



opportunity

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CDNX is a national stock exchange that provides investors, emerging growth companies and members with the most efficient and effective facility for venture funding, while maintaining the highest standards of disclosure, fairness and integrity.

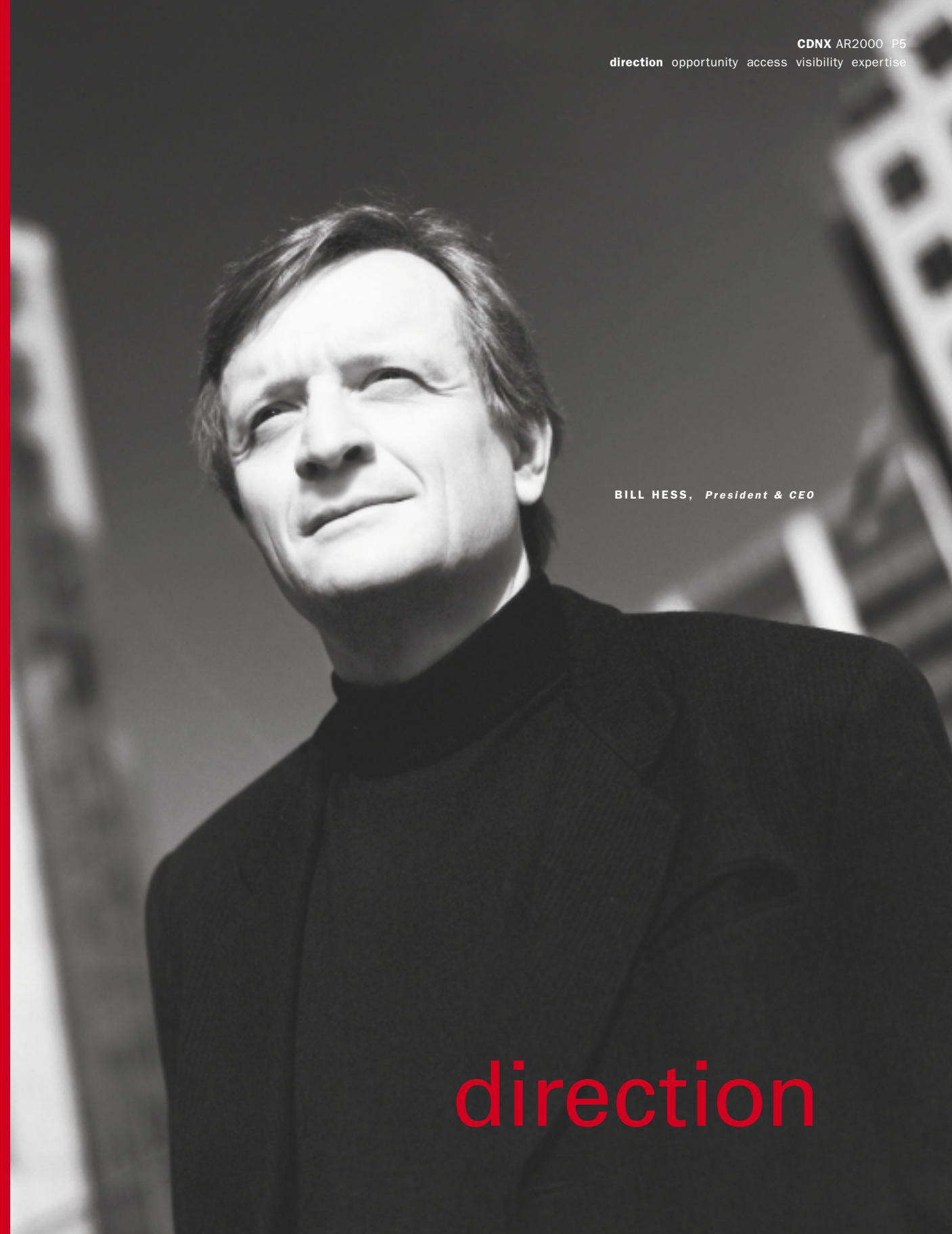
“Strong corporate governance goes to the heart of the role of CDNX. While companies are listed on our exchange they learn how to be good public companies, before they graduate to a senior market.

Good corporate governance practices are integral to a fair and efficient market, and provide investors with the necessary confidence to continue to support the public venture market.”

BILL HESS, *President & CEO*

What's behind CDNX ?

direction



letter to shareholders

BILL HESS, *President & CEO*

What's behind CDNX? Simply put, our goal is to bring together capital and companies.

But in my opinion, in the public venture market, that goal doesn't go far enough. My goal is for CDNX to be known as a fair place to make venture-class investments. That requires striking the right balance between fostering opportunity for early-stage companies and maintaining a well-regulated market.

Opportunity is maximized through an efficient market. Last year, we created a broader, deeper pool of public venture capital for Canadian businesses and investors with the integration of four regional markets into one CDNX. We set out to breathe new life into the Canadian junior market, and I'm confident we're well on our way to doing that by providing a market that raised over \$2.37 billion last year in equity financings. When combined with the private venture capital market in Canada, emerging companies raised well over \$5 billion in 2000.

Market forces were definitely on our side last year. In fact, the greatest challenges we faced were due to our overwhelming success. As exciting as launching a new exchange was, the challenges of integrating four markets made dealing with the increased interest in our new national market a true test of our mettle. What's more, we experienced our most significant series of trading peaks during the tech frenzy early in the year, forcing us to increase the capacity of our trading engine not once, but twice, to 150,000 trades-per-day. We started out the year with a trading engine daily capacity of 40,000.

There's no doubt that CDNX had a successful year in 2000. I spoke before audiences across the country about the

opportunity CDNX represents and the role it plays in the Canadian economy. The media, business, and investment communities have embraced the possibilities for a Canadian public venture capital market. The challenges we face in 2001 are to successfully court the institutional investment community, increase interest in our market among the brokerage firms and convince analysts and media of the value in covering the junior venture market.

One significant advantage of creating a national exchange with offices in four provinces has been that it has served as a catalyst for regulatory harmonization in Canada. We have worked to make rules consistent across provinces and to promote new rules to assist public venture financing where no such rules existed in the past. The introduction of the Capital Pool Company (CPC) program, which is our most innovative program, was introduced this year in Saskatchewan and Manitoba. The CPC program itself acts as a catalyst to bring together strong management teams and assets or businesses ready to be acquired.

Standards associated with good corporate governance have been a priority for CDNX in 2000. We are sponsors of the national Joint Corporate Governance Committee, with the TSE and the Canadian Institute of Chartered Accountants, and expect to put forward a series of recommendations in 2001. Strong corporate governance goes to the heart of the role of CDNX. While companies are listed on our exchange they learn how to be good public companies, before they graduate to a senior market. Good corporate governance practices are integral to a fair and efficient market, and provide investors with the necessary confidence to continue to support the public venture market.

The 2000 report in the following pages provides a commentary on the many initiatives implemented, challenges faced and issues tackled in our first full year of business. While many of our 2001 activities are also discussed, I'd like to highlight some of the initiatives we have planned.

LOOKING AHEAD

- ▶ Continue to get the word out about CDNX and the opportunities for companies and investors. This includes developing and maintaining research-based, targeted marketing, education and communications programs specifically targeted at the institutional investor.
- ▶ Develop best-of-breed business functions in Corporate Finance. It's important in our market to facilitate transactions and simplify our processes for listed companies, to improve our time to list, and to apply balanced policies when working with companies that want to list on CDNX.
- ▶ Select and transition to a new trading platform. We must look to our next generation trading system and invest in the latest technology to ensure the continued reliability of our system.
- ▶ Launch our redesigned Web site to provide improved access to information about our market.
- ▶ Continue to assess the possibilities for CDNX offices in other regions of the country, as market conditions and business opportunities permit.

It's been an exciting year for CDNX, and for me. We've effectively launched a new market in Canada and I look forward to charting the next leg of the journey.



BILL HESS, *President & CEO*

letter to shareholders

G. SCOTT PATERSON, *Chairman of the Board*

Small businesses—the entrepreneurs in this country—are squarely in the driver's seat. They continue to reinvent the Canadian economy and contribute significantly to the formation of capital and job creation. Our economy is booming and I believe we'll continue to see remarkable economic growth as the 21st century ushers in the knowledge-based economy in Canada and around the world. Our challenge, as a nation, is to seize the opportunities offered by new economy companies and support small business ventures.

This past year, I've been really excited about the CDNX opportunity. With the creation of a junior public venture capital market in Canada, CDNX is positioned to play a key role in helping new economy early-stage companies gain access to public capital, grow their businesses and graduate to senior markets. CDNX also offers opportunities to risk-tolerant investors who want to get in on the ground floor or stake a claim in new economy companies or more traditional sectors such as oil & gas and mining.

Indeed, in 2000, the CDNX technology sector alone represented 50 per cent of the \$2.37 billion raised through equity financings. If you add this to the \$3.4 billion raised through private venture capital in Canada during the first three quarters of last year, it's easy to see CDNX's contribution to the economy in its first year—not to mention its potential for the future.

This seemingly increased interest in venture investing suggests a shift from the traditional investment conservatism for which Canadians have come to be

known. In fact, the formidable institutional investment community and a primed Ontario market have yet to be tapped by CDNX. But to capture and leverage this potential, CDNX needs to offer liquidity in a well-regulated market.

We moved swiftly last year to establish our national presence with offices in four regions, including Toronto. By integrating the securities of four regional markets, the liquidity pool has proven to be much broader and deeper than the sum of its parts.

Careful to provide the right balance of regulation and business opportunity, we can report a well-behaved market last year. Given CDNX's depth of expertise in the public venture market and in the regulatory arena, I'm confident the right balance will continue to be maintained and will form the foundation upon which capital and early-stage companies will come together in Canada.

The members of the Board of Directors are perhaps CDNX's most ardent supporters. They undertook a strategic planning exercise in 2000 that culminated in a number of CDNX initiatives for 2001. Key among them is a three-year phased redevelopment of the CDNX Web site and a significant focus on marketing the Exchange.

Despite CDNX's success last year, the public venture market across Canada is relatively new and has yet to develop a following of industry analysts and media who truly understand the relevance and importance of CDNX's place in the Canadian economy. As a result, these communication channels, which provide extensive coverage and insight into the senior markets, fall short of

helping to educate investors and entrepreneurs about the potential of the Canadian public venture market.

Our Web redevelopment project will fill that gap and more. It will position CDNX as a wired, Web-based business, reflecting the spirit and nature of many of the companies listed on the Exchange. As importantly, it will provide a depth of information about CDNX-listed companies unmatched anywhere to assist the public in making informed investment decisions.

Another key strategy to get the word out about CDNX is an emphasis in 2001 on marketing the Exchange. As I mentioned earlier, the institutional investment community, largely based in Toronto, has yet to be tapped. CDNX has developed a number of initiatives to address this market.

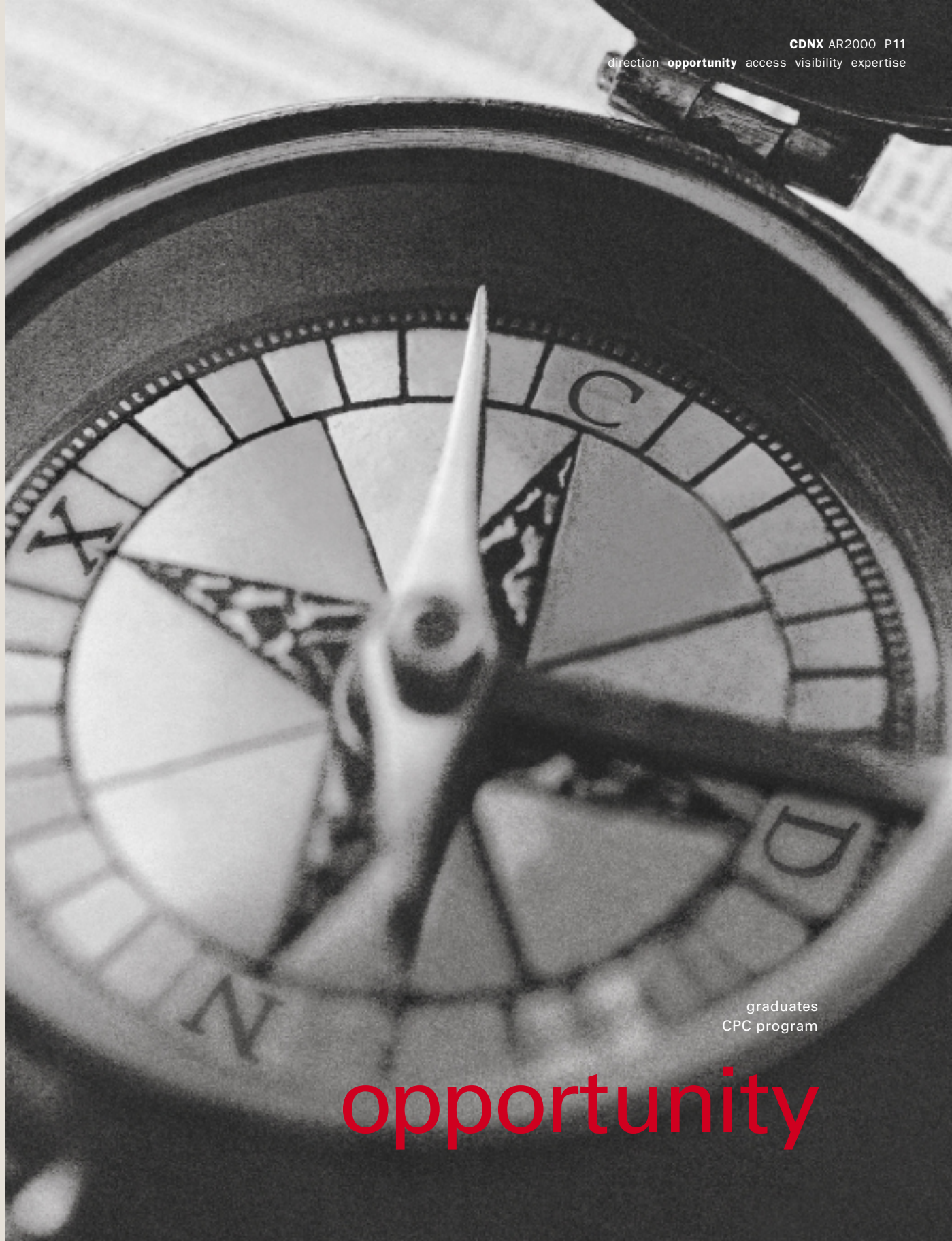
The unpredictability of the markets in 2001 will affect how quickly we complete our national expansion. CDNX opportunities in Atlantic Canada will depend largely on market opportunities for our member firms coupled with the right regulatory climate. Our hope is to integrate the last of the regional exchanges—Montreal—this year.

Our Board will also undergo a significant change in 2001. It will move to a board with 50 per cent representation from individuals independent of CDNX member-shareholders and participating organizations. All of these initiatives have been undertaken to achieve our long-term objectives of growth in early stage capital formation and the commensurate job creation that results.

For this reason, I, for one, am looking forward to 2001 and to the continued exciting evolution of Canada's public venture market.



G. SCOTT PATERSON, *Chairman of the Board*



“A national framework for public financings ensures that emerging companies have a number of options to grow their businesses and that they have those options right here in Canada.”

G. SCOTT PATERSON, *Chairman of the Board*

What's behind CDNX ?

graduates
CPC program

opportunity

opportunity

CANADA IS AN ENTREPRENEURIAL NATION. The Canadian Venture Exchange (CDNX) offers emerging companies and risk-tolerant investors a rare combination of opportunity and regulation. As the nation's public venture capital market, CDNX brings companies and capital together and provides a fair place for venture investments.

The restructuring of the Canadian capital markets in 1999 saw the launch of CDNX as the country's junior market. The goal was to create a more efficient market that provides emerging companies with regional access to a broader, deeper pool of capital while affording them a public profile not available through any other means.

2000 was the year CDNX established its national presence with offices in Vancouver, Calgary, Winnipeg and Toronto. We integrated the TSE's Canadian Dealing Network and the Winnipeg Stock Exchange. Overall, there were 475 new listings, including those from the CDN and WSE, and CDNX-listed companies raised over \$2.37 billion in 2000.

While raising capital is a priority for most companies

in the beginning, our mandate is to help companies grow and graduate to the senior markets. Almost \$2.2 billion was raised in secondary financings, which means that not only are companies raising capital through the going public process, but continue to raise capital to grow their companies after they go public on CDNX. We saw 45 companies graduate to the TSE, which represented 38 per cent of the TSE's new listings. With small business being the country's growth engine, companies like these continue to grow and contribute to the nation's economy.

CDNX facilitated 155 initial public offerings, 32 public offerings, 1,829 private placements and 129 CPCs. The Capital Pool Company (CPC) program is CDNX's most innovative program. Through the public market, it enables entrepreneurs to gain access to seed money to assist them in acquiring assets or a business.

CDNX's tiered market structure acknowledges that there are different stages of maturity among our listed companies. Tier 1 companies are often better-known

companies with a track record and an ability to meet higher financial tests than the often smaller, younger companies listed on Tier 2. In turn, Tier 2 companies have an opportunity to move to Tier 1 as they grow their businesses and become more experienced. A new temporary Tier 3 was introduced to assist those companies from the Canadian Dealing Network to make the leap to CDNX. This split-stage process helps these companies work toward meeting the continuous disclosure requirements associated with Tier 2 while respecting that these particular companies may not have the resources to immediately begin to meet more rigorous financial requirements. CDNX also sought and received temporary tax relief from the federal Department of Finance for those companies that joined CDNX on Tier 3 last year. The relief maintains, for a period of time, certain tax incentives for these early-stage companies.

To operate as a national exchange, we needed to break new ground, and last year we became the catalyst

for initiating regulatory harmonization in Canada. Recognized as an exchange by the British Columbia and Alberta securities commissions, CDNX is jointly overseen by these two regulatory bodies. While integrating the CDN and the Winnipeg Stock Exchange, CDNX successfully sought and obtained exemptions from recognition from the Manitoba and Ontario securities commissions.

CDNX also has a regulatory role of its own. In 2000, we transferred our member regulation function to the Investment Dealers Association but retained regulatory responsibility for CDNX-listed companies and their trading activity on the exchange.

Our organization brings to bear a great depth of expertise and experience in the public venture capital market—ranging from corporate governance to financial management to market regulation—to help early-stage companies become experienced public companies.

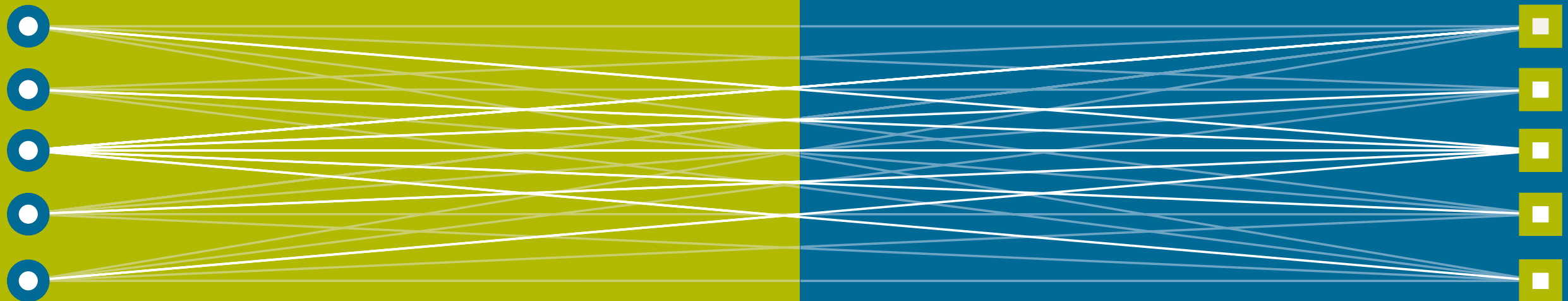
ENTREPRENEURS CDNX provides emerging companies with regional access to a broader, deeper pool of capital while affording them a public profile not available through any other means. It's also our mandate to help companies grow and graduate to senior markets.

INVESTORS CDNX provides risk-tolerant investors a fair place for venture investments. We pride ourselves in being the best in the public venture capital industry at striking the right balance between effective regulation and fostering opportunity for emerging companies.

entrepreneurs



investors



opportunity

CANADA IS A WIRED NATION. Because the national public venture market is new in this country and not widely followed by securities analysts, CDNX has deployed its Web site to provide investors with an invaluable research tool to gain access to a depth of market information unmatched anywhere. InfoCDNX™, which provides over 50 pages of data about each company listed on the

Exchange, is offered free of charge to the public.

Deploying technology to attain efficiencies in the market permeates all aspects of our business. CDNX's market regulation function continually employs state-of-the-art technology to keep abreast of market activity. In 2000, we implemented software to monitor chat rooms, a more recent potential influence on trading behaviour

resulting from our nation's ever-increasing access to and reliance upon information on the Web.

The speed with which the industry is evolving continues to press all industry participants to develop business strategies and operations to accommodate a nationally competitive environment. The processes and rules governing how alternative trading systems (ATs) will operate in Canada are expected to come to fruition this year. Our national presence and technological capabilities leave CDNX well positioned to meet regulatory and competitive market changes.

graduates

GRADUATES. Companies listed on our Exchange learn how to manage their businesses under the regulatory and legal requirements established for public companies before they move on to the senior markets. That's why a key measure of our success is the number of companies that graduate to senior markets.

The 45 listed companies that graduated to the Toronto Stock Exchange last year represent the diverse

nature of CDNX's reach. The technology sector saw 20 companies graduate, 12 came from oil & gas, four from mining, and nine came from other sectors, including financial services, real estate and health care.

Although CDNX strives to maintain a diversified representation of companies that reflect the Canadian economy, we also believe it's important to focus on future growth indicators by supporting new economy compa-

nies. It's not surprising then that our 20 technology-sector graduates are in the Internet, software development, scientific research, wireless communications, telecom and biotechnology businesses. This sector also represented 50 per cent of the total equity financings handled through the Exchange in 2000.

Last year, our graduating companies saw overall increases in share price. The average share price of our

graduates increased substantially in the year prior to graduation—from \$2.39 to \$7.06—and the market capitalization for the same period increased 302 per cent. Representing 38 per cent of the TSE's new listings last year, the CDNX graduates, with strong management teams, solid business plans and sound financial management, have grown their companies to qualify for the senior markets.

CPC program

CPC PROGRAM. The CDNX Capital Pool Company (CPC) program is designed specifically for entrepreneurs who require seed money to secure assets or acquire a business. It brings experienced management teams, with proven public financing ability, together with development-stage companies in need of capital and management expertise.

By providing a means through which the public can get in on the ground floor of early-stage ventures, CPCs have proven popular with risk-tolerant investors. There were 129 capital pools formed in 2000, through which almost \$38 million was raised.

Unlike traditional companies, CPCs list and start trading without an operating business. The nature of

their business is to find and acquire promising emerging companies. The treasuries of CPCs are funded for the search and due diligence process.

Once a CPC finds a business or assets to acquire, it completes the going-public process through traditional means, such as a reverse takeover (RTO).

Almost one quarter of CDNX's 45 graduates last

year got their start as CPCs. Initially offered only in Alberta and BC, CDNX received approval in 2000 to offer the program in Saskatchewan and Manitoba. As part of our national effort, we are working to make the program available in Ontario and elsewhere in Canada.

“CDNX has a mandate to uphold strict standards necessary for a credible, reputable public market, and we take that role very seriously.”

GERRY ROMANZIN, *Executive Vice-President*

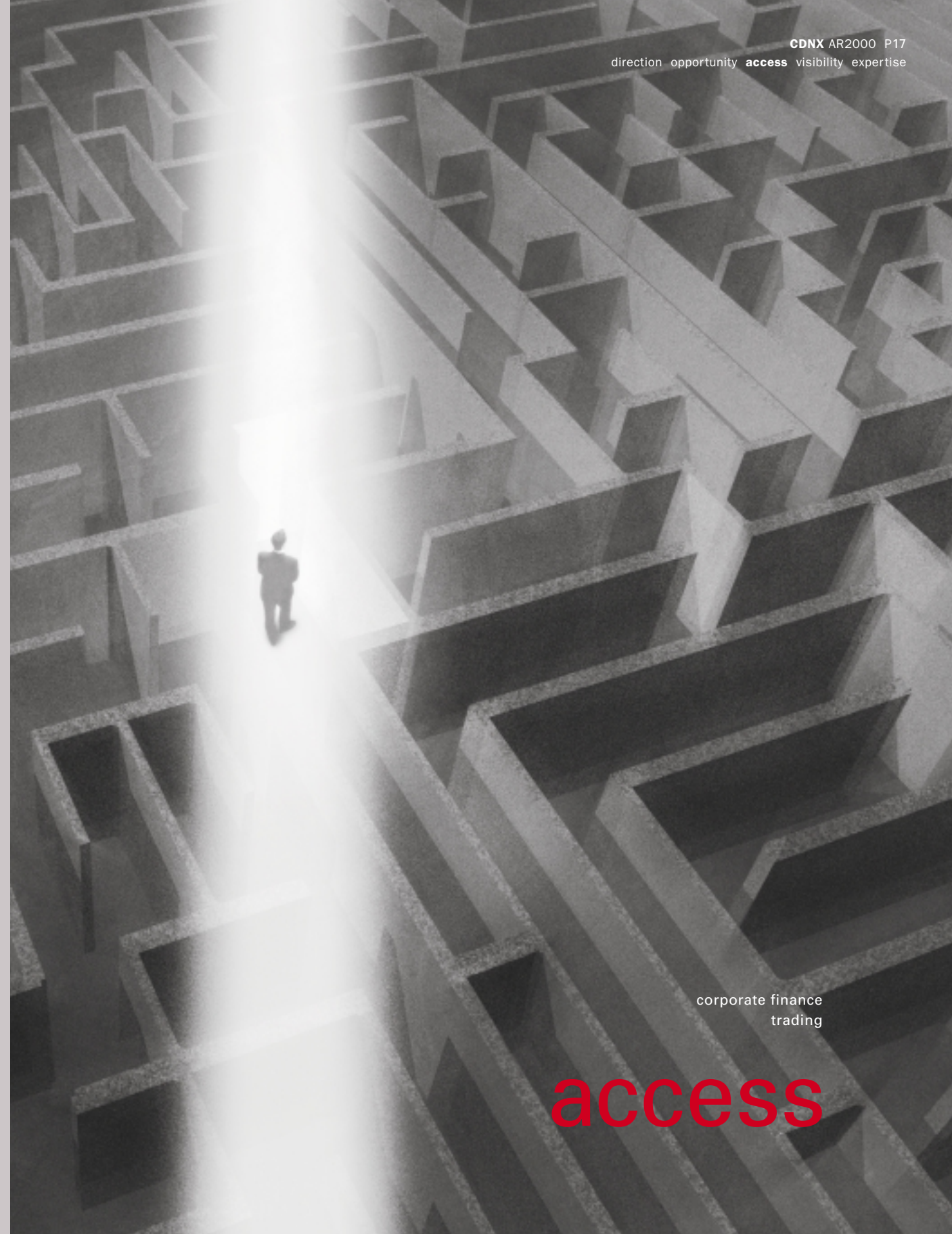
What's behind CDNX ?

“We're very proud of the fact that CDNX provides end-to-end reliability. It gives us the advantage of being able to ensure integrity of all aspects of the communications from start to finish.”

LLOYD COSTLEY, *Executive Vice-President & CFO*

corporate finance
trading

access



access

CANADA IS A VAST NATION. Eighty per cent of Canadians live within 200km of the 8,890km-long Canada-US border. To be a national organization in this country means to offer regional access and national reach. With four regional offices, CDNX offers emerging companies local experts who work in the community, understand the region's economic and industry drivers and can assist companies in gaining access to a pool of capital from across the nation.

CDNX opened its Toronto office in 2000, with the integration of the Canadian Dealing Network, and by the end of the year had a staff complement of 18. It's expected that as the Toronto team taps the primed Ontario market—in particular the entrepreneurial hotbeds of Ottawa and Kitchener-Waterloo and Toronto's institutional investor community—staff counts will

increase accordingly in 2001. Staff from the Winnipeg Stock Exchange also was added to the CDNX team roster last year.

The integration of Toronto and Winnipeg, following the merger of the two Western-based regional stock exchanges, necessitated the consolidation of corporate finance policies across all these regions. This provided a unique opportunity for CDNX to consult with industry experts, including securities lawyers and corporate finance professionals, to determine best practices for CDNX and policies that would facilitate the best access to our public market.

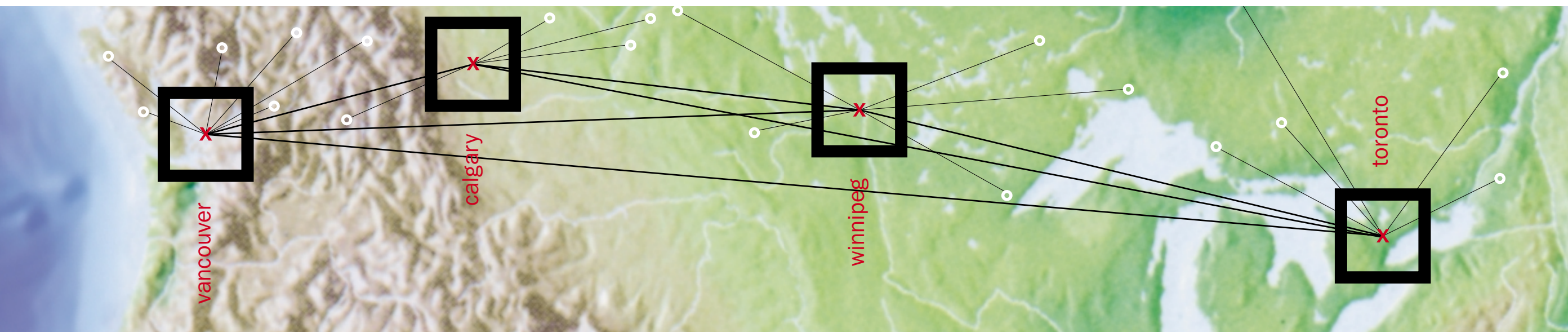
Last year, CDNX signed an agreement with the Montreal Exchange, which could see more than 125 companies join CDNX once regulatory approval is obtained. An office in Atlantic Canada also is being

considered. Given the right regulatory environment, and once market conditions improve and member firms have sufficient business opportunity to create the need for additional CDNX offices, companies in those regions may also enjoy access to a broader, deeper pool of funding.

CANADIANS INVEST IN THEIR NATION. Canadian investors like to invest in homegrown companies, especially those from their own region. But they also demand an efficient, liquid market that's easily accessible. As a national exchange, CDNX can offer efficiency and liquidity through the consolidation of the junior markets into one national public venture market. A highly reliable trading system ensures investors always have easy access to our market.

The markets in 2000 were dynamic and unpredictable, experiencing extreme peaks early in the year and deep valleys as the year drew to a close. Starting out in November 1999 with an index set at 2000, the CDNX index broke 4000 early last year, reaching a peak of 4471.84 in March. Highest trading value and number of transactions were reached March 6, with 66,571 trades valued at \$274 million. Trading volume soared to a one-day high of 170 million shares on March 7.

After record trading levels during February and March, the trading engine capacity was upgraded to handle 150,000 trades-per-day. By providing capacity far in excess of our market's growth potential, CDNX can assure investors and listed companies that robust trading mechanisms are in place to support the unforeseen dynamics of unpredictable market forces.



access

As the year progressed, the unpredictability of the markets demonstrated that the excitement of the year's first quarter was not to be repeated. However, the CDNX index closed out the year having performed remarkably well. Overall, it was up 23.8 per cent, ending the year at 2894.21, up from 2337.45 on December 31, 1999.

Representing a country as diverse as Canada means representing many different segments of the economy. CDNX caters to a diverse range of market segments including technology, mining, oil & gas and a number of other sectors. Of the \$2.37 billion in equity financings in 2000, 50 per cent went to technology,

mining received 16 per cent, oil & gas received 11 per cent and 23 per cent collectively went to other segments, such as finance, real estate and health care.

Access to capital is arguably the single greatest challenge early-stage companies face. Having the CPC program available in four provinces opens the door

for many entrepreneurs to obtain the seed funding necessary to acquire either assets or a business. The CPC program also offers risk-tolerant investors the opportunity to get in on the ground floor of early-stage business ventures.

corporate finance

CORPORATE FINANCE. Often the first experience an early-stage company has with CDNX is with the Corporate Finance department. It's the goal of Corporate Finance to help companies become adept at meeting the corporate governance and other requirements associated with being a public company. This increases a company's chances of gaining access to the capital needed not only during the initial going-public stage, but also during subsequent stages of financing as the company grows.

Last year, CDNX enhanced its sponsorship program to increase the chances of success for companies wishing to raise capital through the public venture market. Improvements were made to guidelines related to company directors and management, integrity of supplied financial information and the suitability of a company's business for public listing. This process also provides investors with access to quality company information through InfoCDNX once a company becomes listed on the Exchange.

Corporate Finance increased its own depth of expertise last year by adding to its roster a specialist in accounting standards found among only a handful in the accounting profession in Canada. CDNX is now poised to assist issuers and their advisors by providing insights into accounting and financial reporting matters and to serve as an advocate for early-stage public companies on impending changes to Canadian accounting rules.

We are planning to further streamline our policies

in 2001 to eliminate significant reviews of straightforward, common, low-risk transactions such as private placements, stock option grants and acquisitions as part of the ordinary course of business. For transactions that are less material in nature, CDNX is developing an Extranet that will allow our issuers to carry out secure transactions with us electronically and receive real-time acceptance based on pre-set parameters reviewed by the system.

trading

TRADING. There's no faster paced, technologically advanced environment at CDNX than our trading operations. Furious keyboarding and concentrated stares at banks of video monitors ensures that buyers and sellers of CDNX-listed securities may take advantage of our order-driven, open-auction market directly, with no market-maker in between.

We offer end-to-end reliability through our TradeCDNX™ system, which is managed from the server through the communication network, and external and router networks, right down to the order entry at the brokerage firm's desktop. This enables us to ensure integrity in all aspects of communication from start to finish and to provide our issuers and investors with efficient access to the market.

Last year, our trading system provided access during 99.36 per cent of all trading hours. This is especially impressive given the demands on the system during the first quarter when trading volumes exploded and the later integration of over 280 securities from the Canadian Dealing Network and Winnipeg Stock Exchange. All trading for the Montreal Exchange is currently hosted on TradeCDNX

under partition from CDNX securities.

While CDNX invested significantly to keep abreast of technology with over 20 system enhancements in 2000, we expect to make a decision in 2001 about our next generation trading system. This will keep us ahead of the technology curve and prepare us for the anticipated growth of CDNX and the public venture capital market in Canada.

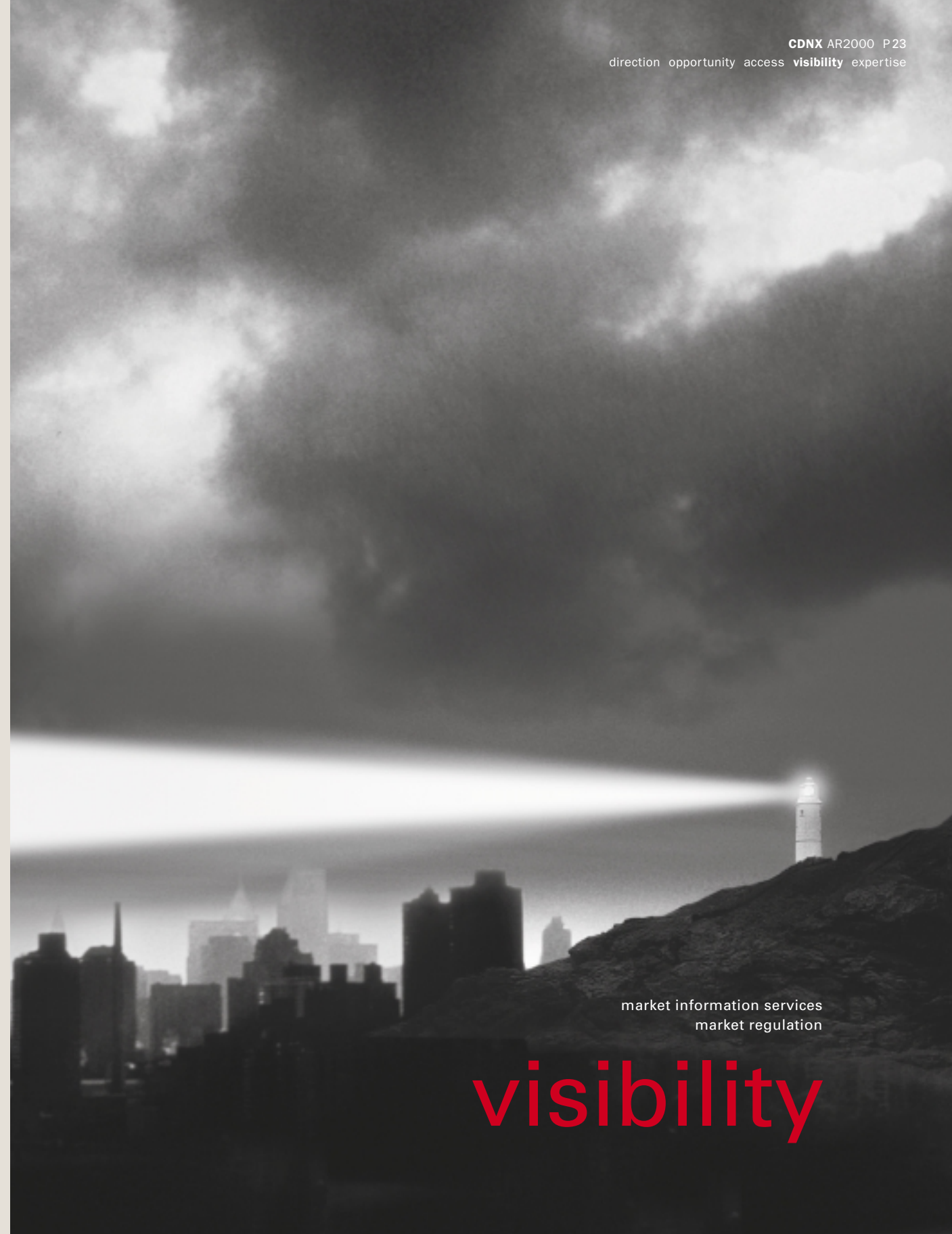
“We take a great deal of pride in the strength of CDNX’s regulatory system. By their very nature, venture capital investments have a greater business risk, but we do our best to ensure that CDNX is a fair place to make those investments.”

ANGELA HUXHAM, *Vice-President Market Regulation*

What’s behind CDNX ?

market information services
market regulation

visibility



visibility

CANADIANS, AS A NATION, ARE INFORMED. Not only are Canadians informed about their own country, they pride themselves in knowing something about the rest of the world. It's what sets Canadians apart and affords them credibility and respect from other countries.

The credibility of CDNX and the opportunity our market offers are our most precious assets. Our goal is to provide the most efficient facility for venture funding while maintaining the highest standards of disclosure, fairness and integrity. That's a difficult balance to maintain, but we pride ourselves in being the best in the public venture capital industry at striking the right balance between effective regulation and fostering opportunity for emerging companies.

A significant initiative in 2000 was the enhancement of our sponsorship requirements for members bringing

companies public on CDNX. The purpose of this sponsorship program is to minimize risk to investors and to increase the chances of success for the companies. When a company wants to go public, the sponsoring member brings them to CDNX only after conducting due diligence to make sure the company is ready with a strong business plan, solid management and sound financial information to support the plan. This program encourages member firms to mentor the companies they are sponsoring through the process to prepare them for being a public company. For investors, this increased level of due diligence sees market regulation begin at the earliest stage in the going public process with a view to establishing a fair public venture marketplace.

CDNX regulates the trading activity of companies on the Exchange. We maintain and monitor a sophisticated

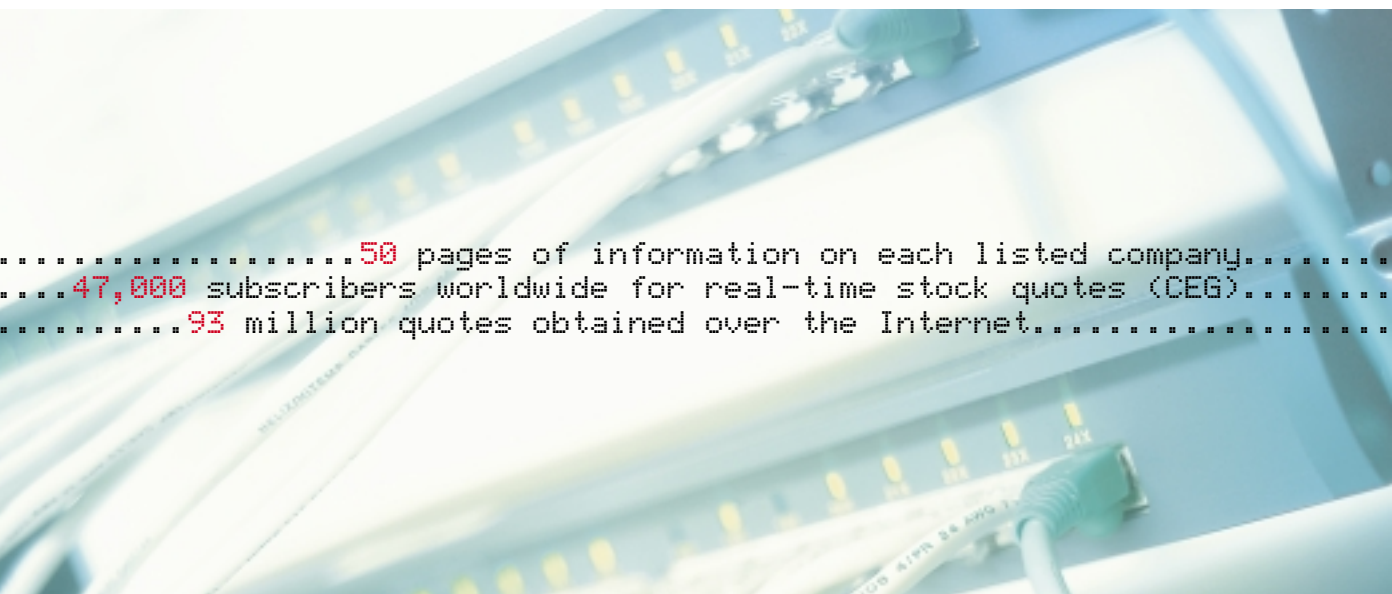
trading system that enables buyers and sellers to have direct, immediate access to one another. Our technology-based trading facilities allow us to intercept trades and keep them from taking place if trading activity appears to be outside the parameters established for fair trading in our market.

CDNX also actively monitors the public activities of our listed companies by tracking news releases and other information to ensure changes of a material nature are properly disclosed to keep investors informed at all times.

CANADA IS A NATION OF LIFE-LONG LEARNERS. Last year, CDNX developed education programs and delivered numerous workshops to support the integrity of the public venture capital market. We helped to educate

CDNX-listed companies about how to be good public companies. Companies were provided with guidance on matters such as corporate governance and financial reporting and help in understanding the requirements for continuous disclosure.

Seminars to educate lawyers and corporate finance professionals in the industry were also held across the country. Since CDNX is relatively new to the national scene, professionals in the community were keen to learn about the going public process and the policies and regulatory regime as it relates to the public venture capital market in Canada.



.....50 pages of information on each listed company.....
....47,000 subscribers worldwide for real-time stock quotes (CEG).....
.....93 million quotes obtained over the Internet.....



visibility

Recognizing the challenges of getting information out to a vastly dispersed nation, CDNX is leveraging technology through a three-year phased Web redevelopment project that started in 2000. Extensive research was conducted to ensure we develop the best Web tools

for investors and other stakeholders to gain access to the type of information they require in a manner they desire. The redesigned Web site is expected to be launched in 2001 and to conclude with final phases of site functionality implemented in 2002.

We are continually striving to achieve efficiencies and, as part of the Web redevelopment project, an Extranet is being developed that will simplify the processes for basic transactions between CDNX and listed companies or their legal counsel or corporate

finance professionals. One of the most significant benefits for companies listing on CDNX is the exposure that being a public company offers. With a significantly enhanced Web site, companies can expect increased visibility in the marketplace.

market information services

Timely reliable information is invaluable, especially in a market like Canada's public venture capital market where knowledge and coverage among the mainstream channels—such as industry analysts and media—is limited. CDNX's Market Information Services (MIS) fills that gap through a diverse complement of information products and services for issuers, investors and others in the industry.

The market data industry has undergone significant changes over the past year. It has experienced a prolifer-

ation of Web-based quote distributors, the integration of quote feeds into internal systems by corporate subscribers and pricing pressures to make the data more accessible to the public.

Real-time CDNX stock quotes are consolidated with those from the Toronto Stock Exchange and Montreal Exchange to form the Consolidated Canadian Data Feed (CCDF). This is distributed internationally through the Canadian Exchange Group (CEG) which has over 47,000 subscribers worldwide. Subscribers can gain access to

CCDF quotes through quote terminals or workstations and over the Internet. Over 93 million quotes were obtained over the Internet last year. MIS also produces MarketDepth that provides 10,000 subscribers with information about various levels of trade orders and prices on all CDNX-listed securities.

This reach and depth of our market information offers CDNX-listed companies a heightened profile and visibility not available through any other means. At the same time, investors are provided the highest degree of

transparency and depth of information possible about CDNX securities to assist with investment decisions.

InfoCDNX, a veritable storehouse of listed company information, is housed on CDNX's Web site and is offered free of charge to the public. InfoCDNX is kept relevant with current listed company bulletins and news releases, corporate action updates, treasury orders, exchange notices and other information. Access to InfoCDNX is available by going to www.cdnx.com.

market regulation

Maintaining an efficient, transparent, liquid market protects CDNX's most important assets—credibility and opportunity offered in our market. It starts with our member firm sponsorship program that requires member sponsors to carry out the necessary due diligence before bringing a company to CDNX to go public. Our oversight of the market carries through the lifetime of all securities listed on CDNX to provide investors with information about companies to make informed investment

decisions. Listed companies benefit from the reputation that comes with being listed on a well-regulated market.

Our trading engine, TradeCDNX, is used as a base for the development of sophisticated surveillance techniques, including an aptly named monitoring system called SLEUTH. Used for flagging unusual trading activity, SLEUTH identifies trades or patterns of trading that fall outside our trading system's pre-established price and volume parameters.

There are a number of investigative tools deployed by CDNX to maintain the integrity of our market. The Analyzer Trade Analysis Program (ATAP) detects market manipulation by matching orders and trades to determine who is on the buy and sell side of the market in any particular security. The High-Close Monitors allow for the detection of high-closings and the Market Replay recreates the market at any point in time to show not only trades executed through TradeCDNX but also the history

of orders that have been placed.

The business activities of issuers also are monitored to ensure companies practice proper corporate disclosure.

CDNX halts or suspends trading of companies and takes appropriate enforcement action if it appears there is not a fair market for the trading of particular issues or when a company has failed to comply with CDNX's listing agreement and policies.

“The number one responsibility of any board is to focus on strategic direction. The CDNX Board of Directors ably accomplishes this with an impressive depth of experience, knowledge and good judgment.

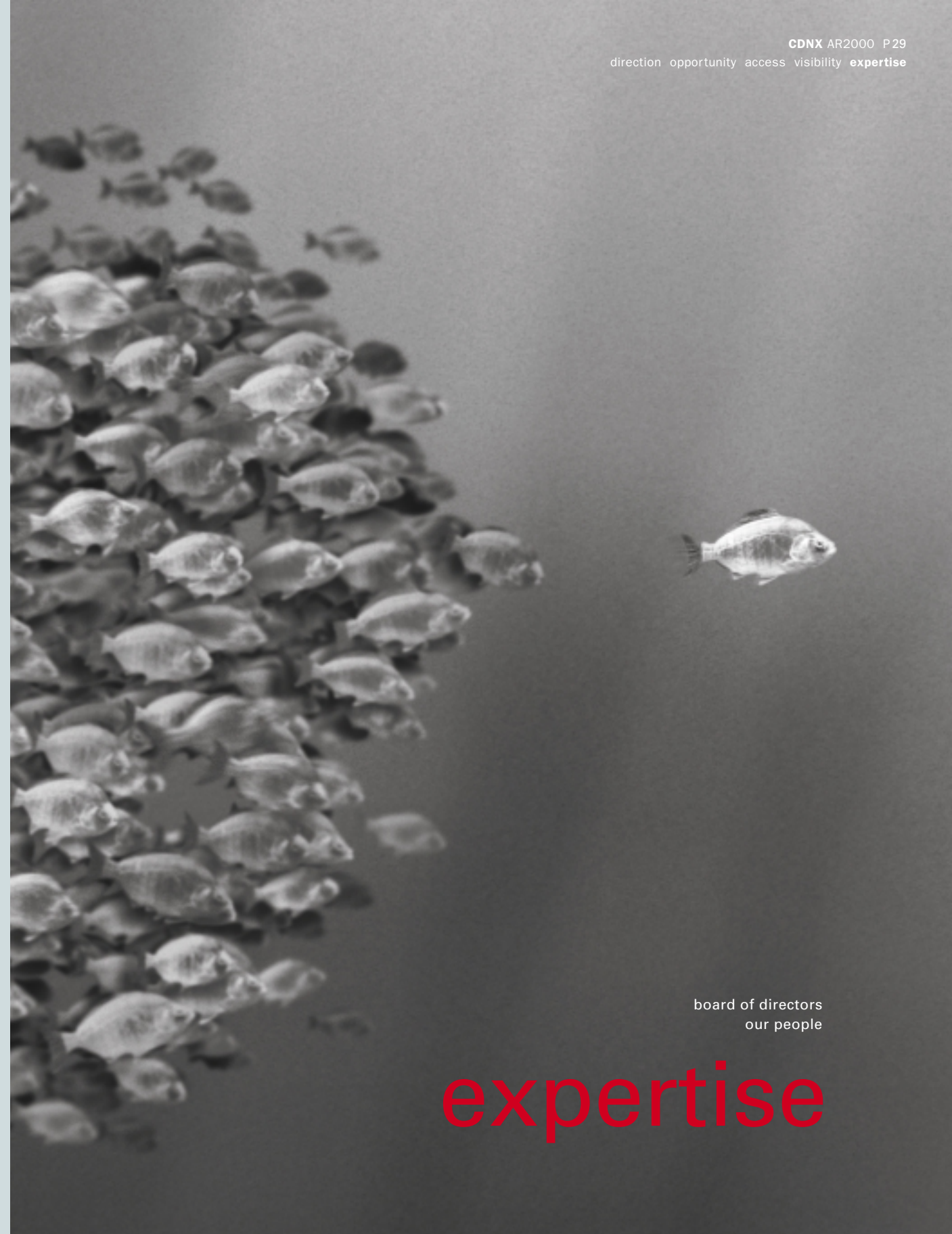
We can share our experiences and offer advice about the benefits of going public and the best route for a company to get listed on the Exchange. And I believe this service increases their chances of success.”

JOHN HAGG, *Independent Director CDNX Board of Directors*

What's behind CDNX ?

board of directors
our people

expertise



expertise

SUSAN COPLAND, Manager, Policy, Vancouver. Susan develops and implements corporate finance policies that govern CDNX-listed companies. Based on the policy team's experience and feedback from securities commissions and the industry, Susan and her team have redrafted several major CDNX policies that will be implemented in 2001.

JODY-ANN EDMAN, Corporate Analyst, Vancouver. Jody-Ann analyzes, summarizes and recommends action to be taken on submissions from listed companies and companies seeking listing on CDNX. A chartered accountant, Jody-Ann reviews the financial statement disclosure accompanying these submissions to ensure all policy requirements are met.

STEPHEN MCBRIDE, Corporate Data Specialist,

Vancouver. Stephen works to maintain the integrity of company information posted on InfoCDNX, the electronic database that provides more than 50 pages of information on every CDNX-listed company. Stephen also prepares and posts the Daily Bulletins and Market Flash reports on InfoCDNX.

MATT BOOTLE, Director, Accounting Standards, Calgary. Matt specializes in public company financial reporting and disclosure, with a particular emphasis on the junior capital market. Matt applies his industry knowledge and experience to assist CDNX issuers and their advisors on accounting and financial reporting matters.

MANI SANGHERA, Surveillance Officer, Vancouver. As part of the surveillance team, Mani enforces CDNX listing agreements, rules and policies, and oversees corporate gover-

nance activities of companies listed on the Exchange. He was responsible for reviewing over 260 companies transferred from the Canadian Dealing Network to CDNX last year.

DALE BOYD, Manager, Trading Services, Vancouver. Dale oversees day-to-day trading operations at CDNX, providing advice on trading system access, rules and trader registration. Dale and her team directed the significant system upgrades to TradeCDNX in early 2000.

NEELAM MANHAS, Trading Development Group Leader, Vancouver. As a member of the team that designed, developed and implemented the original computerized trading system, Neelam is responsible for software development of all TradeCDNX applications. Neelam and her group successfully upgraded the CDNX trading system in early

2000, to handle the significant increase in trading activity.

NADINE CASEY FRENCH, Manager, Regulatory Affairs, Calgary. Casey provides advice and support on legal and regulatory issues. She worked closely with the Vice-President, Regulatory Affairs and Corporate Secretary to coordinate the policies and regulations associated with the integration of the Canadian Dealing Network and Winnipeg Stock Exchange in 2000.

JOANNE BUTZ, Manager, Corporate Maintenance, Calgary. Joanne leads the team responsible for ensuring integrity within and between the three listing tiers on CDNX. The team conducts an ongoing financial review of listed companies on all the tiers and reviews applications from Tier 2 companies interested in moving to Tier 1.

Jody-Ann Edman
Corporate Analyst

Matt Bootle
Director, Accounting
Standards

Neelam Manhas
Trading Development
Group Leader

Nadine Casey French
Manager, Regulatory Affairs

Judie Thom
Director, Business
Development

Janet Becker
Legal Counsel



Susan Copland
Manager, Policy

Stephen McBride
Corporate Data
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Mani Sanghera
Surveillance Officer

Dale Boyd
Manager,
Trading Services



Joanne Butz
Manager, Corporate
Maintenance



Kevan Cowan
Vice-President



Tom Graham
Corporate Finance
Manager

Ungad Chadda
Corporate Finance
Manager

expertise

KEVAN COWAN, Vice-President, Toronto. Kevan is responsible for the Ontario operations of CDNX and was instrumental in facilitating the transfer of 262 companies from the former Canadian Dealing Network to CDNX. Kevan is leading a significant expansion of the Toronto office and the introduction of CDNX programs in Ontario.

JUDIE THOM, Director, Business Development, Toronto.

Judie and the national business development team are implementing focused marketing programs designed to reach new audiences across Canada. Specifically, Judie works with key stakeholders to increase CDNX's participation in the Ontario market.

UNGAD CHADDA and **TOM GRAHAM**, Corporate Finance Managers, Toronto. Together, Ungad and Tom

oversee the corporate finance group in the Toronto office. They maintain the integrity and interpretation of CDNX's corporate finance policies and manage the relationship between CDNX and its Ontario listed companies, prospective companies and financial advisors. Ungad and Tom also are involved in the CDNX business development plan and public education program in Central and Eastern Canada.

JANET BECKER, Legal Counsel, Toronto. Janet is part of the national policy team responsible for redeveloping CDNX corporate finance policies. Located in Toronto, Janet works with the other members of the national team reviewing and revising corporate finance policy. She provides input and advice from the Ontario perspective and provides legal and policy advice to CDNX Toronto staff.

board of directors

When the CDNX Board of Directors was appointed in 1999, Dennis Burdett was the first Chairman of the Board, which consisted of 22 members. While Mr. Burdett continues to serve on the CDNX board, G. Scott Paterson assumed the role as Chairman of the Board in 2000, and has been one of CDNX's greatest supporters.

A significant strength of the CDNX board is its broad representation. Directors hail from a wide range of industry sectors and represent key CDNX stakeholders, including listed companies, institutions, venture capitalists and

investors. The depth and breadth of experience provides capable and effective strategic direction to support CDNX in fulfilling its mandate to improve and grow the public venture capital market in Canada.

Our directors are very industry-aware. They have a keen understanding of current issues and developments in the venture capital market and direct CDNX strategies to best leverage opportunities.

Last year, the board played a key role in developing and approving CDNX's 2001 Strategic Plan, focusing

on a number of initiatives including the three-year Web redevelopment project, establishing a seamless graduation path to senior markets for CDNX-listed companies, and promoting business development and marketing opportunities across the country.

The board also assisted in positioning CDNX as the national public venture capital Exchange in Canada. Board members worked with the CDNX President & CEO and other senior executives to evolve a corporate structure that would support the organization's mandate

and keep and attract those people with the best skills in the market.

In keeping with the industry's movement toward more independent representation on boards, CDNX will enhance its corporate governance practices by moving to a board in 2001 with 50 per cent representation from individuals independent of CDNX member-shareholders and participating organizations. The new board structure will provide a balance of industry and non-industry experience around the table.

our people

TEAM CANADA SYMBOLIZES OUR NATION. In business, as in sports, the finest teams have solid bench strength and every player is essential to produce a winning team. The bench strength of the CDNX team comes from a depth of industry knowledge and business know-how, and expertise in the public venture market unmatched anywhere in the country. We have an entrepreneurial style and consultative approach to our business that reflects our market.

Two hundred and seventy people work at CDNX. In 2000, we hired 94 new people and expanded our depth in key disciplines to reflect our national business scope

and to increase our presence in the Calgary and Toronto markets. This includes 15 staff we integrated from the Canadian Dealing Network and three from the Winnipeg Stock Exchange. The new staffing activity is complemented by a solid 45 per cent of CDNX staff who have more than five years' experience with our organization.

CDNX increased its corporate finance depth last year by adding specialized accounting and financial reporting expertise to the team. By hiring one of a small number of specialists in this field, we help our issuers cost effectively increase the quality of accounting information they give to their shareholders. This expertise

positions CDNX to serve as an advocate for our early-stage public companies on the issue of significant changes to Canadian accounting rules expected in 2001.

CDNX is pro-actively involved in regulatory, policy and business initiatives that have an impact on our market and the securities industry at large. Last year, we participated in national industry committees, including the national Joint Corporate Governance Committee. CDNX is a partner with the TSE and the Canadian Institute of Chartered Accountants on this initiative that was established to make recommendations for improved corporate governance standards among public compa-

nies in Canada. CDNX was also involved in the Securities Industry Committee on Analyst Standards.

Our employees across the country also bring considerable regional knowledge to the CDNX team. They are familiar with the financial community, understand local economic drivers, and recognize local opportunities and business challenges. This regional knowledge, combined with involvement in initiatives at a national level that have had an impact on our country, provides early-stage companies and investors with the best combination of expertise available in the public venture market in Canada.

board of directors

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**TD Waterhouse Investor
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member firms*

*As of Feb. 28, 2001.

(Full member firm and participating organization contact lists are available at the back of the CDNX Annual Report Financial Book, or on the CDNX Web site www.cdnx.com.)

participating organizations

Brant Securities Limited

Charles Schwab Canada, Co.

Commission Direct Inc.

CTI Capital Inc.

Desjardins Securities Inc.

KPLV Securities Inc.

ISL-Lafferty Securities Inc.

Laurentian Bank Securities Inc.

MacDougall MacDougall & MacTier Inc.

National Bank Discount Brokerage Inc.

Norstar Securities International Inc.

Paradigm Capital Inc.

Penson Financial Services Canada Inc.

Pollitt & Co. Inc.

Pope & Company

Refco Futures (Canada) Ltd.