclosure requirements. The standard requires that information be provided in the financial statements that enable the user to assess the methods and inputs used to develop fair value measurements, and for reoccurring fair value measurements that use significant unobservable inputs, the effect of the measurements on profit or loss or other comprehensive income. IFRS 13 is effective for annual periods beginning on or after January 1, 2013. The company has not determined the impact of IFRS 13 on its financial statements.

(iii) Presentation of Items of Other Comprehensive Income

In June 2011, the IASB made amendments to IAS 1, Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income ("IAS 1"). The amendments require that items of other comprehensive income are grouped into two categories: items that will not be reclassified subsequently to profit or loss; and items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The company does not expect the amendments to IAS 1 to have a material impact on the financial statements.

3. TRANSITION TO IFRS

The company has adopted IFRS effective January 1, 2011. Prior to the adoption of IFRS, the company prepared its financial statements in accordance with Canadian GAAP. These financial statements for the year ended December 31, 2011 are the first annual financial statements that comply with IFRS.

The company's transition date is January 1, 2010 (the "transition date") and the company has prepared its opening IFRS statement of financial position at that date. These financial statements have been prepared in accordance with the accounting policies described in Note 2. This note explains the impact of the company's transition to IFRS.

Elected exemptions from full retrospective application

These financial statements have been prepared in accordance with IFRS, 1 *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"). While IFRS 1 permits certain optional exemptions from full retrospective application of IFRS, the company has not used any of these exemptions.

Mandatory exceptions to retrospective application

In preparing these financial statements in accordance with IFRS 1 the company has applied certain mandatory exceptions from full retrospective application of IFRS. The mandatory exceptions applied from full retrospective application of IFRS are described below.

(i) Hedge Accounting
Hedging relationships that satisfied the hedge accounting criteria as of the transition date are reflected as hedges in the company's results under IFRS. Any derivative not meeting the IAS 39 *Financial Instruments: Recognition and Measurement* criteria for hedge accounting was recorded as a non-hedging derivative financial instrument.

(ii) Estimates
Hindsight was not used to create or revise estimates and accordingly the estimates previously made by the company under Canadian GAAP are consistent with their application under IFRS.

Significant differences between IFRS and Canadian GAAP

IFRS are premised on a conceptual framework similar to Canadian GAAP, however, significant differences exist in certain matters of recognition, measurement and disclosure. The following discussion highlights the significant standards that the company has adopted under IFRS and the effect on the comparative period results of operations and financial position as previously reported under Canadian GAAP as well as the possible effects going forward.

(a) Foreign exchange gains and losses on available-for-sale debt securities
Under Canadian GAAP, foreign exchange gains and losses on available-for-sale debt securities were recorded in other comprehensive income whereas under IFRS these gains or losses are recorded directly to profit or loss. The company mitigates its exposure to changes in foreign exchange rates by entering into foreign currency forward contracts and elected fair value hedge accounting for a portion of the contracts on April 1, 2010. As a result, foreign currency gains and losses recorded subsequent to April 1, 2010 were reclassified from other comprehensive income to net income and were offset by the foreign currency revaluation on the contract. Foreign currency gains and losses on debt instruments prior to April 1, 2010 were recorded in other comprehensive income. The company will no longer require the election of fair value hedge accounting for the foreign currency forward contracts that are hedges of debt securities under IFRS. The company will continue to elect fair value hedge accounting on foreign currency forward contracts that are hedges of available-for-sale equity securities. This difference between Canadian GAAP and IFRS increased the deficit at January 1, 2010 and December 31, 2010 by a pre-tax amount of $0.9 million and $1.3 million respectively, with an equal offsetting amount to accumulated other comprehensive income.

(b) *Available-for-sale equity securities not traded in an active market*

The company holds investments in equity securities classified as available-for-sale securities that do not have a quoted price in an active market. Under Canadian GAAP, these securities were recorded at cost. Under IFRS, where the fair value of such securities can be reliably measured, the securities are recorded at fair value. The impact of this difference on the financial statements at January 1, 2010 and December 31, 2010 is $nil.

(c) *Provisions*

Under IFRS, provisions should be recorded to reflect obligations present at the end of the reporting period, if it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made. A provision recognized in the financial statements should be recorded at the current best estimate of the amount required to settle an obligation at the end of the reporting period. In 2010 the company released provisions of $1.4 million. These provisions have been reinstated under IFRS in the fourth quarter of 2010.

Reconciliation of equity as reported under Canadian GAAP to IFRS

The following is a reconciliation of the company's equity reported in accordance with Canadian GAAP to its equity in accordance with IFRS as at January 1, 2010:

(Thousands)	Common Shares	Deficit	Accumulated Other Comprehensive Income	Total Equity
As reported under Canadian GAAP	$ 41,439	$ (15,686)	$ 2,931	$ 28,684
Foreign exchange on available-for-sale debt securities	—	(933)	933	—
Deferred taxes	—	128	(128)	—
As reported under IFRS	$ 41,439	$ (16,491)	$ 3,736	$ 28,684

The following is a reconciliation of the company's equity reported in accordance with Canadian GAAP to its equity in accordance with IFRS as at December 31, 2010:

(Thousands)	Common Shares	Deficit	Accumulated Other Comprehensive Income	Total Equity
As reported under Canadian GAAP	$ 41,439	$ (8,188)	$ 2,347	$ 35,598
Foreign exchange on available-for-sale debt securities	—	(1,289)	1,289	—
Provisions	—	(1,386)	—	(1,386)
Deferred taxes	—	177	(177)	—
As reported under IFRS	$ 41,439	$ (10,686)	$ 3,459	$ 34,212

Reconciliation of comprehensive income as reported under Canadian GAAP to IFRS

The following is a reconciliation of the company's comprehensive income reported in accordance with Canadian GAAP to its comprehensive income in accordance with IFRS for the year ended December 31, 2010:

(Thousands)	Net Income	Other Comprehensive Loss	Comprehensive Income
As reported under Canadian GAAP	$ 7,498	$ (584)	$ 6,914
Foreign exchange on available-for-sale debt securities	(356)	356	—
Provisions	(1,386)	—	(1,386)
Deferred taxes	49	(49)	—
As reported under IFRS	$ 5,805	$ (277)	$ 5,528

Statement of cash flows as reported under Canadian GAAP and IFRS

The statement of cash flows reflects the differences between net income in accordance with Canadian GAAP and net income in accordance with IFRS for the year ended December 31, 2010 as described above.

4. MARKETABLE SECURITIES

Marketable securities are comprised of equity and debt securities of North American companies or units held in entities making such investments.

The company's marketable securities are classified as available-for-sale financial instruments and accordingly are carried at fair value. Marketable securities include $13.2 million (December 31, 2010 – $14.5 million, January 1, 2010 – $23.8 million) of securities of affiliates which are under common ownership. The company's marketable securities portfolio consists of:

(Thousands)	**December 31 2011**	December 31 2010	January 1 2010
Security Type			
Bonds	**$ 10,843**	$ 11,181	$ 9,969
Preferred shares	**964**	1,177	891
Equity securities	**9,355**	10,183	19,249
	$ 21,162	$ 22,541	$ 30,109

IFRS provides a hierarchy to be used in determining fair values of financial instruments. Fair value hierarchical levels that are directly determined by the amount of subjectivity associated with the valuation of these assets and liabilities, are as follows:

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the assets or liabilities through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

Level 3 – Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to determining the estimate.

The company utilizes Level 1 inputs to determine the fair value of its marketable securities portfolio where applicable with the exception of $0.3 million (December 31, 2010 – $1.5 million, January 1, 2010 – $3.4 million) valued using Level 3 inputs. During the year an impairment loss of $1.1 million (2010 – $1.9 million) was recognized in net loss relating to a decrease in the value of Level 3 securities. The company utilizes Level 2 inputs to determine the fair value of its US$16.4 million (December 31, 2010 – US$13.6 million, January 1, 2010 – US$28.8 million) notional foreign exchange forward contract. There were no transfers of securities between Level 1,2, or 3 during the year.

5. LOANS RECEIVABLE

The company's loan portfolio, which is held indirectly through an 8% interest in a private partnership is comprised of approximately twenty loans to various U.S. residential developers. The individual loans are unrated, bear interest at rates between 10% to 30% per annum and have maturities ranging from due on demand to November 2012. The investment is classified as loans and receivables and accordingly carried at amortized cost. The company's maximum exposure to credit losses on the loan portfolio is the carrying value of the loans receivable.

6. DEFERRED TAXES

The company has gross tax deductions available to be utilized in future years of $119.0 million (December 31, 2010 – $120.1 million, January 1, 2010 – $121.5 million), of which $106.8 million have no set expiry date.

The ability of the company to realize its tax losses is dependent on the company's ability to earn sufficient income to utilize these tax deductions. At December 31, 2011, the company has ascribed value of $0.4 million to the gross tax deductions, however, no recognition has been given to the remainder of the tax losses.

Income tax expense differs from the amount which would result from applying the basic federal and provincial income tax rates to net income before income taxes for the following reasons:

(Thousands)		**2011**		2010
Net (loss) income before income tax	**$**	**(636)**	$	5,852
Tax (recovery) expense based on statutory income tax rates		**(169)**		1,668
Non-taxable portion of capital loss		**149**		(1,073)
Non-taxable dividends received		**(31)**		(627)
Foreign exchange		**(38)**		89
Derecognition of deferred tax asset		**78**		47
Other		**89**		(57)
	$	**78**	$	47

7. SHORT TERM DEBT

(Thousands)	Maturity	Annual Rate		**December 31 2011**		December 31 2010		January 1 2010
Loan facility	December 31, 2012	Prime + 7.0%	**$**	**—**	$	—	$	4,891

Short-term debt in the amount of $nil (December 31, 2010 – $nil, January 1, 2010 – $4.9 million) bears interest at prime rate plus 7%, and a standby fee of 25 basis points on the undrawn balance. The maximum amount that can be drawn on the facility is $10.0 million (December 31, 2010 – $10.0 million, January 1, 2010 – $10.0 million).

8. EQUITY

Authorized
Unlimited number of common shares
Unlimited number of non-voting shares
Unlimited number of special shares

	December 31 2011	December 31 2010	January 1 2010
Share capital issued and outstanding	**$ 41,439**	$ 41,439	$ 41,439
3,157,189 common voting shares			
159,339,267 non-voting shares			
Deficit	**(11,332)**	(10,686)	(16,491)
Accumulated other comprehensive income [1]	**2,820**	3,459	3,736
	$ 32,927	$ 34,212	$ 28,684

(1) Accumulated other comprehensive income includes unrealized gains and losses and deferred taxes on available-for-sale securities

As a result of the 1999 restructuring, a wholly owned subsidiary of Brookfield Asset Management Inc. owns 48% of the company's voting shares and 67% of the company's non-voting shares for a combined economic interest of 67% in the company.

The weighted average number of common shares outstanding during the year ended December 31, 2011 was 162,496,456 (December 31, 2010 – 162,496,456, January 1, 2010 – 162,496,456).

9. NET INCOME PER COMMON SHARE

Basic and diluted net income per common share of $nil for the year ended December 31, 2011 (2010 – $0.04) is based on 162,496,456 common shares (2010 – 162,496,456), the weighted average number of common shares outstanding.

10. RELATED PARTY TRANSACTIONS

As a result of the 1999 restructuring, a wholly owned subsidiary of Brookfield Asset Management Inc. ("Brookfield") owns 48% of the company's voting shares. As such, Brookfield's affiliates, with whom the company transacts in the ordinary course of business, are related parties by virtue of the common ownership. Transactions with related parties, including investment transactions, are recorded at exchange amounts, which are equivalent to normal market terms. The balance sheets include the following related party balances with companies under common ownership or investments in funds managed by companies under common ownership as at December 31:

(Thousands)	**December 31, 2011**	December 31, 2010	January 1, 2010
Marketable securities	**$ 13,196**	$ 14,492	$ 23,756
Cash and cash equivalents	**2,331**	2,331	—
Short-term debt	**—**	—	4,891
Accounts receivable	**123**	299	394

As part of the ordinary course of business, the company invests in marketable securities in order to generate returns, a number of which are related party securities because these investments are consistent with the company's desired returns and risk profile.

A $10.0 million facility is due to a Brookfield affiliate, bears interest at a rate of prime plus 7%, is unsecured and due on demand (see Note 7). A foreign exchange forward contract with a Brookfield affiliate is outstanding at December 31, 2011 with a notional amount of US$16.4 million (December 31, 2010 – $13.6 million, January 1, 2010 – $nil) (see note 13). The fair value of this derivative is included in accounts receivable.

The related income and expense items for the year were as follows:

(Thousands)		**2011**		2010
Income items				
Investment income	**$**	**623**	$	2,716
Interest expense		**—**		535

The company does not have any employees, and accordingly, did not pay nor record any management compensation in 2011 or 2010.

11. RISK MANAGEMENT

The company's investments in securities and debt financing expose it to a variety of financial risks, including currency risk, other price risk, interest rate risk, credit risk and liquidity risk. Management moderates risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy.

Currency Risk

The company reports its results in Canadian dollars. Accordingly, the carrying value of the U.S. dollar denominated securities and loans will vary from time to time with fluctuations in the exchange rate between the Canadian dollar and the U.S. dollar. As a result, the company uses foreign exchange contracts to manage its exposure to the U.S. dollar and has elected fair value hedge accounting for a portion of the foreign exchange forward contract to hedge an equivalent notional amount of U.S. dollar investments classified as available-for-sale securities. A $0.01 appreciation (depreciation) in the value of the U.S. dollar relative to the Canadian dollar would increase (decrease) the value of the U.S. dollar investments which would be offset by a decrease (increase) in the value of the foreign exchange forward contract, and would result in a net impact on net income of $nil (2010 – $nil).

Other Price Risk

The carrying values of the available-for-sale securities are based on their quoted market price, where available, which in turn may be influenced by factors not within the control of the company, including the financial performance of the underlying entities and other financial market conditions. A 500 basis point increase or decrease in the value of the available-for-sale securities would have increased or decreased the fair value of the company's marketable securities by $1.0 million (2010 – $1.1 million).

Interest Rate Risk

The company holds a fixed rate security within its marketable securities portfolio. A 50 basis point increase in the yield curve would decrease the fair value of the securities by $0.7 million (2010 – $0.7 million).

The company's securities portfolio contain instruments that earn interest based on floating rates. A 1% increase in these rates would increase net income by $nil (2010 – $nil).

Credit Risk

The company has no material counterparty risk as of December 31, 2011, other than its loans receivable which are held through a partnership interest. The value and risk is monitored on an ongoing basis through review of the partnership's financial statements which carry the loans at fair value. The carrying value of the loans represents the maximum credit exposure at December 31, 2011.

Liquidity Risk

The company's cash requirements primarily relate to operating expenses and interest expenses and are covered in part by dividend income, interest income, and realization gains. Liquidity is managed through regular reviews of cash flow projections and monitoring for adequate borrowing reserves with related parties. As at December 31, 2011, the company has a net equity position of $33.0 million (December 31, 2010 – $34.2 million, January 1, 2010 – $28.7 million).

12. CAPITAL MANAGEMENT

The company's objective is to provide its shareholders with income returns. At December 31, 2011, the company had $42.9 million (December 31, 2010 – $45.5 million, January 1, 2010 – $41.0 million) of available capital to provide bridge loans and make investments. The company's capital is comprised of its $25.2 million (December 31, 2010 – $26.5 million, January 1, 2010 – $34.3 million) investment portfolio, which consists of marketable securities and loans receivable, $7.7 million (December 31, 2010 – $9.0 million, January 1, 2010 – $1.6 million) of cash and cash equivalents, and $10.0 million (December 31, 2010 – $10.0 million, January 1, 2010 – $5.1 million) of undrawn available capital on the company's short-term debt facility. There have been no changes in the company's issued and outstanding equity during the year ended December 31, 2011. There are no externally imposed capital requirements for the company and there has been no change in the company's approach to capital management in the year.

13. DERIVATIVE FINANCIAL INSTRUMENTS

As at December 31, 2011, the company was a counterparty to a U.S. dollar foreign exchange forward contract, with a notional U.S. dollar denominated liability of US$16.4 million (December 31, 2010 – US$13.6 million, January 1, 2010 – $28.8 million) at an average exchange rate of 1.022 (December 31, 2010 – 1.014, January 1, 2010 – 1.067) and a maturity date of January 31, 2012. As at December 31, 2011, the company elected $2.1 million (December 31, 2010 – $9.4 million, January 1, 2010 – $nil) of the foreign exchange forward contract as a fair value hedge, to hedge an equivalent notional amount of U.S. dollar securities.

14. SUPPLEMENTAL CASH FLOW

At December 31, 2011, cash and cash equivalents are comprised of cash on hand of $5.4 million (December 31, 2010 – $5.2 million, January 1, 2010 – $36 thousand) and short-term highly liquid investments of $2.3 million (December 31, 2010 – $3.8 million, January 1, 2010 – $1.6 million).

In the current year the company received cash dividends and interest of $0.9 million (2010 – $3.0 million).

Corporate Information

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*Member of the Audit Committee

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ROYAL OAK VENTURES INC.

ANNUAL
REPORT
2010

Table of Contents

Management's Discussion & Analysis

December 31, 2010 (All amounts are in Canadian dollars unless otherwise stated)

OVERVIEW

Royal Oak Ventures Inc. ("Royal Oak" or "the company") recorded comprehensive income, which consists of net income and other comprehensive income, of $6.9 million for the year ended December 31, 2010, an increase of $36.4 million over the prior year comprehensive loss of $29.5 million. This increased the company's net book value by $0.04 per common share or 22%.

The company reported net income of $7.5 million or $0.05 per common share for the year ended December 31, 2010 compared to a net loss of $35.0 million or a loss of $0.21 per common share in the prior year. Net income for the current year included investment gains of $5.2 million (2009 – $nil) primarily from the sale of certain securities. The prior year net loss included $18.1 million of investment losses relating to impairments of securities in the investment portfolio and a $20.2 million expense as a result of the derecognition of the future tax asset.

The company classifies marketable securities within its investment portfolio as available-for-sale financial instruments and accordingly records unrealized changes in the fair value of these investments in other comprehensive income. The company recorded a pre-tax unrealized loss of $0.7 million during 2010 (2009 – gain of $6.4 million) in other comprehensive loss. The current year loss is the result of the release of $3.8 million of unrealized gains from other comprehensive income to net income on the disposition of a security, partially offset by a $3.1 million increase in the fair value of the remaining investments in the portfolio.

The following section presents management's analysis and review of the financial position of Royal Oak, the results of its operations, liquidity and capital resources, business risks and future outlook. This section makes reference to the financial statements of the company, which are prepared in accordance with Canadian generally accepted accounting policies, and are presented on pages 12 through 20 of the company's annual report. Additional information regarding the company can be found on SEDAR at *www.sedar.com*.

STATEMENTS OF FINANCIAL POSITION

As at December 31 *(Thousands)*	**2010**	2009
Investment portfolio	**$ 26,456**	$ 34,344
Cash and cash equivalents	**9,038**	1,637
Accounts receivable	**320**	554
Total assets	**$ 35,814**	$ 36,535
Accounts payable and accrued liabilities	**$ 216**	$ 2,960
Short-term debt	**—**	4,891
Shareholders' equity	**35,598**	28,684
Total liabilities and shareholders' equity	**$ 35,814**	$ 36,535

CHANGES IN NET BOOK VALUE

As at December 31	**2010**		2009	
(Thousands, except per share amounts)	**Total**	**Per Share**	Total	Per Share
Net book value, beginning of year	**$ 28,684**	**$ 0.18**	$ 58,166	$ 0.36
Net income (loss)	**7,498**	**0.05**	(35,033)	(0.21)
Other comprehensive (loss) income	**(584)**	**(0.01)**	5,551	0.03
Comprehensive income (loss)	**6,914**	**0.04**	(29,482)	(0.18)
Net book value, end of year	**$ 35,598**	**$ 0.22**	$ 28,684	$ 0.18

BALANCE SHEET ANALYSIS

Investment Portfolio

The company's investment portfolio consists of marketable securities and loans receivable as shown below:

As at December 31

(Thousands)		**2010**		2009
Marketable securities	**$**	**22,541**	$	30,109
Loans receivable		**3,915**		4,235
	$	**26,456**	$	34,344

Marketable securities are comprised of investments in equity and debt securities of North American companies, or through entities making such investments. The securities portfolio is classified as available-for-sale financial instruments and is recorded at fair value, as determined by the publicly traded market prices. Changes in the fair value of the securities portfolio are recorded in other comprehensive income. Included in the portfolio are $1.5 million of equity instruments which are not traded in an active market and are carried at cost.

Marketable securities decreased by $7.6 million over the prior period as a result of the disposition of $8.8 million of securities and impairment losses of $1.9 million, partially offset by a $3.1 million increase in the fair value of the portfolio, net of foreign exchange revaluation.

The company's loan portfolio consists of an indirect interest in approximately twenty loans to U.S. residential developers, through an interest in a private partnership. The loans maturities range from due on demand to November 2012. The investment is classified as loans and receivables and accordingly is recorded at amortized cost. The company recorded a $0.2 million impairment on the loans portfolio in the current year (2009 – $15.3 million). The impairment losses were determined based on a decrease in the fair value ascribed to the loans in the partnership's audited financial statements. The company's maximum exposure to credit losses on the loan portfolio is the carrying value of the loans receivable.

Future Tax Assets

As at December 31, 2010, the company has $120.1 million (2009 – $121.5 million) of gross tax deductions and available tax losses which consist primarily of cumulative Canadian exploration losses and non-capital losses. At December 31, 2010, the company ascribed value of $0.4 million to the gross tax deductions; however, no recognition has been given to the remainder of the potential tax benefits.

Short-term Debt

The company has a $10.0 million facility available for drawdown which is due on demand and bears interest at prime rate plus 7% and a standby fee of 25 basis points on the undrawn balance. The company repaid the facility in full during the year ended December 31, 2010.

ANALYSIS OF NET INCOME

For the years ended December 31

(Thousands)		**2010**		2009
Investment income	**$**	**2,938**	$	2,896
Investment gains (losses) and other income		**5,150**		(18,112)
General, administrative and other expenses		**(571)**		(1,434)
Interest expense		**(535)**		(7,764)
Foreign currency revaluation		**612**		9,543
Future income tax expense		**(96)**		(20,162)
Net income (loss)	**$**	**7,498**	$	(35,033)

Investment Income
The company earned investment income of $2.9 million in 2010 (2009 – $2.9 million) which consisted principally of dividends and interest earned on the company's investment portfolio, in addition to interest earned on cash and cash equivalents.

Investment Gains (Losses) and Other Income
The company received proceeds of $9.9 million on the disposition of certain securities within its investment portfolio and realized a $4.9 million (2009 – $nil) disposition gain during the year ended December 31, 2010. Investment gains (losses) and other income also include $2.1 million (2009 – $18.1 million) of impairment losses on the company's marketable securities and loans portfolio offset by a $2.4 million gain on the release of certain liabilities on the discharge of the company's Interim Receiver on April 13, 2011. The prior year impairment loss primarily relates to a write-down of the loans portfolio following a deterioration of the credit quality of the underlying loans as reflected in the partnership's annual financial statements.

General, Administrative and Other Expenses
General, administrative and other expenses consist of the company's operating expenses. The $0.9 million decrease from the prior year is the result of a renewal of the short-term debt facility, whereby the standby fee decreased to 25 basis points on undrawn balances, from a fixed fee of $1.0 million per annum on the former facility in the prior year.

Interest Expense
Interest expense is accrued and paid on the company's short-term debt. Royal Oak repaid a significant portion of the outstanding debt in 2009 and the remainder in 2010. Accordingly, the higher amount of interest expense in 2009 relates to a larger amount of debt outstanding during the prior year.

Foreign Currency Revaluation
The company recorded $0.6 million (2009 – $9.5 million) of foreign currency revaluation gains in 2010. The higher amount of foreign currency gains in the prior year was a result of a larger notional exposure to the U.S. dollar.

At December 31, 2010, the company held a foreign exchange forward contract with a notional amount of $13.6 million of which $9.4 million was elected as a fair value hedge of U.S. dollar denominated securities classified as available-for-sale financial instruments. Subsequent to the hedge election date, $0.8 million of unrealized foreign exchange losses on U.S. dollar available-for-sale securities, from the 5% change in foreign exchange rates, were reclassified to net income in 2010 to partially offset the net realized and unrealized foreign exchange gains of $0.9 million on the forward contract recorded in net income. The portion of the contract not elected for fair value hedge accounting, which mitigates the risk of foreign currency changes of the company's U.S. dollar monetary assets and liabilities, is classified as held for trading and changes in the fair value of the contract are recorded in net income. The contract matures on March 25, 2011.

Future Income Tax Expense
Future income tax expense for 2010 was $0.1 million compared to $20.2 million in 2009. The prior year expense related to the derecognition of a future tax asset at December 31, 2009. On December 31, 2009, the company's $200.0 million loan facility matured and the new loan agreement entered into reduced the notional amount of the facility to $10.0 million. As a result, the company determined that its ability to make investments that would generate a sufficient amount of taxable income was unlikely based on the company's current available liquidity. As such, the company determined that its ability to utilize its tax losses was uncertain, and derecognized the tax asset.

LIQUIDITY AND CAPITAL RESOURCES

The company's liquidity and capital available to make investments will increase or decrease over time as investments are made, or exited from, and as investment returns and gains or losses are realized. The company's working capital requirements are generally limited to interest expense on its short-term debt and general and administrative costs and it currently operates with positive operating cash flow.

At December 31, 2010, the company had $45.5 million (2009 – $41.0 million) of available capital to provide bridge loans and make investments. The company's capital is comprised of its $26.5 million (2009 – $34.3 million) investment portfolio, $9.0 million (2009 – $1.6 million) of cash and cash equivalents, and $10.0 million (2009 – $5.1 million) of undrawn available capital from the company's short-term debt facility.

SELECTED ANNUAL INFORMATION

The following table summarizes financial information for the company for the years ended December 31, 2010, 2009 and 2008:

(Thousands, except per share amounts)	**2010**	2009	2008
Investment income	**$ 2,938**	$ 2,896	$ 6,013
Investment gains (losses) and other income	**5,150**	(18,112)	(19,300)
Net income (loss)	**7,498**	(35,033)	5,869
Net income (loss) per share [1]	**0.05**	(0.21)	0.04
Total assets	**35,814**	36,535	158,856
Total liabilities	**216**	7,851	100,690

(1) Net income (loss) per share is based on a weighted average number of common shares outstanding of 162,496,456 for the year ended December 31, 2010 (2009 – 162,496,456)

A summary of the eight most recently completed quarters is as follows:

	2010				2009			
(Thousands, except per share amounts)	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Investment income	**$ 142**	$ 1,999	$ 401	$ 396	$ 348	$ 671	$ 955	$ 922
Investment gains (losses) and other income	**217**	4,933	—	—	18,112	—	—	—
Net income (loss)	**648**	6,114	(519)	1,255	(38,198)	(236)	(1,802)	5,203
Net income (loss) per share	**0.01**	0.04	(0.01)	0.01	(0.23)	—	(0.01)	0.03

The company's investment income consists principally of interest and dividends earned on the company's investment portfolio and fluctuates due to the timing of dispositions and acquisitions as well as for changes in interest rates on the company's floating rate investments. Investment income for the third quarter of 2010 included a special distribution of $1.7 million received from a security within the investment portfolio. Net income in the third quarter of 2010 included a $4.9 million disposition gain on the sale of certain securities. The net loss in the fourth quarter of 2009 is related to impairments of $18.1 million on the company's investment portfolio and a tax expense of $20.2 million relating to the derecognition of the future tax asset.

BUSINESS RISKS AND OUTLOOK

Royal Oak is an investment holding company and its principal business relates to its investment holdings.

Royal Oak's investment portfolio consists principally of equity and debt securities. The securities are subject to risks including issuer specific credit risks and fluctuations in interest rates. The investment portfolio includes $14.5 million (2009 - $23.8 million) of related party marketable securities. The company has in past years and may continue to invest in related party securities, as it believes that it mitigates a portion of its exposure to issuer specific credit risks by investing in securities of entities under common ownership. Surplus funds are invested in highly rated money market instruments and deposits pending future deployment including $2.3 million (2009 – $nil) on deposit with a related party. These securities are intended to provide the company with the financial resources to develop new business opportunities when they become available.

The company's business faces a number of risks and uncertainties, which arise from regulation, competition and economic trends and events beyond their control. Royal Oak continues to pursue new merchant banking initiatives with specific emphasis on responding to clients requirements' for short-term bridge acquisition financing and examining several private asset workout opportunities in the natural resources sectors. The company will, as in past years, continue to take a cautious approach to new initiatives and selectively allocate its capital to enhance shareholder value.

The company's investments in securities and debt financing expose it to a variety of financial risks, including currency risk, other price risk, interest rate risk, credit risk, and liquidity risk. Management moderates risk through a careful

selection of securities and other financial instruments within the parameters of the investment strategy. Royal Oak has foreign exchange exposure to the U.S. dollar due to cash balances and other investments which are denominated in U.S. dollars. As at December 31, 2010, the company has entered into foreign exchange contracts with a notional amount of $13.6 million and maturity date of March 25, 2011 to mitigate the foreign currency revaluation of its investment portfolio. Changes in foreign exchange rates would result in a change in the revaluation of the U.S. dollar investments, which would be equally offset by changes in the valuation of the foreign exchange contract which is valued based on forward rates in the foreign exchange market. The carrying values of the available-for-sale securities are based on their quoted market price, where available, which in turn may be influenced by factors not within control of the company, including the financial performance of the underlying entities and other financial market conditions. A 500 basis point increase or decrease in the value of the company's marketable securities by $1.1 million. The company's investment portfolio, cash and cash equivalents, and debt balances are subject to fluctuations in interest rates as certain of the balances earn and pay interest based on floating rates. A 1% change in interest rates would have an impact on net income of $nil. The company has no material counterparty credit risk other than its loans receivable, the carrying value of which represents the maximum credit exposure at December 31, 2010. A credit risk assessment is performed on the company's assets to minimize this risk.

Royal Oak believes that its exposure is further limited by the manner in which transactions are structured and in the selection of its clients. Earnings in these investments are cyclical and tied to underlying commodity prices and interest rates. Accordingly, the fair value of the company's investment portfolio will fluctuate as a result of these market risks.

RELATED PARTIES

As a result of the 1999 restructuring, a wholly owned subsidiary of Brookfield Asset Management Inc. ("Brookfield") owns 48% of the company's voting shares. As such, Brookfield's affiliates, with whom the company transacts in the ordinary course of business, are related parties by virtue of the common ownership. Related party transactions are recorded at the exchange amount, which are equivalent to normal market terms. The balance sheets included the following related party balances at December 31:

(Thousands)	*Note*	**2010**	2009
Marketable securities	*(a)*	**$ 14,492**	$ 23,756
Cash and cash equivalents	*(b)*	**2,331**	—
Short-term debt	*(c)*	**—**	4,891
Accounts receivable	*(d)*	**193**	394

(a) Marketable securities

As part of the ordinary course of business, the company invests in marketable securities in order to generate returns, a number of which are related party securities. These investments are consistent with the company's desired risk profile and returns. The composition of the related party marketable securities is as follows:

(Thousands, except number of shares/units)		**Shares/Units**		Carrying Value	
Security	Type	**2010**	2009	**2010**	2009
Brookfield Asset Management 5.8%	Public debt	**10,000,000**	10,000,000	**$ 10,183**	$ 9,969
Brookfield Soundvest Split Trust[1]	Public trust units	**455,034**	455,034	**1,665**	742
Brookfield Technology Fund	Private fund	**N/A**	N/A	**1,467**	3,372
Brookfield Asset Management Series 2	Public preferred shares	**27,100**	27,100	**499**	377
Brookfield Asset Management Series 13	Public preferred shares	**22,500**	22,500	**413**	311
Brookfield Asset Management Series 4	Public preferred shares	**12,000**	12,000	**221**	167
Brookfield Asset Management Series 8	Public preferred shares	**1,000**	1,000	**22**	17
Brookfield Asset Management Series 9	Public preferred shares	**1,000**	1,000	**23**	19
Brascan Soundvest Total Return Fund	Public fund units	**—**	791,757	**—**	4,395
Brascan Soundvest Diversified Income Fund	Public fund units	**—**	622,300	**—**	4,387
				$ 14,492	$ 23,756

(1) Formerly Brascan Soundvest Rising Distribution Split Trust

During 2010, the company disposed of its units of Brascan Soundvest Total Return Fund and Brascan Soundvest Diversified Fund for proceeds of $9.8 million (2009 – $nil) and recognized a gain of $4.9 million (2009 – $nil) on disposition. Included in investment income for 2010 is $2.7 million (2009 – $2.6 million) of income earned from investments in related party securities.

(b) Cash and cash equivalents

Included in cash and cash equivalents are funds on deposit with Brascan Asset Management Investments LP ("BAMI LP"), a Brookfield subsidiary, which are due on demand.

(c) Short-term debt

Short-term debt represents the amounts drawn on a $10.0 million unsecured facility provided by BAMI LP, which is due on demand. Interest on the short-term debt was $0.5 million (2009 – $7.8 million) for 2010.

(d) Accounts receivable

A foreign exchange forward contract with Trilon Bancorp Inc, a Brookfield subsidiary, is outstanding at December 31, 2010 with a notional amount of US$13.6 million (2009 – $28.8 million). The contract mitigates the foreign currency exposure of the U.S. dollar denominated investments held by the company. The fair value of the contract at December 31, 2010 is $0.2 million (2009 – $0.4 million) and is included in accounts receivable.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles ("Canadian GAAP") requires management to select appropriate accounting policies to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In particular, critical accounting policies and estimates utilized in the normal course of preparing the company's financial statements require the determination of future cash flows utilized in assessing net recoverable amounts and net realizable values; ability to utilize tax losses; and fair values for disclosure purposes.

In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates have been applied in a manner consistent with that in the prior year and there are no known trends, commitments, events or uncertainties that we believe will materially affect the methodology or assumptions utilized. The estimates are impacted by, among other things, movements in interest rates and other factors, some of which are highly uncertain. The interrelated nature of these factors prevents us from quantifying the overall impact of these movements on the company's financial statements in a meaningful way.

The company is required to assess whether the loans the company has made are impaired due to a deterioration in the credit quality of a borrower where the company no longer has reasonable assurance of timely collection of the full amount of principal and interest. A determination of whether and the extent to which a loan is impaired requires the company to consider the creditworthiness of a borrower or guarantor, make estimates of the future cash flows that will be generated by the borrower, assumptions concerning future levels of general economic activity and the cash flows to be received by the company, if any. Where loans are identified as impaired, their carrying values are reduced to their estimated realizable amounts, measured by discounting the expected future cash flows at the original effective interest rate inherent in the loans, or where such amount cannot be estimated reliably, as the fair value or observable market price for the loans. The carrying value of the loans portfolio which is held indirectly, through a partnership interest, is assessed on a quarterly basis for impairment. The company utilizes the partnerships quarterly financial statements which record the underlying loans at fair value, to determine if an other than temporary impairment has occurred.

The company has unused tax deductions and tax losses available to offset current and future taxable income. At each balance sheet date the company assesses recognized and unrecognized future income tax assets and makes a determination as to whether it is more likely than not that sufficient future taxable income will be available to allow for the recognition of such tax assets. The determination of whether sufficient future taxable income will exist to the extent it is more likely than not that such future income tax assets may be realized may significantly affect the company's net income in any given period.

The company has marketable securities that are carried at fair value based on publicly traded market prices with changes in fair value recognized in other comprehensive income in the period of change. Certain of the company's marketable securities are not quoted in an active market and are held at cost. The company's determination of fair value may change from period to period based upon the performance, expectations of and assumptions regarding the company's investments.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The AcSB confirmed in February 2008 that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises for financial statements relating to fiscal years beginning on and after January 1, 2011. The company has developed and is in the process of implementing an IFRS conversion plan that will address changes in accounting policy, the restatement of comparative periods, organizational and internal control and the modification of existing systems, in addition to other related business matters. This plan remains on track and the company expects to complete its implementation of this plan prior to the filing of its first financial statement prepared under IFRS.

Overall responsibility for the implementation and success of the company's conversion plan rests with the company's management who report to and are overseen by the company's Audit Committee.

(i) Significant differences between IFRS and Canadian GAAP

IFRS are premised on a conceptual framework similar to Canadian GAAP, however, significant differences exist in certain matters of recognition, measurement and disclosure. The adoption of IFRS will not change the cash flows generated by the company, however, the adoption of IFRS may result in changes to the reported financial position and results of operations of the company.

A detailed analysis of the differences between IFRS and the company's current accounting policies under Canadian GAAP is currently in process. At this time, the following significant differences between Canadian GAAP and IFRS have been identified by the company:

(a) Foreign exchange gains and losses on available-for-sale debt securities

Under Canadian GAAP, foreign exchange gains and losses on available-for-sale debt securities are recorded in other comprehensive income, whereas under IFRS, these gains or losses are recorded directly to profit or loss. The company mitigates its exposure to changes in foreign exchange rates by entering into foreign currency forward contracts and elects fair value hedge accounting. As a result, foreign currency in other comprehensive income is reclassified to net income and is offset by the foreign currency revaluation on the contract. Under IFRS, changes in fair value related to foreign currency movements of monetary assets are recorded directly to net income. On transition to IFRS, the company will no longer require the election of fair value hedge accounting for debt securities. This difference between Canadian GAAP and IFRS is expected to increase the deficit at January 1, 2010 and December 31, 2010 by $0.8 million and $1.0 million respectively, with an equal offsetting amount to accumulated other comprehensive income.

(b) Available-for-sale equity securities not traded in an active market

From time-to-time, the company holds investments in equity securities classified as available-for-sale that do not have a quoted price in an active market. Under Canadian GAAP, these securities are recorded at cost. However, under IFRS where the fair value of such securities can be reliably measured, such securities are recorded at their estimated fair value to the extent that this can be reasonably measured. The impact of this difference on the financial statements is expected to be $nil.

(ii) IFRS 1 First-time Adoption of International Financial Reporting Standards

The adoption of IFRS requires the application of IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires that an entity apply all standards effective at the end of its first IFRS reporting period retrospectively. However, IFRS 1 does require certain mandatory exceptions and provides limited optional exemptions in specified areas of certain standards from this general requirement. The company does not expect to utilize any of the available optional exemptions.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

As the company is a venture issuer, the Chief Executive Officer and the Chief Financial Officer of the company do not make representations relating to the disclosure controls and procedures relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR") as defined in National Instrument 52-109, which is a requirement for non-venture issuers. In the Management's Discussion and Analysis contained in the 2009 Annual Report, the company should not have concluded on the establishment and maintenance of DC&P and ICFR.

James Reid
President and CEO
June 7, 2011

This report contains "forward-looking statements". The words "believe," "expect," "anticipate," "intend," "estimate" and other expressions which are predictions of or indicate future events and trends and which do not relate to historical matters identify forward-looking statements. Reliance should not be placed on forward-looking 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 achievements expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include general economic conditions, interest rates, availability of equity and debt financing and other risks detailed from time-to-time in the company's continuous disclosure documents. Except as may be required by law, the company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Management's Responsibility for Financial Statements

The accompanying financial statements and other financial information have been prepared by the management of the company who are responsible for the integrity and objectivity of the statements. To fulfil this responsibility, the company maintains appropriate systems of internal control to ensure that its costs, reporting practices and accounting and administrative procedures are of high quality, consistent with reasonable assurance that relevant and reliable financial information is produced. These statements have been prepared in conformity with generally accepted accounting principles and, where appropriate, reflect estimates based on management's judgement. The financial information presented throughout this annual report is consistent with the information contained in the company's financial statements. The financial statements have been further examined by the board of directors and by its audit committee which meets with the auditors and management to review the activities of each.

James Reid
President and CEO
June 7, 2011

Independent Auditor's Report to the Shareholders

To the Shareholders of Royal Oak Ventures Inc.
We have audited the accompanying financial statements of Royal Oak Ventures Inc., which comprise the balance sheets as at December 31, 2010 and December 31, 2009, and the statements of operations, deficit, comprehensive income (loss), accumulated other comprehensive income and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Royal Oak Ventures Inc. as at December 31, 2010 and December 31, 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter
As explained in Note 14, the accompanying financial statements of Royal Oak Ventures Inc. as at December 31, 2009 and for the year then ended, have been restated. We therefore, withdraw our previous audit report dated September 3, 2010 on those financial statements as originally filed.

Deloitte & Touche LLP

Toronto, Canada
June 7, 2011

Chartered Accountants
Licensed Public Accountants

Balance Sheets

As at December 31 *(Thousands)*	*Note*	**2010**	2009
Assets			
Current assets			
Cash and cash equivalents		**$ 9,038**	$ 1,637
Marketable securities	*3*	**22,541**	30,109
Accounts receivable		**320**	554
		31,899	32,300
Loans receivable	*4*	**3,915**	4,235
		$ 35,814	$ 36,535
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		**$ 216**	$ 2,960
Short-term debt	*6*	**—**	4,891
		216	7,851
Shareholders' equity	*7*	**35,598**	28,684
		$ 35,814	$ 36,535

(1) Prior year results have been restated (see Note 14)

Statements of Operations

For the years ended December 31 *(Thousands, except per share amounts)*	**2010**	2009
Revenue		
Investment income	**$ 2,938**	$ 2,896
Investment gains (losses) and other income	**5,150**	(18,112)
	8,088	(15,216)
Expenses		
General, administrative and other	**571**	1,434
Interest expense	**535**	7,764
	1,106	9,198
	6,982	(24,414)
Foreign currency revaluation	**612**	9,543
Income (loss) before income taxes	**7,594**	(14,871)
Future income tax expense	**(96)**	(20,162)
Net income (loss)	**$ 7,498**	$ (35,033)
Income (loss) per share	**$ 0.05**	$ (0.21)

(1) Prior year results have been restated (see Note 14)

Statements of Deficit

For the years ended December 31 *(Thousands)*	**2010**	2009
Balance, beginning of year	**$ (15,686)**	$ 19,347
Net income (loss)	**7,498**	(35,033)
Balance, end of year	**$ (8,188)**	$ (15,686)

(1) Prior year results have been restated (see Note 14)

Statements of Comprehensive Income (Loss)

For the years ended December 31

(Thousands)		**2010**		2009
Net income (loss)	**$**	**7,498**	$	(35,033)
Other comprehensive (loss) income				
Unrealized (loss) gain on available-for-sale securities		**(680)**		6,433
Future income tax recovery (expense)		**96**		(882)
		(584)		5,551
Comprehensive income (loss)	**$**	**6,914**	$	(29,482)

(1) Prior year results have been restated (see Note 14)

Statements of Accumulated Other Comprehensive Income

For the years ended December 31

(Thousands)		**2010**		2009
Balance, beginning of year	**$**	**2,931**	$	(2,620)
Other comprehensive (loss) income		**(584)**		5,551
Balance, end of year	**$**	**2,347**	$	2,931

(1) Prior year results have been restated (see Note 14)

Statements of Cash Flows

For the years ended December 31 *(Thousands)*	**2010**	2009
Operating activities		
Net income (loss)	**$ 7,498**	$ (35,033)
Adjustments to net income:		
Future income tax expense	**96**	20,162
Investment (gains) losses and other income	**(5,150)**	18,112
Changes in working capital	**100**	4,215
	2,544	7,456
Investing activities		
Marketable securities sold, net of acquisitions	**9,877**	(9,459)
Loans receivable issued	**(129)**	(1,315)
	9,748	(10,774)
Financing activities		
Short-term debt repaid	**(4,891)**	(92,170)
	(4,891)	(92,170)
Increase (decrease) in cash and cash equivalents	**7,401**	(95,488)
Cash and cash equivalents, beginning of year	**1,637**	97,125
Cash and cash equivalents, end of year	**$ 9,038**	$ 1,637

(1) Prior year results have been restated (see Note 14)

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Royal Oak Ventures Inc. ("Royal Oak" or the "company") have been prepared in accordance with Canadian generally accepted accounting principles.

(a) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In particular, estimates utilized in the normal course of preparing the company's financial statements require the determination of future cash flows utilized in assessing net recoverable amounts and net realizable values; ability to utilize tax losses; and, fair values for disclosure purposes.

(b) Foreign currencies

The company considers the Canadian dollar to be its functional currency as it is the currency of the primary economic environment in which the company operates. Accordingly, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates in effect at the balance sheet date and non-monetary assets and liabilities at the exchange rates in effect at the time of acquisition or issue. Revenues and expenses are translated at rates approximating the exchange rates in effect at the time of the transactions.

(c) Cash and cash equivalents

The company defines cash and cash equivalents as highly liquid financial instruments with an original maturity of ninety days or less.

(d) Financial instruments

Marketable securities are classified as available-for-sale financial instruments and are carried at fair value with changes in fair value recorded in other comprehensive income. The cumulative change in the fair value of available-for-sale securities previously recognized in other comprehensive income are reclassified to net income when the underlying security is either sold or there is a decline in value that is considered to be other-than-temporary. Equity instruments that do not have a quoted market price from an active market are carried at cost. The company accounts for securities using trade date accounting and capitalizes transaction costs.

The company's loans receivable portfolio, which is indirectly held through an 8% limited partnership interest in a private partnership, is classified as loans and receivable and recorded at amortized cost. The company assesses the loans for impairment on a quarterly basis, based on the fair values ascribed to the loan portfolio in the partnership's quarterly financial statements.

Derivative instruments are recorded at fair value with changes in value recognized in net income.

(e) Investment income

Investment income includes dividends received and interest earned on the investments. Investment income is recognized when amounts are realized with respect to sale of investments and the receipt is reasonably assured.

(f) Income taxes

Future income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values, using the enacted or substantively enacted income tax rates at each balance sheet date. Future income tax assets also result from unused loss carry-forwards and other deductions. The valuation of future income tax assets is reviewed quarterly and adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

(g) Net income (loss) per share

Net income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common and non-voting shares outstanding during the year.

(h) Future changes in accounting policies

International Financial Reporting Standards

The Accounting Standards Board confirmed in February 2008 that IFRS will replace Canadian GAAP for publicly accountable enterprises for financial statements relating to fiscal periods beginning on and after January 1, 2011. The company has developed and is in the process of implementing an IFRS conversion plan that will address changes in accounting policies, the restatement of comparative periods, organizational and internal control and the modification of existing systems, in addition to other related business matters.

2. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or ask prices, as appropriate, in the most advantageous active market for that instrument to which we have immediate access. Available-for-sale equity instruments which are not traded in an active market are carried at cost.

Financial instruments classified as available-for-sale securities are carried at fair value on the balance sheet. Any changes in the fair values of financial instruments classified as available-for-sale securities measured at fair value are recognized in other comprehensive income. The cumulative changes in the fair values of available-for-sale securities previously recognized in accumulated other comprehensive income are reclassified to net income when the underlying security is either sold or there is a decline in value that is considered to be other-than-temporary. As at December 31, 2010, cumulative unrealized gains on available-for-sale securities measured at fair value amounted to $5.1 million (2009 – $6.6 million) and cumulative unrealized losses amounted to $1.0 million (2009 – $2.2 million) before taxes. Included in the securities portfolio are $1.5 million (2009 – $3.4 million) of securities which are carried at cost. During 2010, the company recorded a $1.9 million other-than-temporary impairment on the securities portfolio (2009 – $2.0 million).

As a result of disposition of certain securities during the year, $3.8 million (2009 – $nil) of gains were reclassified from other comprehensive income to net income.

Fair value hierarchical levels that are directly determined by the amount of subjectivity associated with the valuation of these assets and liabilities, are as follows:

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the assets or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

Level 3 – Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to determining the estimate.

The company's securities portfolio includes $21.0 million of publicly listed securities valued using Level 1 inputs. The remaining $1.5 million of securities are not traded in an active market and are carried at cost. The company utilizes Level 2 inputs to determine the fair value of its US$13.6 million notional foreign exchange forward contract which was valued at $0.2 million at as December 31, 2010 (2009 – $0.4 million). The company does not utilize Level 3 inputs when determining the fair value of financial instruments.

3. MARKETABLE SECURITIES

Marketable securities are comprised of equity and debt securities of North American Companies, or units held in entities making such investments. The securities are classified as available-for-sale financial instruments and accordingly the company recognizes changes in the fair value of the securities in other comprehensive income.

4. LOANS RECEIVABLE

The loan portfolio, which is held indirectly through an 8% limited partnership interest in a private partnership is comprised of approximately twenty loans to various U.S. residential developers. The individual loans bear interest at rates between 10% to 30% per annum and have maturities ranging from due on demand to November 2012. During the year ended December 31, 2010, the company recorded an impairment loss of $0.2 million (2009 – $16.1 million) as a result of the deterioration of the credit quality of the borrowers. The company's maximum exposure to credit losses on the loans portfolio is the carrying value of the loans receivable.

5. FUTURE INCOME TAX ASSETS

The company has gross tax deductions available to be utilized in future years of $120.1 million (2009 – $121.5 million), of which $107.6 million have no set expiry date.

The ability of the company to realize its tax losses is dependent on the company's ability to earn sufficient income to utilize these tax deductions. The company ascribed value of $0.4 million to gross tax deductions; however, no recognition has been given to the remainder of the potential tax benefits.

Income tax expense differs from the amount which would result from applying the basic federal and provincial income tax rates to net income before income taxes for the following reasons:

(Thousands)		**2010**		2009
Net income (loss) before income tax	**$**	**7,594**	$	(14,871)
Tax expense (recovery) based on statutory income tax rates		**2,164**		(4,907)
Non-taxable portion of capital (gain) loss		**(1,468)**		2,504
Non-taxable dividends received		**(627)**		(90)
Tax rate differential		**—**		831
Foreign exchange		**(12)**		(703)
De-recognition of tax asset		**—**		22,559
Other		**39**		(32)
	$	**96**	$	20,162

6. SHORT-TERM DEBT

(Thousands)	Maturity	Annual Rate		**2010**		2009
Loan facility	December 31, 2011	Prime + 7.0%	**$**	**—**	$	4,891

Short-term debt in the amount of $nil (2009 – $4.9 million) bears interest at prime rate plus 7%, and also pays a standby fee of 25 basis points on the undrawn balance. The maximum amount that can be drawn on the facility is $10.0 million (2009 – $10.0 million).

7. SHAREHOLDERS' EQUITY

Authorized
Unlimited number of common shares
Unlimited number of non-voting shares
Unlimited number of special shares

		2010		2009
Share capital issued and outstanding				
3,157,189 common voting shares	**$**	**41,439**	$	41,439
159,339,267 non-voting shares				
Accumulated other comprehensive income		**2,347**		2,931
Deficit		**(8,188)**		(15,686)
	$	**35,598**	$	28,684

The weighted average number of common shares outstanding during the year ended December 31, 2010 was 162,496,456 (2009 – 162,496,456).

8. RELATED PARTY TRANSACTIONS

As a result of the 1999 restructuring, a wholly owned subsidiary of Brookfield Asset Management Inc. ("Brookfield") owns 48% of the company's voting shares. As such, Brookfield's affiliates, with whom the company transacts in the ordinary course of business, are related parties by virtue of the common ownership. Transactions with related parties, including investment transactions, are recorded at exchange amounts, which are equivalent to normal market terms. The balance sheets include the following related party balances with companies under common ownership or investments in funds managed by companies under common ownership as at December 31:

(Thousands)		2010		2009
Marketable securities	**$**	**14,492**	$	23,756
Cash and cash equivalents		**2,331**		—
Short-term debt		**—**		4,891
Accounts receivable		**193**		394

The related income and expense items for the year were as follows:

(Thousands)		2010		2009
Income items				
Investment and other income	**$**	**2,716**	$	2,648
Interest expense		**535**		7,764

As part of the ordinary course of business, the company invests in marketable securities in order to generate returns, a number of which are related party securities because these investments are consistent with the company's desired returns and risk profile.

The $10.0 million facility is due to a Brookfield affiliate, bears interest at a rate of prime plus 7%, is unsecured and due on demand. During 2010, the company disposed of a related party security for proceeds of $9.8 million ($2009 - $nil) and recorded a gain of $4.9 million (2009 - $nil). The investment and other income from related party securities consists of dividends and interest earned from equity and debt securities of related parties.

A foreign exchange forward contract with a Brookfield affiliate is outstanding at December 31, 2010 with a notional amount of US$13.6 million (2009 – $28.8 million) as at December 31, 2010 (see note 11). The fair value of this derivative is included in accounts receivable.

9. RISK MANAGEMENT

The company's investments in securities and debt financing expose it to a variety of financial risks, including currency risk, other price risk, interest rate risk, credit risk and liquidity risk. Management moderates risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy.

Currency Risk
The company reports its results in Canadian dollars. Accordingly, the carrying value of the U.S. dollar denominated securities and loans will vary from time to time with fluctuations in the exchange rate between the Canadian dollar and the U.S. dollar. As a result, the company uses foreign exchange contracts to manage its exposure to the U.S. dollar and has elected fair value hedge accounting for a portion of the foreign exchange forward contract to hedge an equivalent notional amount of U.S. dollar investments classified as available-for-sale securities. Changes in the value of the U.S. dollar relative to the Canadian dollar would increase the value of the U.S. dollar investments which would be offset by changes in the value of the foreign exchange forward contract, and would result in a net impact on net income of $nil (2009 – $nil).

Other Price Risk
The carrying values of the available-for-sale securities are based on their quoted market price, where available, which in turn may be influenced by factors not within the control of the company, including the financial performance of the underlying entities and other financial market conditions. A 500 basis point increase or decrease in the value of the available-for-sale securities would have increased or decreased the fair value of the company's marketable securities by $1.1 million (2009 – $1.3 million).

Interest Rate Risk
The company's securities portfolio and debt balances contain instruments that earn and pay interest based on floating rates. A 1% change in these rates has a net impact on income of $nil (2009 – $0.1 million).

The company holds a number of fixed rate securities within its marketable securities portfolio. A 50 basis point increase in the yield curve would decrease the fair value of the securities by $0.7 million (2009 – $0.7 million).

Credit Risk
The company has no material counterparty risk as of December 31, 2010, other than its loans receivable which are held through a partnership interest. The value and risk is monitored on an ongoing basis through review of the partnership's financial statements which carry the loans at fair value. The carrying value of the loans represents the maximum credit exposure at December 31, 2010.

Liquidity Risk
The company's cash requirements primarily relate to operating expenses and interest expenses and are covered in part by dividend income, interest income, and realization gains. Liquidity is managed through regular reviews of cash flow projections and monitoring for adequate borrowing reserves with related parties. As at December 31, 2010, the company has a net equity position of $35.6 million (2009 – $28.7 million).

10. CAPITAL MANAGEMENT

The company's objective is to provide its shareholders with income returns. At December 31, 2010, the company had $45.5 million (2009 – $41.0 million) of available capital to provide bridge loans and make investments. The company's capital is comprised of its $26.5 million (2009 – $34.3 million) investment portfolio, $9.0 million (2009 – $1.6 million) of cash and cash equivalents, and $10.0 million (2009 – $5.1 million) of undrawn available capital on the company's short-term debt facility. There have been no changes in the company's issued and outstanding equity during the year ended December 31, 2010. There are no externally imposed capital requirements for the company and there has been no change in the company's approach to capital management in the year.

11. DERIVATIVE FINANCIAL INSTRUMENTS

As at December 31, 2010, the company was a counterparty to a U.S. dollar foreign exchange forward contract, with a notional U.S. dollar denominated liability of US$13.6 million (2009 – US$28.8 million) at an average exchange rate of 1.014 (2009 – 1.067) and a maturity date of March 25, 2011. As at December 31, 2010, the company elected $9.4 million (2009 - $nil) of the foreign exchange forward contract as a fair value hedge, to hedge an equivalent notional amount of U.S. dollar securities.

12. SUPPLEMENTAL CASH FLOW INFORMATION

At December 31, 2010, cash and cash equivalents are comprised of cash on hand of $5.2 million (2009 – $36 thousand) and short-term highly liquid investments of $3.8 million (2009 – $1.6 million).

13. SUBSEQUENT EVENTS

On April 13, 2011, the Court approved a motion to discharge PricewaterhouseCoopers LLP from its responsibilities, which were assigned to them on April 16, 1999, as Interim Receiver of Royal Oak. All the final fees and disbursements were approved and the remaining proceeds will be paid to the party that was the senior creditor at the time the company was placed into receivership. As a result, certain liabilities recorded on the company's balance sheet at the time of restructuring have been credited to net income as at December 31, 2010, as the company's obligations have been satisfied.

14. PRIOR PERIOD ADJUSTMENT TO THE FINANCIAL STATEMENTS

Subsequent to the completion of the company's financial statements for the year ended December 31, 2009, the company became aware of an error relating to the valuation of the marketable securities portfolio. The company has restated the comparative financial statements and the relevant notes to the financial statements to reflect the correct valuation of the securities portfolio and the corresponding tax impact. The impact on the December 31, 2009 financial statements was a $1.9 million decrease in the carrying value of the company's marketable securities and a corresponding decrease in accumulated other comprehensive income of $1.6 million and net income of $0.3 million.

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ROYAL OAK VENTURES INC.

ROYAL OAK VENTURES INC.

ANNUAL
REPORT
2009

Table of Contents

Management's Discussion & Analysis

December 31, 2009 (All amounts in Canadian Dollars unless otherwise stated)

OVERVIEW

Royal Oak Ventures Inc. ("Royal Oak" or "the company") reported a net loss of $34.8 million or a loss of $0.21 per common share for the year ended December 31, 2009 compared to net income of $5.9 million or $0.04 per common in the prior year. The net loss in 2009 is the result of the derecognition of future tax assets as well as an impairment on certain of the company's investments. Net income prior to impairments and future taxes was $3.2 million for the year ended December 31, 2009 compared to $26.8 million in the prior year.

The company classifies marketable securities within its investment portfolio as available-for-sale financial instruments and accordingly records unrealized changes in the market value of these investments in other comprehensive income. The company recorded an unrealized gain of $7.2 million during 2009 (2008 - $ nil) as a result of an increase in the fair market value of the company's investment portfolio.

Comprehensive loss recorded by the company during 2009, which includes both net loss and other comprehensive income, totalled $27.6 million (2008 - income of $5.8 million), or $0.17 per share (2008 - income of $0.04).

The following section presents management's analysis and review of the financial position of Royal Oak, the results of its operations, liquidity and capital resources, business risks and future outlook. This section makes reference to the financial statements of the company which are presented on pages 8 through 15 of the company's annual report. Additional information regarding the company can be found on SEDAR at *www.sedar.com*.

STATEMENTS OF FINANCIAL POSITION

As at December 31

Thousands		**2009**		2008
Investment portfolio	**$**	**36,215**	$	38,257
Cash and cash equivalents		**1,637**		97,125
Accounts receivable		**554**		2,430
Future income tax assets		**—**		21,044
Total assets	**$**	**38,406**	$	158,856
Accounts payable and accrued liabilities	**$**	**2,960**	$	3,709
Short-term debt		**4,891**		96,981
Shareholders' equity		**30,555**		58,166
Total Liabilities and Shareholders' equity	**$**	**38,406**	$	158,856

ASSET ANALYSIS

Investment Portfolio

The company's investment portfolio consists of marketable securities and loans receivable as shown below:

As at December 31

Thousands		**2009**		2008
Marketable securities	**$**	**31,980**	$	15,991
Loans receivable		**4,235**		22,266
	$	**36,215**	$	38,257

Marketable securities are comprised of investments in equity securities of North American companies, or through entities making such investments. The portfolio is classified as available-for-sale financial instruments and accordingly the company recognizes changes in the market value of the securities in Other Comprehensive Income. Marketable securities increased over the prior period as a result of the acquisition of $9.5 million of debt securities during the year, as well as increases in the market value of the portfolio. Also during 2009, the company recorded an impairment loss of $2.0 million on the portfolio (2008 – impairment of $15.3 million) as a result of a permanent decline in the value of certain securities.

The loan portfolio is comprised of approximately twenty loans to U.S. residential developers with maturities ranging from due on demand to November 2012. During the fourth quarter of 2009 the company determined that certain of its loans receivable were impaired as a result of a deterioration in credit quality of the borrowers and significant missed interest and principal payments during that period. The company no longer has reasonable assurance that there will be timely collection of the full amount of principal and interest. As a result the company reduced the carrying amount of the loans to their estimated fair value with the reduction in the carrying amount charged to income in the amount of $16.1 million.

Future Tax Assets
As at December 31, 2009, the company has $121.5 million (2008 – $128.2 million) of gross tax deductions and available tax losses which consist primarily of cumulative Canadian exploration losses and non-capital losses. In the fourth quarter of 2009 management determined that the company's ability to utilize the losses was uncertain, and de-recognized the tax asset. At December 31, 2009, the company ascribed value to $0.7 million of the gross tax deductions; however, no recognition has been given to the remainder of the potential tax benefits (2008 – tax asset of $21.0 million).

Short-term Debt
Short-term debt in the amount of $4.9 million (2008 – $97.0 million) bears interest at prime rate plus 7%. The company repaid $92.2 million of short-term debt during 2009.

On December 31, 2009, the company's loan facility matured and a new loan agreement was entered into, reducing the facility from $200 million to $10 million. The interest paid throughout the year was of prime plus 10% and included a $1 million annual fee. Under the terms of the new facility, interest will be paid at prime plus 7% and a standby fee on the undrawn balance will be paid.

ANALYSIS OF NET INCOME

Thousands, for the years ended December 31	**2009**	2008
Investment income	**$ 2,896**	$ 6,013
Foreign currency revaluation	**9,543**	36,436
Operating expenses	**(1,434)**	(1,329)
Interest expense	**(7,764)**	(14,312)
Investment losses and impairments	**(18,112)**	(19,300)
Future taxes	**(19,906)**	(1,639)
Net (loss) income	**$ (34,777)**	$ 5,869

Investment Income
The company earned investment income of $2.9 million in 2009 (2008 - $6.0 million) which consists principally of dividends and interest earned on the company's investment portfolio, in addition to interest earned on cash and cash equivalents. The decrease in investment income is primarily a result of lower interest rates on floating rate investments and a decrease in the company's cash and cash equivalents in the third quarter of 2009 from the partial repayment of the company's short-term debt.

Foreign Currency Revaluation
The company recorded $9.5 million (2008 – $36.4 million) of foreign currency exchange gains in 2009. The higher amount of foreign currency gains in the prior year was a result of a larger notional exposure to the U.S. Dollar.

Interest Expense
Interest expense relates to interest on the company's short-term debt. The decrease in interest expense in the current year is the result of the repayment of $92.2 million of debt in the third quarter of 2009.

LIQUIDITY AND CAPITAL RESOURCES

The company's liquidity and capital available to make investments will increase or decrease over time as investments are made, or exited from, and as investment returns and gains or losses are realized. The company's working capital requirements are generally limited to interest expense on its short-term debt and general and administrative costs and it currently operates with positive operating cash flow.

At December 31, 2009 the company had $40.5 million of available capital to provide bridge loans and make investments. The company's capital is comprised of its investment portfolio, cash and cash equivalents, undrawn facilities and net working capital balances. Capital available to make investments would be reduced by $4.9 million should the company's short-term debt, which is due on demand, be required to be repaid.

SELECTED ANNUAL INFORMATION

The following table summarizes financial information for the company for the years ended December 31, 2009, 2008 and 2007:

Thousands, except per share amounts	**2009**	2008	2007
Investment and other income	**$ 2,896**	$ 6,013	$ 14,739
Net (loss) income	**(34,777)**	5,869	(26,580)
Net (loss) income per share	**(0.21)**	0.04	(0.16)
Total assets	**38,406**	158,856	157,133
Total liabilities	**7,851**	100,690	104,799

A summary of the eight most recently completed quarters is as follows:

	2009				2008			
Thousands, except per share amounts	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Investment and other income	**$ 348**	$ 671	$ 955	$ 922	$ 1,233	$ 1,471	$ 1,494	$ 1,815
Net (loss) income	**(37,058)**	(1,120)	(1,802)	5,203	2,169	4,546	(2,779)	1,933
Net (loss) income per share	**(0.23)**	(0.00)	(0.01)	0.03	0.01	0.03	(0.01)	0.01

The company's investment and other income consists principally of interest and dividends earned on the company's investment portfolio. The decrease in the third and fourth quarter of 2009 reflects the impact of lower interest rates on floating rate investments and the disposition of certain investments. The variance in net income includes the impact of foreign exchange revaluation, dispositions and impairments. In the fourth quarter of 2009, the company recorded an $18.1 million impairment on its loans receivable and marketable securities and de-recognized its future tax asset.

RISKS AND OUTLOOK

Royal Oak is an investment holding company and accordingly it's principal business relates to its investment holdings. The company's business faces a number of risks and uncertainties, which arise from regulation, competition and economic trends and events beyond their control. Royal Oak continues to pursue new merchant banking initiatives with specific emphasis on responding to clients requirements' for short-term bridge acquisition financing and examining several private asset workout opportunities in the natural resources sectors. The company will, as in past years, continue to take a cautious approach to new initiatives and selectively allocate its capital to enhance shareholder value.

Royal Oak has foreign exchange exposure to the U.S. dollar due to cash balances and other investments which are denominated in U.S. dollars. As at December 31, 2009, the company has entered into foreign exchange contracts to mitigate the foreign currency revaluation of its investment portfolio. The company's investment portfolio and cash and cash equivalents are subject to risks including fluctuations in interest rates and issuer specific credit risks.

A credit risk assessment is performed on a significant portion of the company's assets to minimize this risk. Royal Oak believes that its exposure is further limited by the manner in which transactions are structured and in the selection of its clients. Earnings in these investments are cyclical and tied to underlying commodity prices and interest rates. Accordingly, the fair value of the company's investment portfolio will fluctuate as a result of these market risks.

The majority of Royal Oak's assets are short-term and carry floating interest rates or reprice within two years.

RELATED PARTIES

In the ordinary course of business, the company enters into certain transactions with its affiliates which are conducted on normal business terms. The balance sheets included the following related party balances at December 31:

Thousands	**2009**	2008
Marketable securities	**$ 24,228**	$ 11,225
Cash and cash equivalents	**—**	95,317
Short-term debt	**4,891**	96,981

Interest on the short-term debt, which is due to Brascan Asset Managment Investments LP, an entity under common ownership was $7.8 million (2008 - $14.3 million). The loan is unsecured and is due on demand.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to select appropriate accounting policies to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In particular, critical accounting policies and estimates utilized in the normal course of preparing the company's financial statements require the determination of future cash flows utilized in assessing net recoverable amounts and net realizable values; ability to utilize tax losses; and fair values for disclosure purposes.

In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates have been applied in a manner consistent with that in the prior year and there are no known trends, commitments, events or uncertainties that we believe will materially affect the methodology or assumptions utilized. The estimates are impacted by, among other things, movements in interest rates and other factors, some of which are highly uncertain. The interrelated nature of these factors prevents us from quantifying the overall impact of these movements on the company's financial statements in a meaningful way. For further reference on significant accounting policies, see the significant accounting policies contained in Note 1 of the financial statements.

The company is required to assess whether the loans the company has made are impaired due to a deterioration in the credit quality of a borrower where the company no longer has reasonable assurance of timely collection of the full amount of principal and interest. A determination of whether and the extent to which a loan is impaired requires the company to consider the creditworthiness of a borrower or guarantor, make estimates of the future cash flows that will be generated by the borrower, assumptions concerning future levels of general economic activity and the cash flows to be received by the company, if any. Where loans are identified as impaired, their carrying values are reduced to their estimated realizable amounts, measured by discounting the expected future cash flows at the original effective interest rate inherent in the loans, or where such amount cannot be estimated reliably, as the fair value or observable market price for the loans.

The company has unused tax deductions and tax losses available to offset current and future taxable income. At each balance sheet date the company assesses recognized and unrecognized future income tax assets and makes a determination as to whether it is more likely than not that sufficient future taxable income will be available to allow for the recognition of such tax assets. The determination of whether sufficient future taxable income will exist to the extent it is more likely than not that such future income tax assets may be realized may significantly affect the company's net income in any given period.

The company has marketable securities that are carried at fair value with changes in fair value recognized in other comprehensive income in the period of change. Certain of the company's marketable securities are not quoted in an active market and are held at cost. The company's determination of fair value may change from period to period based upon the performance, expectations of and assumptions regarding the company's investments.

CHANGES IN ACCOUNTING POLICIES

Financial Instruments – Disclosures and Presentation

In June 2009, the AcSB adopted the IASB recommendations for enhancing disclosure to financial instruments. The amendments to Section 3862, Financial Instruments – Disclosures, provide enhanced and consistent disclosures about liquidity risk and fair value measurements. These amendments were effective for annual financial statements relating to fiscal years ending after September 30, 2009.

Credit Risk and the Fair Value of Financial Assets and Liabilities

In January 2009, the Emerging Issues Committee issued Abstract No. 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities ("EIC-173"). EIC-173 requires an entity to determine the fair value of all financial instruments, including derivative instruments by taking into account the credit risk of the instrument. In particular, an entity is required to factor into fair value its own credit risk in addition to the credit risk of the counterparties to the instrument. EIC-173, which was effective for the company on January 1, 2009, did not have a material impact on the company's financial statements and the related disclosures.

DISCLOSURE CONTROLS AND PROCEDURES

We maintain appropriate information systems, procedures and controls to ensure that new information disclosed externally is complete, reliable and timely. The Chief Executive Officer and the Chief Financial Officer of the company evaluated the effectiveness of the company's disclosure controls and procedures (as defined in "Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings") as at December 31, 2009 and have concluded that the disclosure controls and procedures are operating effectively.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

We maintain appropriate internal controls over financial reporting (as defined in "Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings") and the Chief Executive Officer and the Chief Financial Officer have concluded that the internal controls have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Management has evaluated whether there were changes in our internal controls over financial reporting during the year ended December 31, 2009 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting and has determined that there have been no such changes.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The AcSB confirmed in February 2008 that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. The company has developed and is in the process of implementing an IFRS conversion plan that will address changes in accounting policy, the restatement of comparative periods, organizational and internal control and the modification of existing systems, in addition to other related business matters. This plan remains on track and the company expects to complete its implementation of this plan prior to the filing of its first financial statement prepared under IFRS.

Overall responsibility for the implementation and success of the company's conversion plan rests with the company's management who report to and are overseen by the company's Audit Committee.

(i) Significant differences between IFRS and Canadian GAAP

IFRS are premised on a conceptual framework similar to Canadian GAAP, however, significant differences exist in certain matters of recognition, measurement and disclosure. The adoption of IFRS will not change the cash flows generated by the company, however, the adoption of IFRS may result in changes to the reported financial position and results of operations of the company.

A detailed analysis of the differences between IFRS and the company's current accounting policies under Canadian GAAP is currently in process. At this time, the following significant differences between Canadian GAAP and IFRS have been identified by the Company:

(a) Foreign exchange gains and losses on available-for-sale debt securities

Under Canadian GAAP, foreign exchange gains and losses on available-for-sale debt securities are recorded in other comprehensive income whereas under IFRS these gains or losses are recorded directly to profit or loss.

(b) Available-for-sale equity securities not traded in an active market

From time-to-time, the company holds investments in equity securities classified as available-for-sale that do not have a quoted price in an active market. Under Canadian GAAP these securities are recorded at cost. However, under IFRS where the fair value of such securities can be reliably measured, such securities are recorded at their estimated fair value. Changes in fair value are recorded within comprehensive income in the period of change.

The company is currently in the process of quantifying the impact of these differences. Additional differences significant to the company may be identified as the company continues to complete its analysis.

(ii) IFRS 1 First-time Adoption of International Financial Reporting Standards

The adoption of IFRS requires the application of IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires that an entity apply all standards effective at the end of its first IFRS reporting period retrospectively. However, IFRS 1 does require certain mandatory exceptions and provides limited optional exemptions in specified areas of certain standards from this general requirement. The company does not expect to utilize any of the available optional exemptions.

James Reid
President and CEO
September 3, 2010

Management's Responsibility for Financial Statements

The accompanying financial statements and other financial information have been prepared by the management of the company who are responsible for the integrity and objectivity of the statements. To fulfil this responsibility, the company maintains appropriate systems of internal control to ensure that its costs, reporting practices and accounting and administrative procedures are of high quality, consistent with reasonable assurance that relevant and reliable financial information is produced. These statements have been prepared in conformity with generally accepted accounting principles and, where appropriate, reflect estimates based on management's judgement. The financial information presented throughout this annual report is consistent with the information contained in the company's financial statements. The financial statements have been further examined by the board of directors and by its audit committee which meets with the auditors and management to review the activities of each.

James Reid
President and CEO
September 3, 2010

Auditors' Report to the Shareholders

We have audited the balance sheets of Royal Oak Ventures Inc. as at December 31, 2009 and 2008 and the statements of operations, (deficit) retained earnings, comprehensive income, accumulated other comprehensive income (loss) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Toronto, Canada
September 3, 2010

Chartered Accountants
Licensed Public Accountants

Balance Sheets

As at December 31 *Thousands*	*Note*	**2009**	2008
Assets			
Current assets			
Cash and cash equivalents		**$ 1,637**	$ 97,125
Marketable securities	*2, 3*	**31,980**	15,991
Accounts receivable		**554**	2,430
		34,171	115,546
Loans receivable	*4*	**4,235**	22,266
Future income tax assets	*5*	**—**	21,044
		$ 38,406	$ 158,856
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		**$ 2,960**	$ 3,709
Short-term debt	*6*	**4,891**	96,981
		7,851	100,690
Shareholders' equity	*7*	**30,555**	58,166
		$ 38,406	$ 158,856

Statements of Operations

For the years ended December 31

Thousands, except per share amounts	*Note*	**2009**	2008
Revenue			
Investment and other income		**$ 2,896**	$ 6,013
Investment losses and impairments	*2*	**(18,112)**	(19,300)
		(15,216)	(13,287)
Expenses			
Foreign exchange revaluation		**(9,543)**	(36,436)
General, administrative and other		**1,434**	1,329
Interest expense	*6*	**7,764**	14,312
		(345)	(20,795)
(Loss) income before income taxes		**(14,871)**	7,508
Future income tax expense	*5*	**(19,906)**	(1,639)
Net (loss) income		**$ (34,777)**	$ 5,869
(Loss) income per share		**$ (0.21)**	$ 0.04

Statements of (Deficit) Retained Earnings

For the years ended December 31

Thousands	**2009**	2008
Balance, beginning of year	**$ 19,347**	$ 13,478
Net (loss) income	**(34,777)**	5,869
Balance, end of year	**$ (15,430)**	$ 19,347

Statements of Comprehensive (Loss) Income

For the years ended December 31

Thousands	**2009**	2008
Net (loss) income	**$ (34,777)**	$ 5,869
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	**8,304**	(43)
Future income tax (expense) recovery on available-for-sale securities	**(1,138)**	6
	7,166	(37)
Comprehensive (loss) income	**$ (27,611)**	$ 5,832

Statements of Accumulated Other Comprehensive Income (Loss)

For the years ended December 31

Thousands	**2009**	2008
Balance, beginning of year	**$ (2,620)**	$ (2,583)
Other comprehensive income (loss)	**7,166**	(37)
Balance, end of year	**$ 4,546**	$ (2,620)

Statements of Cash Flows

For the years ended December 31

Thousands	**2009**	2008
Operating activities		
Net (loss) income	**$ (34,777)**	$ 5,869
Adjustments to net income		
Future income tax expense	**19,906**	1,639
Unpaid interest and fees	**80**	12,064
Investment losses and impairments	**18,112**	19,300
Changes in working capital	**4,135**	(4,721)
	7,456	34,151
Investing activities		
Marketable securities acquired, net of dispositions	**(9,459)**	(2,030)
Loans receivable repaid, net of issuances	**(1,315)**	1,833
	(10,774)	(197)
Financing activities		
Short-term debt repaid	**(92,170)**	(15,743)
	(92,170)	(15,743)
(Decrease) increase in cash and cash equivalents	**(95,488)**	18,211
Cash and cash equivalents, beginning of year	**97,125**	78,914
Cash and cash equivalents, end of year	**$ 1,637**	$ 97,125

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Royal Oak Ventures Inc. ("Royal Oak" or the "company") have been prepared in accordance with Canadian generally accepted accounting principles.

(a) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In particular, estimates utilized in the normal course of preparing the company's financial statements require the determination of future cash flows utilized in assessing net recoverable amounts and net realizable values; ability to utilize tax losses and fair values for disclosure purposes.

(b) Foreign currencies

The company considers the Canadian dollar to be its functional currency as it is the currency of the primary economic environment in which the company operates. Accordingly, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates in effect at the balance sheet date and non-monetary assets and liabilities at the exchange rates in effect at the time of acquisition or issue. Revenues and expenses are translated at rates approximating the exchange rates in effect at the time of the transactions.

(c) Cash and cash equivalents

The company defines cash and cash equivalents as highly liquid financial instruments with an original maturity of 90 days or less.

(d) Financial instruments

Marketable securities are classified as available-for-sale financial instruments and are carried at fair value with any changes in fair value recorded in other comprehensive income. The cumulative changes in the fair value of available-for-sale securities previously recognized in other comprehensive income are reclassified to net income when the underlying security is either sold or there is a decline in value that is considered to be other-then-temporary. Equity instruments that do not have a quoted market price from an active market are carried at cost. The remainder of the financial instruments are classified as loans and receivables and other liabilities and are recorded at amortized cost. The company accounts for securities using trade date accounting and capitalizes transaction costs.

Derivative instruments used in trading activities are marked-to-market and the resulting net gains or losses are recognized in net income.

(e) Investment income

Investment income includes dividends received and interest earned on the investments. Investment income is recognized when amounts are realized with respect to sale of investments, when earned and the receipt is reasonably assured.

(f) Income taxes

Future income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values, using the enacted or substantively enacted income tax rates at each balance sheet date. Future income tax assets also result from unused loss carry-forwards and other deductions. The valuation of future income tax assets is reviewed quarterly and adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

(g) Net (loss) income per share

The basic (loss) earnings per share is computed by dividing the net (loss) income by the weighted average number of common and non-voting shares outstanding during the year.

(h) Changes in accounting policies

Financial Instruments - Disclosures and Presentation

In June 2009, the AcSB adopted the IASB recommendations for enhancing disclosure to financial instruments. The amendments to Section 3862, Financial Instruments – Disclosures, provide enhanced and consistent disclosures about liquidity risk and fair value measurements. These amendments were effective for annual financial statements relating to fiscal years ending after September 30, 2009.

Credit Risk and the Fair Value of Financial Assets and Liabilities

In January 2009, the Emerging Issues Committee issued Abstract No. 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities ("EIC-173"). EIC-173 requires an entity to determine the fair value of all financial instruments, including derivative instruments by taking into account the credit risk of the instrument. In particular, an entity is required to factor into fair value its own credit risk in addition to the credit risk of the counterparties to the instrument. EIC-173, which was effective for the company on January 1, 2009, did not have a material impact on the company's financial statements and the related disclosures.

2. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or ask prices, as appropriate, in the most advantageous active market for that instrument to which we have immediate access.

Financial instruments classified or designated as held-for-trading and available-for-sale securities are carried at fair value on the balance sheet. Any changes in the fair values of financial instruments classified as held-for-trading and available-for-sale securities measured at fair value are recognized in net income and other comprehensive income, respectively. The cumulative changes in the fair values of available-for-sale securities previously recognized in accumulated other comprehensive income are reclassified to net income when the underlying security is either sold or there is a decline in value that is considered to be other-than-temporary. As at December 31, 2009, cumulative unrealized gains on available-for-sale securities measured at fair value amounted to $7.4 million (2008 – $0.1 million) and cumulative unrealized losses amounted to $2.2 million (2008 – $3.1 million) before taxes. During 2009, the company reclassified $nil (2008 – $15.3 million) from OCI to net income as a result of other-than-temporary impairments on its available-for-sale securities held at fair value. Included in the securities portfolio are $3.4 million of securities which are carried at cost. During 2009, the company recorded a $2.0 million other-than-temporary impairment on the securities carried at cost (2008 - $nil).

In June 2009, the Canadian Institute of Chartered Accountants issued amendments to its Financial Instruments Disclosure standard to expand the disclosures of financial instruments measured at fair value consistent with new disclosure requirements made under IFRS. Fair value hierarchical levels that are directly determined by the amount of subjectivity associated with the valuation of these assets and liabilities, are as follows:

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the assets or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

Level 3 – Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to determining the estimate.

The company utilizes Level 1 inputs when it determines the fair value of its security portfolio and Level 2 inputs to determine the fair value of its U.S. $28.8 million notional foreign exchange forward contract which was valued at $0.4 million at as December 31, 2009 (2008 –- loss of $0.9 million).

3. MARKETABLE SECURITIES

Marketable securities are comprised of equity securities of North America Companies, or through entities making such investments. The portfolio is classified as available-for-sale financial instruments and accordingly the company recognizes changes in the market value of the securities in other comprehensive income.

4. LOANS RECEIVABLE

The loan portfolio is comprised of approximately twenty loans to various US residential developers with maturities ranging from due on demand to November 2012. The individual loans bear interest at rates between 10% to 30% per annum.

During the fourth quarter of 2009 the company determined that certain of its loans receivable portfolio were impaired as a result of a deterioration in credit quality of the borrowers caused by significant missed interest and principal payments during that period. The company no longer has reasonable assurance that there will be timely collection of the full amount of principal and interest. As a result the company reduced the carrying amount of the loans to their estimated fair value of $4.2 million with the reduction in the carrying amount charged to income in the amount of $16.1 million.

5. FUTURE INCOME TAX ASSETS

The company has gross tax deductions available to be utilized in future years of $121.5 million (2008 – $128.2 million), which have no set expiry date.

The ability of the company to realize its tax losses is dependent on the company's ability to earn sufficient income to utilize these tax deductions. As at December 31, 2009, the company determined that it did not meet the criteria required to recognize the benefit of its tax attributes and as such, has recorded a valuation allowance against the future tax asset. The company ascribed value of $0.7 million to gross tax deductions; however, no recognition has been given to the reminder of the potential tax benefits (2008 - tax asset of $21.0 million).

Income tax expense differs from the amount which would result from applying the basic federal and provincial income tax rates to net income before income taxes for the following reasons:

Thousands		**2009**		2008
Net (loss) income before income tax	**$**	**(14,871)**	$	7,508
Tax (recovery) expense based on statutory income tax rates		**(4,907)**		2,588
Non-taxable portion of capital loss		**2,504**		2,679
Non-taxable dividends received		**(90)**		(49)
Tax rate differential		**831**		(457)
Foreign exchange		**(703)**		(2,971)
De-recognition of tax asset		**22,303**		—
Other		**(32)**		(151)
	$	**19,906**	$	1,639

6. SHORT-TERM DEBT

Thousands	Maturity	Annual Rate		**2009**		2008
Loan facility	December 31, 2010	Prime + 7.0%	**$**	**4,891**	$	96,082
Short-term loan	—	—		**—**		899
			$	**4,891**	$	96,981

Short-term debt in the amount of $4.9 million (2008 – $97.0 million) bears interest at prime rate plus 7%. The company repaid $92.2 million of short-term debt during 2009.

On December 31, 2009, the existing loan facility matured and a new loan agreement was entered into, reducing the facility from $200 million to $10 million. The interest paid throughout the year was of prime plus 10% and included a $1 million annual fee. Under the terms of the new facility, interest will be paid at prime plus 7% and a standby fee on the undrawn balance will be paid.

7. SHAREHOLDERS' EQUITY

Authorized

Unlimited number of common shares
Unlimited number of non-voting shares
Unlimited number of special shares

		2009		2008
Share capital issued and outstanding				
3,155,233 common voting shares	**$**	**41,439**	$	41,439
159,339,267 non-voting shares				
Accumulated other comprehensive income (loss)		**4,546**		(2,620)
(Deficit) retained earnings		**(15,430)**		19,347
	$	**30,555**	$	58,166

The weighted average number of common shares outstanding during the year ended December 31, 2009 was 162,494,500 (2009 – 162,494,500).

8. RELATED PARTY TRANSACTIONS

Certain debt and equity securities are managed by a company under common ownership pursuant to a management agreement. Transactions with related parties, including investment transactions, are conducted in the normal course of operations and are recorded at exchange amounts, which are equivalent to normal market terms. The balance sheets include the following related party balances as at December 31:

Thousands		**2009**		2008
Marketable securities	**$**	**24,228**	$	11,225
Cash and cash equivalents		**—**		95,317
Short-term debt		**4,891**		96,981

During 2009, cash on deposit with an affiliated company was collected in full.

The related income and expense items for the year were as follows:

Thousands		**2009**		2008
Income items				
Investment and other income	**$**	**2,648**	$	5,501
Interest expense		**7,764**		14,312

9. RISK MANAGEMENT

The company's investments in securities and debt financing expose it to a variety of financial risks, including foreign currency risk, other price risk, and interest rate risk. Management moderates risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy.

Currency risk

The company reports its results in Canadian dollars. Accordingly, the carrying value of the U.S. denominated balances will vary from time to time with fluctuations in the exchange rate between Canadian and United States dollars. Foreign exchange on the revaluation of these balances are reported in net income other than foreign exchange on available-for-sale securities which is recognized in other comprehensive income. A 1% increase in the Canadian dollar against the U.S. dollar would have a $0.1 million (2008 – $1.2 million) decrease to net income and a $0.1 million (2008 – $nil) decrease to other comprehensive income.

Other Price Risk

The carrying values of the available-for-sale securities are based on their quoted market price, where available, which in turn may be influenced by factors not within the control of the company, including the financial performance of the underlying entities and other financial market conditions. A 500 basis point increase or decrease in the value of the available-for-sale securities would have increased or decreased the fair value of the company's investments by $1.4 million (2008 – $0.5 million). Any change in value is recorded in Other Comprehensive Income.

Interest Rate Risk

The company's securities portfolio and debt balances contain instruments that earn and pay interest based on floating rates. A 1% change on these rates has a net impact on income of $0.1 million (2008 – $0.2 million).

The company holds fixed rate securities within its securities portfolio. A 50 basis point increase in the yield curve would decrease the fair value of the securities by $0.7 million (2008 – $nil).

Credit Risk

The company has no material counterparty risk as of December 31, 2009, other than its loans receivable which it monitors on an ongoing basis.

Liquidity Risk

The company's cash requirements primarily relate to operating expenses and interest expenses and are covered in part by dividend income, interest income, and realization gains. Liquidity is managed through regular reviews of cash flow projections and monitoring for adequate borrowing reserves with related parties. As at December 31, 2009, the company has a net equity position of $30.6 million (2008 – $58.2 million).

10. CAPITAL MANAGEMENT

The company's objective is to provide its shareholders with income returns. The common equity and short-term debt represent the capital managed by the company. There have been no changes in the company's issued and outstanding equity during the year ended December 31, 2009. There are no externally imposed capital requirements for the company.

11. SUPPLEMENTAL CASH FLOW INFORMATION

At December 31, 2009, cash and cash equivalents are comprised of cash on hand of $36 thousand (2008 – $111 thousand) and short-term highly liquid investments of $1.6 million (2008 – $97.0 million). Cash flows include interest paid of $8.7 million for the year ended December 31, 2009 (2008 – $3.2 million).

Corporate Information

Directors

Brian G. Kenning

Frank N.C. Lochan

Terry A. Lyons

Brian M.A. Richardson

William Crossley

James Reid

Officers

Brian G. Kenning
Chairman

James Reid
President and CEO

Derek E. Gorgi
Vice-President and CFO

Bruce M. McKay
Corporate Secretary

Corporate Information

Auditors
Deloitte & Touche LLP
Toronto, Ontario

Legal Counsel
Fraser Milner Casgrain, LLP
Vancouver, B.C.

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(800) 564-6253 toll-free
Facsimile: (604) 661-6401
(888) 453-0330 toll-free
Website: *www.computershare.com*

Royal Oak Ventures Inc. is a British Columbia based company that through a Proposal filed under the Bankruptcy and Insolvency Act (Canada) had undergone a reorganization from a mining and exploration company to an investment company. The company is undergoing a recapitalization and will continue to invest in undervalued situations, primarily in the natural resource, real estate and financial services sectors.

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Printed in Canada

ROYAL OAK VENTURES INC.

SCHEDULE B: Statement of Executive Compensation

Compensation Discussion and Analysis

The Corporation does not provide any compensation to its named executive officers ("**Named Executive Officers**") listed in the Summary Compensation Table that follows other than an annual retainer of $8,500 for directors' fees paid to James Reid. During its financial year ended December 31, 2011, the following individuals were the Named Executive Officers (as defined in applicable securities legislation) of the Corporation, namely James Reid, President and Chief Executive Officer of the Corporation, and Derek Gorgi, the Chief Financial Officer of the Corporation.

Summary Compensation Table

The following table sets forth information concerning the annual and long term compensation for services rendered to the Corporation for the financial period of the Corporation ended December 31, 2011 in respect of the individuals who were (or who acted in a similar capacity as) as of December 31, 2011 or at any time during the financial year, the Chief Executive Officer and the Chief Financial Officer, being the Named Executive Officers. There were no executive officers or consultants of the Corporation, or any of its subsidiaries, whose total compensation during such period exceeded $150,000.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation		Pension value ($)	All other compensation ($)	Total compensation ($)
						Annual incentive plans	Long-term incentive plans			
James Reid[1]	2011	Nil	N/A	N/A	N/A	N/A	N/A	N/A	Nil	Nil
President and	2010	Nil	N/A	N/A	N/A	N/A	N/A	N/A	Nil	Nil
Chief Executive Officer	2009	Nil	N/A	N/A	N/A	N/A	N/A	N/A	Nil	Nil
Former Vice President and Chief Financial Officer										
Derek Gorgi[2]	2011	Nil	N/A	N/A	N/A	N/A	N/A	N/A	Nil	Nil
Chief Financial	2010	Nil	N/A	N/A	N/A	N/A	N/A	N/A	Nil	Nil
Officer and Vice-President	2009	Nil	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Mr. Reid was appointed President and Chief Executive Officer of the Corporation effective June 24, 2009. Prior to that, Mr. Reid served as the Vice President and Chief Financial Officer from April 1, 2004 until June 24, 2009.

(2) Mr. Gorgi was appointed Chief Financial Officer and Vice-President of the Corporation effective June 8, 2010.

Incentive Plan Awards

The Corporation does not have a Stock Option Plan in place and does not provide any stock based compensation.

Pension Plan Benefits

The Corporation does not have a defined benefit plan, defined contribution plan or deferred compensation plan.

Termination and Change of Control Benefits

The Corporation and its subsidiaries are not party to any contracts, and have not entered into any plans or arrangements which require compensation to be paid to the Named Executive Officers in the event of:

(a) resignation, retirement or any other termination of employment with the Corporation or one of its subsidiaries;

(b) a change of control of the Corporation or one of its subsidiaries; or

(c) a change in the director, officer or employee's responsibilities following a change of control.

Director Compensation

During the most recently completed financial year ended December 31, 2011, each of the directors receive an annual retainer of $8,500. The directors may be reimbursed for actual expenses reasonably incurred in connection with the performance of their duties as directors. The Corporation does not provide any share or stock based compensation to directors.

During the financial year ended December 31, 2011, the directors received the compensation set out below. The relevant disclosure for James Reid has been provided in the Summary Compensation Table above.

Name	Fees earned ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Frank N. C. Lochan	8,500	N/A	N/A	N/A	N/A	Nil	8,500
Brian G. Kenning	8,500	N/A	N/A	N/A	N/A	Nil	8,500
Brian M. A. Richardson	8,500	N/A	N/A	N/A	N/A	Nil	8,500
Terrence A. Lyons	8,500	N/A	N/A	N/A	N/A	Nil	8,500
William G. Crossley	8,500	N/A	N/A	N/A	N/A	Nil	8,500