CLAIRVEST GROUP INC.

ANNUAL INFORMATION FORM

JUNE 22, 2010

CLAIRVEST GROUP INC.

Annual Information Form

June 22, 2010

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INCORPORATION

Clairvest Group Inc. ("Clairvest" or the "Corporation") was incorporated under the laws of the Province of Ontario by articles of incorporation on February 13, 1987 as Roy-L Merchant Group Inc. The name of the Corporation was changed to Clairvest Group Inc. by articles of amendment dated December 4, 1991. The registered and principal office of the Corporation is located at 22 St. Clair Avenue East, Suite 1700, Toronto, Ontario, M4T 2S3.

GENERAL DEVELOPMENT OF THE BUSINESS

Clairvest, founded in 1987, has provided private equity management services since inception. The Corporation's principal activity is investing in and partnering with the management teams of businesses that have the potential to create above average returns in their respective industries. The Corporation principally invests in established businesses past the initial stage of development. The Corporation also invests in new casino projects in regulated markets serving local customers, in partnership with local governments. Clairvest employs its expertise to actively assist its investment partners in the development and growth of their businesses. Clairvest's commitment to its shareholders is to deliver superior long-term financial returns by partnering wisely, and by adding value to its partners' businesses within a timely investment cycle.

Over the last several years the private equity industry in North America became increasingly competitive. During fiscal 2007 and 2008, higher purchase price multiples made it more challenging to find appropriately priced investments, yet these higher multiples also positively affected the price obtained by the Corporation on divestitures. Fiscal 2009 evidenced significant deterioration in economic conditions, equity markets and liquidity in the debt and equity markets. These conditions led to lower multiples on new investments which bodes well for companies like Clairvest which were able to sell assets and raise cash when prices were higher. However, these conditions also negatively impacted the profitability of those private equity investments which are sensitive to the changes in economic conditions. Fiscal 2010 evidenced an improvement in economic conditions, equity markets and liquidity in the debt markets, which helped companies like Clairvest with a strong liquidity position to capitalize on opportunities presented in certain attractive industries that are expected to experience positive growth during an economic recovery.

Clairvest has focused over the past three fiscal years on domains which meet the following characteristics: widely distributed customer base, recurring revenue, fragmented industries and cost based regional economies of scale.

Clairvest's investment history over the last three fiscal years is as follows:

At March 31, 2007, Clairvest's investments included Datamark Systems Group Inc. ("Datamark"), Gateway Casinos Inc. ("Gateway Casinos"), Gateway Casinos Income Fund ("Gateway Income Fund"), Integral Orthopedics Inc. ("Integral Orthopedics"), Kubra Data Transfer Ltd. ("Kubra"), Landauer Metropolitan Inc. ("Landauer"), N-Brook Mortgage L.P. ("N-Brook"), Tsuu T'ina Gaming Limited Partnership ("Tsuu T'ina"), WarrenShepell (which subsequently became Shepell·fgi), Winters Bros. Waste Systems, Inc. ("Winters Bros."), Van-Rob Inc. ("Van-Rob") and Voxcom Income Fund ("Voxcom").

During fiscal 2008, Clairvest sold its investment in Gateway Income Fund for cash proceeds of $66.7 million. Also during fiscal 2008, Gateway Casinos sold substantially all of its assets, as well as shares of a joint venture entity in which it held a 50% interest. Clairvest received loans totalling $50.6 million from Gateway Casinos on the completion of the Gateway Casinos transaction and a further $2.4 million on the release of certain escrow proceeds, bringing Clairvest's total loans payable to Gateway Casinos to $99.3 million at March 31, 2008.

Clairvest also sold its interest in Voxcom for cash proceeds of $21.8 million. In addition, Clairvest sold its interest in Datamark for a combination of $6.4 million in cash and 1,546,473 shares of Komunik Corporation ("Komunik"). Clairvest also sold its interest in Winters Bros. for cash proceeds of $16.0 million. In addition, Clairvest wrote its investment in Integral Orthopedics down to zero and a receiver was appointed by the Court under the Bankruptcy and Insolvency Act for the sale of its assets.

During fiscal 2008, Clairvest, through Canadian and Chilean acquisition entities, invested in Casino Marina del Sol ("Casino del Sol"), a gaming entertainment complex in Chile, adjacent to the city of Concepción. Clairvest also invested in Light Tower Rentals Inc. ("Light Tower"), an oilfield equipment rental company operating in Texas, New Mexico and Colorado. In addition, Clairvest invested in Lyophilization Services of New England, Inc. ("LSNE"), a Manchester, New Hampshire based contract manufacturing organization focused on providing lyophilization services to biotech, pharmaceutical and medical device manufacturers. Clairvest also provided a bridge loan to Latin Gaming Chile S.A. ("Latin Gaming Chile") to build a gaming entertainment complex in Osorno, Chile. The loan was provided as bridging capital as Clairvest was awaiting regulatory approval to invest in Latin Gaming.

During fiscal 2009, Shepell·fgi sold substantially all of its assets. Clairvest received cash proceeds of $26.1 million at closing, and non-interest bearing promissory notes secured by the acquirer for an additional $15.3 million, payable through to July 2010. $9.7 million of the promissory notes received on the sale transaction that were due June 2009 were repaid by the acquirer during fiscal 2009 at a slight discount. The repayment of the remaining $5.6 million promissory notes at March 31, 2009 was subject to satisfaction of certain items in the purchase documentation, all of which may be received in the form of the acquirer's equity at the option of the acquirer.

As part of Clairvest's exit from Gateway Casinos, Clairvest received tax-free dividends from Gateway Casinos totaling $104.5 million and a return of capital of $1.3 million. Clairvest also repaid in full loans outstanding from Gateway Casinos. As a result of Gateway Casinos distributing all of its assets through dividends to its shareholders, Clairvest recorded a $98.1 million realized loss on Gateway Casinos.

During fiscal 2009, Clairvest, through Canadian and Chilean acquisition entities, invested in Latin Gaming Osorno S.A. ("Casino Osorno"), a gaming entertainment complex in Osorno, Chile. The bridge loan previously provided to Latin Gaming Chile was repaid in full upon the closing of the equity investment in the Casino Osorno. Clairvest also provided a bridge loan to Latin Gaming Chile to build a gaming entertainment complex in Calama, Chile. The loan was provided as bridging capital as Clairvest was awaiting regulatory approval to invest with Latin Gaming Chile in this casino.

Clairvest also invested in Casino New Brunswick, a gaming entertainment complex located adjacent to the City of Moncton, in the Province of New Brunswick.

During fiscal 2010, Clairvest invested in Hudson Valley Waste Holding, Inc. ("Hudson Valley"), a regional solid waste company which collects, processes and recycles nonhazardous solid waste in the northeastern United States. In addition, Clairvest invested in PEER 1 Network Enterprises

Inc. (“PEER 1”), a global online information technology infrastructure provider based in Vancouver.

As part of the exit of Shepell·fgi, Clairvest received, through promissory note repayments, additional cash proceeds totaling $4.4 million during fiscal 2010. The repayment of the remaining $1.1 million promissory notes is subject to satisfaction of certain items in the purchase documentation, all of which may be received in the form of the acquirer’s equity at the option of the acquirer.

Subsequent to fiscal 2010, Clairvest invested in Midwest Gaming Holdings, LLC (“Midwest Gaming”) to build a casino and amenities in Des Plaines, Illinois.

During fiscal 2001, Clairvest launched a new investment vehicle – Clairvest Equity Partners Limited Partnership (“CEP”). The final closing of CEP occurred in fiscal 2002 with Clairvest raising $164 million. Clairvest also committed to invest $55 million alongside CEP. CEP was formed to co-invest alongside Clairvest in all future private equity investments. The launch of CEP moved Clairvest from a merchant bank that invests its own capital to generate returns, to one that invests its own capital in addition to that of third-party investors who want access to Clairvest’s proven investment expertise and track record. Clairvest receives, either directly or through a wholly-owned subsidiary, management fees from CEP and a share of the profits from CEP. At March 31, 2010, the joint Clairvest / CEP investments included Landauer, N-Brook, Tsuu T’ina and Van-Rob.

During fiscal 2007, Clairvest launched a second investment vehicle, Clairvest Equity Partners III Limited Partnership (“CEP III”), a successor fund to CEP. During fiscal 2007, Clairvest completed closings totaling $225 million of CEP III. Clairvest committed $75 million of its own capital to form a $300 million co-investment pool. At March 31, 2010, the joint Clairvest / CEP III investments included Casino del Sol, Casino New Brunswick, Hudson Valley, Kubra, Light Tower, LSNE and PEER 1.

During fiscal 2010, Clairvest launched a third investment vehicle, Clairvest Equity Partners IV Limited Partnership (“CEP IV”), a successor fund to CEP III. During fiscal 2010, Clairvest received initial commitments for its new private equity investment pool which is comprised of a co-investment commitment from Clairvest and CEP IV. The amount of capital committed to

March 31, 2010 is $312 million, $100 million of which was provided by Clairvest. Commitments to the new private equity investment pool are limited by a cap of $500 million, and Clairvest has the right to increase its commitment to $125 million prior to the end of the fundraising period. Subsequent to fiscal 2010, Clairvest and CEP IV invested in Midwest Gaming.

During fiscal 2001, Clairvest also launched Wellington Financial L.P. (“Wellington”), formerly Clairvest-Yorkton Transition Capital Fund L.P. Wellington’s first fund, Wellington Financial Fund I (“Wellington Fund I”) was a joint venture between Clairvest and Orion Securities Inc. (formerly Yorkton Securities Inc.). Wellington Fund I provided bridge financing to growth companies in the technology and health sciences industries prior to larger, more permanent financings. Wellington Fund I was initially capitalized with $7 million, $5 million of which was committed by Clairvest. During fiscal 2005, Wellington Fund I was wound up and its assets distributed to its partners. Clairvest received back all of the capital it had funded, as well as distributions of $2.0 million, and received warrants with a fair value of $1.2 million upon the windup of the fund.

During fiscal 2004, Wellington raised its second fund, Wellington Financial Fund II (“Wellington Fund II”). Wellington Fund II provided debt capital and operating lines to technology, biotechnology, communications and industrial product companies across Canada. Wellington Fund II raised $83 million, $20 million of which was committed by Clairvest. As a result of the closing of Wellington Fund III, the unfunded capital commitments to Wellington Fund II were extinguished.

During fiscal 2007, Wellington raised its third fund, Wellington Financial Fund III (“Wellington Fund III”). Wellington Fund III provides debt capital and operating lines to technology, biotechnology, communications and industrial product companies across Canada and the United States. At March 31, 2007, Wellington Fund III had raised to $125.9 million. During fiscal 2009, Wellington Fund III increased its fund size to $150 million due to the entry of new limited partners. Clairvest committed $25 million to Wellington Fund III.

DESCRIPTION OF THE BUSINESS

Employees

The Corporation and its wholly-owned subsidiaries (hereinafter, the "Corporation") employs twenty-two people, four of whom are senior managers with significant experience in the investment industry and are active in the identification, structuring and management of the Corporation's investments.

Advisory Services

The Corporation provides advisory services to its investment partners which may include evaluation of business prospects, strategic planning, marketing and financial advice and tax strategy.

The Corporation does not engage in or hold itself out as engaging in the business of advising others as to the investing in or the buying and selling of securities.

Facilitation of Financings

The Corporation's management and its board of directors have experience in understanding the financial needs of emerging businesses and the requirements of traditional financial sources. The Corporation assists in negotiating financings with these traditional financial sources and identifies and accesses alternate sources of loan and equity investment capital.

Direct Investments

Investment Philosophy

The investment philosophy of the Corporation generally is to become the lead outside investor in emerging and established businesses with capable, motivated and experienced management. The Corporation supports and fosters management by providing direction at the board level while allowing management to maintain its autonomy with respect to day-to-day operations of the business. The degree of the Corporation's involvement in such businesses depends upon a number of factors including the size of the equity investment, the stage of development of the business and the particular needs and desires of management.

The Corporation may from time to time enter into joint ventures or similar arrangements with other investors whereby the Corporation and such investors will make direct investments in emerging businesses.

Investment Authorization

The board of directors of the Corporation has authorized management to make individual investments and follow on investments in existing portfolio companies both to a maximum amount of $5.0 million, with such investments to include those to be made by the Corporation in aggregate with CEP, CEP III or CEP IV. At such time as management has made investments which, in aggregate, equal this amount or at any time that a proposed investment exceeds the balance of this pre-authorized investment limit, management must obtain further investment authorization from the board of directors. Typically, the strategic long-term investments made by the Corporation are selected by senior management and subsequently placed before the board of directors for approval.

Investment Criteria

In making investments in emerging businesses, the Corporation is guided by the following investment criteria:

- Investments by the Corporation in aggregate with CEP, CEP III or CEP IV in any one business enterprise are generally limited to a maximum of $50 million, at the initial stage, although the Corporation may participate in larger financings in conjunction with other investors in appropriate circumstances. Minimum investment size is generally deemed to be $15 million.
- Initial investments are in the form of securities with, or combined with, equity features.
- Investments are expected to have a time horizon to realization of three to seven years.
- Management of the prospective business must have capital in the business and must derive the major portion of its financial rewards from its own equity participation.
- Management of the prospective business must demonstrate an entrepreneurial attitude with respect to the exploitation of opportunities available to its business.
- The business will benefit from the Corporation's strategic and financial support.

- Investments must have the prospect for significant long-term capital appreciation.

- Companies must be strategically positioned in their specific markets and offer high potential for domestic or global growth.

The Corporation does not currently expect to restrict its investment to any particular industry or industries.

Investment Realization

The Corporation's investments are and will continue to be realized from time to time through public offerings of securities of the businesses in which the Corporation has made an investment, the sale of such investments (subject to any applicable hold periods) in the secondary market, the sale of such investments to management of the business or to third parties, or the disposition of the investments as a result of a merger, reorganization or refinancing. The board of directors of the Corporation has authorized management to dispose of investments to a maximum aggregate amount of $15.0 million, with such disposals to include those investments held by the Corporation in aggregate with CEP, CEP III and CEP IV. At any time that a proposed disposal of an investment exceeds the balance of this pre-authorized limit, management must obtain further authorization from the board of directors.

Competitive Conditions

Despite general improvements in equity and debt markets, over the last 12 months private equity funds have seen the lowest levels of fundraising in many years. Clairvest estimates that certain fund managers will not come back to market given poor past performance. As a result, Clairvest expects that many competitors in the industry will continue to be forced to devote greater efforts toward their existing investments rather than pursuing new investments.

While there remains intense competition in the leveraged buyout, large capitalization segment of the private equity industry, Clairvest continues to see many opportunities in the growth, small to medium capitalization segments throughout North America. As a result of its proactive origination strategy, Clairvest maintains its competitive advantage by researching industries with strong metrics and best-in-class owner-operators looking for growth capital.

Risk Factors

The private equity business is about accepting risk for return, and is therefore affected by a number of economic factors, including changing economic environments, capital markets and interest rates. As a result, the Corporation faces various risk factors, inherent in its normal business activities. These risk factors are described below.

Credit risk

Credit risk is the risk of a financial loss occurring as a result of default of a counterparty on its obligations to the Corporation. The Corporation is subject to credit risk on its financial assets, including cash, cash equivalents and temporary investments, accounts receivables, loans receivable, derivative instruments and corporate investments.

Market risk

Market risk includes exposure to fluctuations in the market value of the Corporation's investments, currency rates and interest rates. The Corporation's corporate investments have minimal exposure to market value risk given only approximately 4.7% of the fair value of the Corporation's corporate investments was in publicly-traded companies at March 31, 2010. However, included in corporate investments are investments for which the fair values have been estimated based on assumptions that may not be supported by observable market prices. The most significant unobservable input is the multiple used based on earnings used for each individual investment. In determining the appropriate multiple, Clairvest considers i) public company multiples for companies in the same or similar businesses; ii) where information is known and believed to be reliable, multiples at which recent transactions in the industry occurred; and iii) multiples at which Clairvest invested in the company, or for follow-on investments or financings. The resulting multiple is adjusted, if necessary, to take into account differences between the investee company and those the Corporation selected for comparisons and factors include public versus private company, company size, same versus similar business, as well as with respect to the sustainability of the company's earnings and current economic environment. A change in the market value of the public comparables used in determining price multiples for the Corporation's privately-held investments could have a significant impact to the fair value of the Corporation's corporate investments.

The Corporation's corporate investment portfolio is diversified across 13 companies in 9 industries and 3 countries as of March 31, 2010. Certain industries may experience significant negative impact to their profitability and liquidity positions given the current economic conditions.

The Corporation held $3.5 million in preferred shares of corporations in its temporary investments portfolio at March 31, 2010. Based on these positions, the impact on market value changes is not expected to be material.

The Corporation has implemented a hedging strategy because it has, directly and indirectly, several investments outside of Canada, currently in the United States and in Chile. In order to limit its exposure to changes in the value of foreign denominated currencies relative to the Canadian dollar, at March 31, 2010, Clairvest hedged 100% of the fair value of its foreign investments. In addition, the Corporation has entered into foreign exchange contracts in anticipation of future growth in the value of its U.S. denominated investments. These contracts have notional values totaling US$2.3 million and a fair value of a loss of $2,000 at March 31, 2010. These contracts were settled by entering into offsetting contracts subsequent to year end.

A number of investee companies are subject to foreign exchange risk. A significant change in foreign exchange rates can have a significant affect on the profitability of these entities and in turn the Corporation's carrying value of these corporate investments. The Corporation manages this risk through oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly.

Certain of the Corporation's corporate investments are also held in the form of subordinated debentures. Significant fluctuations in market interest rates can have a significant impact on the fair value of these investments.

Fluctuations in market interest rates affect the Corporation's income derived from cash, cash equivalents, and temporary investments. For financial instruments which yield a floating interest income, the interest received is directly impacted by the prevailing market interest rate. The fair value of financial instruments which yield a fixed interest income would change when there is a change in the prevailing market interest rate. If interest rates were higher or lower by 1%, the potential effect would be an increase or decrease of $0.9 million to distributions and interest income on a pre-tax basis for the year ended March 31, 2010.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due.

The Corporation maintains a conservative liquidity position that exceeds all liabilities payable on demand. The Corporation invests its cash equivalents and temporary investments in liquid assets such that they are available to cover any potential funding commitments and guarantees. In addition, the Corporation maintains a credit facility with a Schedule 1 Canadian chartered bank and subsequent to year end closed on a new credit facility with a financial institution.

DIVIDENDS

Clairvest's ordinary business activity may result in the investment in certain Canadian-Controlled Private Corporations and the entitlement of ineligible dividends from these investments. As such, certain dividends paid to the holders of Clairvest's common shares may be ineligible dividends for Canadian tax purposes.

Clairvest pays dividends to the holders of its shares on an annual basis, in amounts determined by the board of directors. Over the last eighteen years the annual dividend has been $0.10 per common share. Clairvest does not foresee any present or future events which would impair its ability to pursue the current dividend policy.

On June 20, 2008, Clairvest paid a special dividend of $0.6272 per common share.

CAPITAL STRUCTURE

During fiscal 2010, Clairvest did not purchase or cancel any common shares under Clairvest's normal course issuer bid.

At June 22, 2010, Clairvest had 15,953,566 common shares.

During the fiscal year ended March 31, 2010, 35,000 options were exercised at an average exercise price of $5.22. These options were exercised using the cash settlement features of the Stock Option Plan.

MARKET FOR SECURITIES

The common shares of Clairvest are listed and posted for trading on The Toronto Stock Exchange under the symbol CVG. The following table sets forth the price ranges and volume traded for the common shares on the Toronto Stock Exchange during fiscal 2010.

Month	High	Low	Volume
March 2010	$12.50	$12.30	13,350
February 2010	$12.60	$12.25	27,200
January 2010	$12.48	$12.15	10,000
December 2009	$12.30	$12.10	6,813
November 2009	$12.79	$12.26	29,100
October 2009	$12.25	$11.91	30,465
September 2009	$12.26	$12.00	17,700
August 2009	$12.59	$12.00	43,550
July 2009	$12.50	$11.85	2,575
June 2009	$12.99	$12.00	2,500
May 2009	$12.48	$11.00	8,900
April 2009	$11.00	$10.52	14,037

DIRECTORS AND OFFICERS

The following table sets forth the names and place of residence, the position held with the Corporation and the current principal occupation of each of the directors of Clairvest. All directors are elected to hold office until the next annual meeting of the shareholders of the Corporation or until their successors are elected or appointed.

Name and Place of Residence	Served as a Director Since	Office	Principal Occupation
John Barnett Ontario, Canada	August 13, 2009	Director, Member of Audit Committee	President, **Rothmans Benson & Hedges Inc.** (tobacco company)
Michael Bregman Ontario, Canada	February 25, 1991	Director, Member of Audit Committee	CEO, **Tailwind Capital Inc.** (investment management company)
Sydney C. Cooper Ontario, Canada	November 13, 1989	Director, Member of Audit Committee	President, **Toril Holdings Limited** (private investment company)
Gerald R. Heffernan, O.C. Ontario, Canada	February 17, 1987	Director, Chairman of Compensation and Human Resources Committee	President, **G.R. Heffernan & Associates Ltd.** (private investment company)
Joseph J. Heffernan Ontario, Canada	November 9, 1992	Chairman of the Board	Chairman of **Clairvest**
G. John Krediet The Hague, Netherlands	September 20, 2004	Director	Chairman, **CF Capital** (investment management firm)
Philip S. Orsino, O.C. Ontario, Canada	August 5, 1998	Director, Chairman of Audit Committee	President and CEO, **Brightwaters Strategic Solutions Inc**. (private consulting firm)
B. Jeffrey Parr Ontario, Canada	June 28, 2000	Director, Co-Chief Executive Officer and Managing Director	Co-Chief Executive Officer and Managing Director of **Clairvest**

Name and Place of Residence	Served as a Director Since	Office	Principal Occupation
Joseph L. Rotman, O.C. Ontario, Canada	February 13, 1987	Director	Chairman and Chief Executive Officer, **Roy-L Capital Corporation** (private investment company)
Kenneth B. Rotman Ontario, Canada	June 28, 2000	Director, Co-Chief Executive Officer and Managing Director	Co-Chief Executive Officer and Managing Director of **Clairvest**
Lionel H. Schipper, C.M., Q.C Ontario, Canada	February 17, 1987	Director, Member of Compensation and Human Resources Committee	President, **Schipper Enterprises Inc.** (private investment company)
Isadore Sharp, O.C. Ontario. Canada	August 13, 1987	Director, Member of Compensation and Human Resources Committee	Chairman and Chief Executive Officer, **Four Seasons Hotels Inc.** (global hotel management company)

The following table sets forth the names and place of residence and the position held with the Corporation of each of the officers of Clairvest or of Clairvest GP Manageco Inc. ("GP I"), a wholly-owned subsidiary of Clairvest.

Name and Place of Residence	Office	Principal Occupation
Michael Castellarin Ontario, Canada	Principal	Principal of GP I
Daniel Cheng Ontario, Canada	Chief Financial Officer	Chief Financial Officer of Clairvest

Name and Place of Residence	Office	Principal Occupation
Heather G. Crawford Ontario, Canada	General Counsel and Corporate Secretary	General Counsel and Corporate Secretary of Clairvest
B. Jeffrey Parr Ontario, Canada	Director, Co-Chief Executive Officer and Managing Director	Co-Chief Executive Officer and Managing Director of Clairvest and Co-Chief Executive Officer of GP I
Mitchell S. Green Ontario, Canada	Principal	Principal of GP I
Kenneth B. Rotman Ontario, Canada	Director, Co-Chief Executive Officer and Managing Director	Co-Chief Executive Officer and Managing Director of Clairvest and Co-Chief Executive Officer of GP I
David I. Sturdee Ontario, Canada	Managing Director	Managing Director of GP I
Michael A. Wagman Ontario, Canada	Managing Director	Managing Director of GP I

The Board of Directors of Clairvest is required to have an Audit Committee. Messrs. Orsino, Barnett, Bregman and Cooper are the members of the Audit Committee. The Compensation and Human Resources Committee consists of Messrs. G. Heffernan, Schipper and Sharp. All of the non-employee directors deal with governance matters.

All of the directors of Clairvest have held their principal occupations for more than five years, except the following. Mr. J.J. Heffernan held the position of Chairman, Rothmans Inc. for more than five years prior to his current position. Mr. P. Orsino held the position of President and Chief Executive Officer, Masonite International Corporation for more than five years prior to his current position. Collectively, the directors and executive officers of the Corporation beneficially own, directly or indirectly, or exercise control or direction over 12,730,516 common shares or 79.8 per cent of the common shares of the Corporation.

All of the officers of Clairvest or of GP I have held their principal occupations for more than five years except the following. Messrs. Castellarin, Green, Sturdee and Wagman held various management positions with Clairvest over the past five years. Mr. Cheng has held various positions with the Corporation since 2005 and prior to that held various positions at Deloitte & Touche LLP.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Mr. Michael Bregman was, until January 15, 2001, a director of Netpulse Media Networks, Inc. ("Netpulse"). On February 6, 2001, Netpulse filed a voluntary petition under Chapter 7 of the United States Bankruptcy Code.

Mr. Philip S. Orsino was, until March 5, 2008, a director of CFM Corporation ("CFM"). On April 9, 2008, CFM filed a petition under Chapter 11 in the United States Bankruptcy Code and filed for protection under the Companies Creditors Arrangement Act in Canada ("CCAA").

Mr. Gerald R. Heffernan served as a director of NRI Industries Inc., until June 1, 2006, Mr. Lionel H. Schipper served as a director of NRI Industries Inc. until August 17, 2006, and Mr. Kenneth B. Rotman served as a director of NRI Industries Inc. when, on September 6, 2006, it and two of its subsidiaries (collectively, "NRI") filed for protection under CCAA. On April 26, 2007, NRI exited from CCAA protection and had a receiver appointed to hold and distribute its assets. On April 27, 2007, NRI filed assignments into bankruptcy.

Mr. Joseph J. Heffernan and Mr. Kenneth B. Rotman served as directors of Integral Orthopedics until July 18, 2008 when a receiver was appointed under the Bankruptcy and Insolvency Act to sell the assets of Integral Orthopedics.

Mr. Lionel H. Schipper served as a director of Biltrite Rubber (1984) Inc., which on March 11, 2009 filed for protection under the CCAA. Mr. Lionel H. Schipper resigned as a director immediately after the filing.

Mr. Kenneth B. Rotman served as director of Nexient Learning Inc. ("Nexient") until June 5, 2009. On June 26, 2009, Nexient applied for creditor protection under the CCAA.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

In February 2001, the Corporation established an investment vehicle, CEP, to co-invest with in all future private equity investments. CEP has capital commitments totalling $164 million from outside investors. The Corporation has committed to invest $55 million of its own capital with CEP and controls the general partner of CEP. The Corporation was the Manager of CEP until August 15, 2006 before assigning its responsibilities to GP I. The Corporation and GP I received a management fee of 2% per annum on the $164 million committed capital from outside investors until August 21, 2006, the fifth anniversary of the last closing of CEP, and thereafter 2% per annum of contributed capital from outside investors less distributions on account of capital and any write-downs of capital invested.

CEP's general partner, Clairvest General Partner LP (the "General Partner"), a limited partnership, is entitled to receive a carried interest equal to 20% of all of CEP's net realized gains attributable to third-party limited partners of CEP. This carried interest is determined based on the overall performance of CEP and no distribution in respect of the carried interest is permitted until CEP's limited partners have received all amounts contributed to CEP and a 6% compound annual return on that amount.

Consistent with market practice, the Corporation, a sponsor of CEP, is allocated 50% of the carried interest and the remaining 50% is allocated to a limited partnership (the "Participation Partnership") whose limited partners are principals and employees of the Corporation and GP I ("the "Investors"). The Investors purchased, at fair market value, units of the Participation Partnership. From time to time, additional units in the Participation Partnership may be purchased by the Investors.

At March 31, 2010, the General Partner had earned $9.7 million in carried interest from CEP, 50% of which was allocated to Clairvest. The remaining 50% was allocated to the Participation Partnership.

In April 2006, the Corporation established an investment vehicle, CEP III, to co-invest with in private equity investments. CEP III has capital commitments totalling $225 million from outside investors. The Corporation has committed to invest $75 million of its own capital with CEP III through CEP III Co-Investment Limited Partnership ("CEP III Co-Invest") and is the ultimate parent company of the two General Partners of CEP III (GP I and "GP II"). GP I receives a priority distribution of 2% per annum on the $225 million committed by outside investors until the earlier of August 2011, being the fifth anniversary of the month in which CEP III made its first investment, and the date on which CEP III is closed on new investments, and thereafter 2% per annum of contributed capital from outside investors less any distribution on account of capital and write-downs of capital invested.

GP I and GP II, a limited partnership, are entitled to receive a carried interest equal to 2% and 18% respectively of all of CEP III's net realized gains attributable to third-party limited partners of CEP III. This carried interest will be determined based on the overall performance of CEP III and no distribution in respect of the carried interest is permitted until CEP III's limited partners have received all amounts contributed to CEP III and an 8% compound annual return on this amount. No such carried interest has been paid to date.

Consistent with market practice, the Corporation, a sponsor of CEP III, will be allocated 50% of the carried interest generated by CEP III through GP I and GP II and 50% of such carried interest will be allocated to a limited partnership (the "Participation Partnership III") whose limited partners are principals and employees of the Corporation and GP I ("the "Investors III"). The Investors III purchased, at fair market value, units of the Participation Partnership III. From time to time, additional units in the Participation Partnership III may be purchased by the Investors III. The General Partner of Participation Partnership III, a wholly owned subsidiary of the Corporation, is entitled to participate in additional distributions equal to the exit value on the first $1.1 million contributed by Participation Partnership III, plus the first $0.2 million received by Participation Partnership III as described above.

Participation Partnership III is also entitled to carried interest of 10% to June 23, 2008 and 8.25% thereafter in respect of CEP III Co-Invest. Consequently the Clairvest Incentive Bonus Program does not apply to the income generated from the investments made by CEP III Co-Invest.

In July 2009, the Corporation established an investment vehicle, CEP IV, to co-invest with in private equity investments. At March 31, 2010, CEP IV has capital commitments totalling $212 million from outside investors. The Corporation has committed to invest $100 million of its own capital with CEP IV through CEP IV Co-Investment Limited Partnership ("CEP IV Co-Invest"). and is the ultimate parent company of the two General Partners of CEP IV (GP I and "GP III"). GP I receives a priority distribution calculated as follows: i) from the month in which CEP IV makes it first investment to the last day on which CEP III calculates its priority distributions based on committed capital ("CEP III Termination Date"), 2% per annum on capital by outside investors allocated to specifically identifiable investments net of any write-downs of capital invested; ii) from the CEP III Termination Date to the fifth anniversary of the month of the earlier of the CEP III Termination Date and the date of final closing of CEP IV, 2% per annum of committed capital by outside investors; and iii) thereafter, 2% per annum of contributed capital from outside investors less any distribution on account of capital and write-downs of capital invested.

GP I and GP III, a limited partnership, are entitled to receive a carried interest equal to 2% and 18% respectively of all of CEP IV's net realized gains attributable to third-party limited partners of CEP IV. This carried interest will be determined based on the overall performance of CEP IV and no distribution in respect of the carried interest is permitted until CEP IV's limited partners have received all amounts contributed to CEP IV and an 8% compound annual return on this amount. No such carried interest has been paid to date.

Consistent with market practice, the Corporation, a sponsor of CEP IV, will be allocated 50% of the carried interest generated by CEP IV through GP I and GP III and 50% of such carried interest will be allocated to a limited partnership (the "Participation Partnership IV") whose limited partners are principals and employees of the Corporation and GP I ("the "Investors IV"). The Investors IV purchased, at fair market value, units of the Participation Partnership IV. From time to time, additional units in the Partnership may be purchased by the Investors IV. The General Partner of Participation Partnership IV, a wholly owned subsidiary of the Corporation, is entitled to participate in additional distributions equal to the exit value on the first $1.6 million contributed by Participation Partnership IV, plus the first $0.4 million received by Participation Partnership IV as described above.

Participation Partnership IV is also entitled to carried interest of 8.25% in respect of CEP IV Co-Invest. Consequently the Clairvest Incentive Bonus Program does not apply to the income generated from the investments made by CEP IV Co-Invest.

AUDIT COMMITTEE

The Audit Committee's Charter

The Charter of the Audit Committee has been attached hereto as Appendix A.

Position description of the Chairman of the Audit Committee

The position description of the Chairman of the Audit Committee has been attached hereto as Appendix B.

Composition of the Audit Committee

The Audit Committee is comprised of Philip S. Orsino, John Barnett, Michael Bregman and Sydney C. Cooper, all of whom are independent of the Corporation and financially literate.

Relevant Education and Experience

Each member of the Audit Committee is able to read and understand financial statements and the Committee as a whole can fulfill the responsibilities outlined in the Audit Committee Charter. The relevant education and current and past experience of each Audit Committee member is summarized below:

Philip S. Orsino :

- Chartered Accountant, Fellow of the Institute of Chartered Accountants (FCA)
- President and CEO of Brightwaters Strategic Solutions Inc.
- Director and Audit Committee member of the Bank of Montreal
- Chairman of the Board of Directors of the University Health Network
- Director of Biox Corporation
- Former President and CEO of Masonite Canada Corporation

John Barnett

- Chartered Accountant
- President of Rothmans Benson & Hedges Inc.

- Chairman of the Board of Directors of Special Olympics Canada Foundation
- Former President of Molson Breweries

Michael Bregman :

- B.S. Economics, Major in Finance, MBA
- CEO of Tailwind Capital Inc.
- Former CEO of The Second Cup Ltd.
- Former Director and Audit Committee member of Vincor International
- Former Director of Humpty Dumpty Snack Foods Inc.
- Former Treasurer of Mount Sinai Hospital and member of Audit Committee

Sydney C. Cooper :

- President of Toril Holdings Limited
- Director or former director of five public companies since 1963
- CEO of large public company from 1963-1980

Pre-Approval Policies and Procedures

On an annual basis, the Audit Committee will approve a list of permitted services which management may engage the Auditor to provide.

In the case of Audit assignments, the Audit Committee will recommend for the Board's approval fees on an annual basis. The Independent Auditor will prepare and present an Audit Plan to the Audit Committee detailing the extent of Audit services to be provided and the associated estimate of fees.

In the case of Audit-Related assignments, approval for such assignment will be sought from the Audit Committee.

In the case of due diligence assignments, the Audit Committee will provide approval of a maximum annual amount up to which the Corporation can engage the Auditor to provide such services, which amount may be increased at the approval of the Audit Committee. The Audit Committee will also approve a maximum amount per engagement above which specific pre-approval by the Audit Committee must be sought.

In the case of a service that is neither a permitted service nor a non-permitted service, approval for such engagement must be sought from the Audit Committee.

Where particular pre-approval is required, the Audit Committee will be deemed to have provided such pre-approval where the approval of three of the four members of the Audit Committee or the Chairman of the Audit Committee is provided. Under no circumstances may the Audit Committee delegate its responsibilities to management.

At each regularly scheduled Audit Committee meeting, management will provide to the Audit Committee a report of actual fees paid to the Auditor.

External Auditor Service Fees

	Fiscal 2010[1]	Fiscal 2009[1]
Audit Fees[2]	$264,338	$395,116
Audit-Related Fees	50,854	21,865
Tax Fees	537,166	266,436
All Other Fees	83,545	157,879
Total Fees	$935,903	$841,296

(1) Fees paid relate to services provided to Clairvest and its subsidiaries, as well as to CEP, CEP III, CEP IV and Wellington. Included in 2010 audit and audit related fees paid is $159,716 (2009 - $248,200) with respect to CEP, CEP III, CEP IV and Wellington, and included in 2010 tax fees paid is $76,253 (2009 - $16,361) with respect to CEP, CEP III, CEP IV and Wellington.

(2) Audit fees paid during fiscal 2010 includes services rendered for the fiscal 2009 year end audit of Clairvest and the fiscal 2008 and 2009 year end audit of Wellington. Audit fees billed during fiscal 2009 includes services rendered for the fiscal 2008 year end audit of Clairvest, the fiscal 2007 and 2008 audits of CEP and CEP III and the fiscal 2007 audit of Wellington.

Audit-Related fees paid during fiscal 2010 relates to consent procedures conducted on the filing of Clairvest's annual report and specified audit procedures with respect to CEP IV and Wellington. Audit-Related fees paid during fiscal 2009 relates to consent procedures conducted on the filing of Clairvest's annual report and specified audit procedures with respect to Wellington.

Tax fees paid of $537,166 during fiscal 2010 are comprised of $250,465 for tax compliance services and $286,701 for tax consulting services. Tax fees paid of $266,436 during fiscal 2009 are comprised of $152,532 for tax compliance services and $113,904 for tax consulting services. The tax consulting services paid during fiscal 2010 and 2009 are comprised primarily of advice with respect to the structuring of Clairvest's current and potential investee companies and on corporate taxation matters.

All other fees paid of $83,545 during fiscal 2010 are comprised of $77,423 for due diligence work performed on potential investee companies and $6,122 on other matters. Other fees paid of $157,879 during fiscal 2009 are comprised of $148,418 for due diligence work performed on potential investee companies and $9,461 on other matters.

TRANSFER AGENT AND REGISTRAR

CIBC Mellon Trust Company is the transfer agent and registrar for the Corporation's common shares. They can be reached at: P.O. Box 7010, Adelaide Street Postal Station, Toronto, Ontario M5C 2W9

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of securities of the Corporation and securities authorized for issuance under equity compensation plans is contained in the Corporation's information circular for its most recent annual meeting of securityholders. Additional financial information relating to the Corporation is provided in the Corporation's consolidated financial statements and Management Discussion & Analysis for its most recently completed financial year-end. Copies of such documents may be obtained upon request from the Secretary of the Corporation. Additional information can also be found on SEDAR at www.sedar.com.

APPENDIX A

CHARTER OF THE AUDIT COMMITTEE

The Audit Committee of Clairvest Group Inc. (the "Corporation") is a committee of the Board of Directors which has responsibility under the *Business Corporations Act (Ontario)* to review the financial statements, accounting policies and reporting procedures of the Corporation.

Responsibilities:

1. The Audit Committee shall satisfy itself, on behalf of the Board of Directors, that:

   (a) the Corporation's annual financial statements are fairly presented in accordance with generally accepted accounting principles and shall recommend to the Board of Directors whether the annual financial statements should be approved;

   (b) the financial information contained in the Corporation's quarterly financial statements, Annual Report to Shareholders and other financial publications such as Management's Discussion and Analysis of Financial Condition and Results of Operations and the information contained in press releases and other public disclosure documents is not significantly erroneous, misleading or incomplete;

   (c) the Corporation has implemented appropriate systems of internal control over financial reporting and the safeguarding of the Corporation's assets and that these are operating effectively;

   (d) the audit function has been effectively carried out and that any matter which the independent auditors wish to bring to the attention of the Board of Directors has been addressed;

   (e) the Corporation's auditors are independent of management and are ultimately accountable to the Board of Directors and the Audit Committee as representatives of shareholders;

   (f) all statutory deductions have been withheld by the Corporation and remitted to the appropriate authorities; and

   (g) the Corporation's insurance coverage is adequate and that all deductibles are appropriate.

2. The Audit Committee shall review and recommend quarterly financial statements to the Board of Directors.

3. The Audit Committee shall review the performance and the remuneration of the Corporation's auditors and shall make recommendations to the Board of Directors in connection therewith.

4. The Audit Committee shall recommend to the Board of Directors (i) the auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services; and (ii) the compensation of the auditor.

5. The Audit Committee shall be directly responsible for overseeing the work of an auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.

6. The Audit Committee shall establish procedures for (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting controls, or auditing matters; and (b) the confidential, anonymous submission by the Corporation's employees of concerns regarding questionable accounting or auditing matters.

7. The Audit Committee shall review with management and the auditors all major changes to the Corporation's accounting policies.

8. The Board of Directors may refer to the Audit Committee such matters and questions relating to the financial position of the Corporation and its affiliates as the Board of Directors may from time to time see fit.

9. The Audit Committee shall discuss with the Corporation's auditors the quality and not just the acceptability of the Corporation's accounting principles.

10. The Audit Committee shall meet with the Corporation's auditors on a regular basis in the absence of management.

11. The Audit Committee shall review annually the non-audit services provided by the Corporation's auditors and shall maintain a policy and procedures for the pre-approval by the Audit Committee of non-audit services by the Corporation's auditors.

Authority:

12. The members of the Audit Committee shall have the right for the purpose of performing their duties of inspecting all the books and records of the Corporation and its subsidiaries and of discussing such accounts and records and any matters relating to the financial position of the Corporation with the officers and auditors of the Corporation and its subsidiaries and any member of the Audit Committee may require the auditors to attend any or every meeting of the Audit Committee.

13. The Audit Committee shall have the authority to communicate directly with the Corporation's auditors.

14. The Audit Committee shall review and respond to requests by individual directors to engage outside advisors at the expense of the Corporation.

15. The Audit Committee shall have the authority to engage, set and pay the compensation for independent counsel and other advisors as it determines necessary to carry out its duties.

16. The Audit Committee shall approve the offer of employment to any person who is or was a partner or employee of the present or former auditor of the Corporation.

Structure:

17. The Board of Directors shall elect annually from among its members a committee to be known as the Audit Committee to be composed of at least three directors, all of whom are unrelated directors who are financially literate. For purposes of this policy “financially literate” means the ability to read and understand a balance sheet, an income statement and a cash flow statement. Additionally, at least one member should have the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles. At least two members of the Audit Committee will be resident Canadians.

18. No business may be transacted by the Audit Committee except at a meeting of its members at which a quorum of the Audit Committee is present or by a resolution in writing signed by all the members of Audit Committee. A majority of the members of the Audit Committee shall constitute a quorum provided that if the number of members of the Audit Committee is an even number one half of the number of members plus one shall constitute a quorum.

19. Any member of the Audit Committee may be removed or replaced at any time by the Board of Directors and shall cease to be a member of the Audit Committee as soon as such member ceases to be a director. Subject to the foregoing, each member of the Audit Committee shall hold such office until the next annual meeting of shareholders after his or her election as a member of the Audit Committee.

20. The Chairman of the Audit Committee will appoint a secretary who will keep minutes of all meetings (the “Secretary”). The Secretary does not have to be a member of the Audit Committee or a Director and can be changed by simple notice from the Chairman.

21. The Audit Committee will meet as many times as is necessary to carry out its responsibilities. Meetings will be at the call of the Chairman of the Audit Committee.

22. The time at which and place where the meetings of the Audit Committee shall be held and the calling of meetings and the procedure in all respects at such meetings shall be determined by the Audit Committee, unless otherwise determined by the by-laws of the Corporation or by resolution of the Board of Directors.

23. The members of the Audit Committee shall be entitled to receive such remuneration for acting as members of the Audit Committee as the Board of Directors may from time to time determine.

Annual Review:

24. The Audit Committee shall review annually these Terms of Reference as well as any procedures and policies referred to herein.

APPENDIX B

CHAIRMAN OF THE AUDIT COMMITTEE – POSITION DESCRIPTION

The Chairman of the Audit Committee is responsible for the effective functioning of the Audit Committee.

The Chairman of the Audit Committee shall be appointed by the Board of Directors (provided if there is a vacancy in such office, the members of the Audit Committee shall appoint one of its members to fill the vacancy until such time as it is filled by the Board of Directors).

The Chairman of the Audit Committee shall:

1. Establish procedures to govern the Committee's work and ensure the Committee's full discharge of its duties, including:
   - Collaborating with the Co-CEOs, the Chief Financial Officer and other members of management, where appropriate, to develop the agenda for Committee meetings;
   - Ensuring that the Terms of Reference and policies of the Audit Committee are carried out;
   - Obtaining appropriate information from management to enable the Committee to make informed decisions;
   - Ensuring that all items requiring Committee approval or Committee recommendations to the Board are appropriately tabled;
   - Ensuring proper flow of information to the Committee and reviewing adequacy and timing of documentary materials in support of management's proposals;
   - Ensuring that external advisors retained or to be retained by the Committee are appropriately qualified and independent;
   - Ensuring that the Committee has access to such members of senior management as may be required by the Board;
   - Ensuring an open and frank relationship between the Committee and the Corporation's auditors;
   - Supporting the independence of the Corporation's external auditor from management.
2. Ensure that proper investigation is made of matters reported to the Chairman of the Audit Committee pursuant to the Whistle Blower Policy;
3. Chair every meeting of the Committee and encourage free and open discussion at meetings of the Committee;
4. Report to the Board of Directors on behalf of the Committee; and
5. Carry out other duties as requested by the Board, depending on need and circumstances.