BIRD CONSTRUCTION INC.

(Formerly Bird Construction Income Fund)

ANNUAL INFORMATION FORM

For the year ended December 31, 2010

Dated March 3, 2011

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1. CORPORATE STRUCTURE

1.1 Name, Address and Incorporation

Bird Construction Inc. (the "Company") was incorporated on March 5, 2010 under the *Business Corporations Act* (Ontario) for the sole purpose of facilitating the conversion of Bird Construction Income Fund (the "Fund") to a corporation. The Company entered into an Arrangement Agreement dated March 12, 2010 with the Fund for this purpose. Under the Arrangement Agreement and plan of arrangement (the "Arrangement"), the Fund's unitholders transferred their units in the Fund to the Company in exchange for common shares of the Company on a one-for-one basis. On January 1, 2011, the Arrangement became effective and, accordingly, all former unitholders are now shareholders of the Company and the Company owns all of the outstanding units of the Fund. The Company's common shares are listed on the Toronto Stock Exchange and began trading on January 4, 2011 and the Fund's units were delisted after the close of markets on December 31, 2010.

During 2010, the Company did not carry on any business or conduct operations. The Company had no assets or liabilities other than the $10 in cash paid by the Fund to the Company for one common share issued on incorporation. With the completion of the Arrangement on January 1, 2011, the Bird group of companies will continue to carry on the same business as previously conducted. The Company will be managed by the existing management team of Bird Construction Company Limited ("Bird") and will pursue the same strategy previously employed by the Fund and Bird.

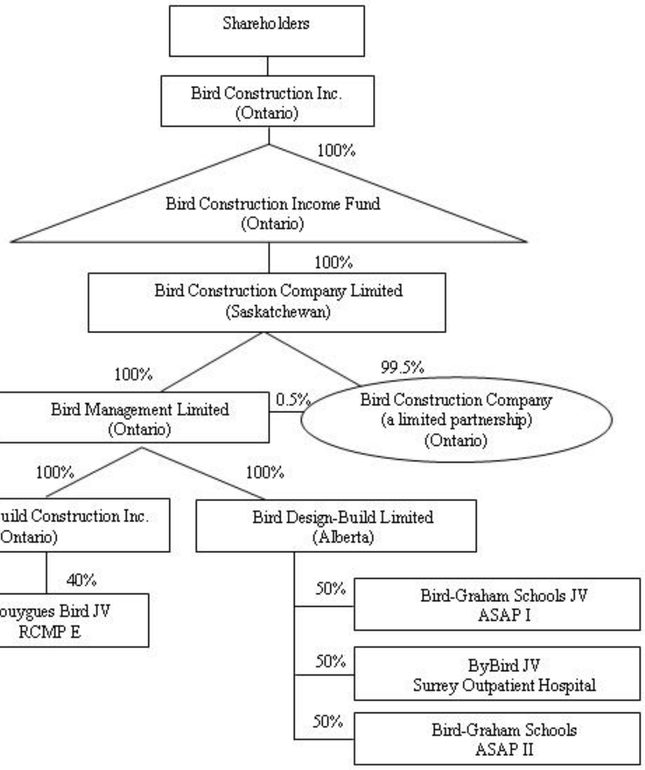
Bird remains a wholly-owned subsidiary of the Fund. It is expected that the Fund will be wound up and terminated as soon as practicable in 2011 such that Bird will become a wholly-owned subsidiary of the Company.

Bird is a corporation existing under the laws of the Province of Saskatchewan resulting from the amalgamation of Bird Construction Company Limited and Bird Construction Acquisitionco Inc. on February 27, 2006, when Bird elected to convert to an income trust structure. The business was originally formed as a partnership in 1920 and was incorporated as Bird Construction Company Limited under the laws of the Province of Saskatchewan on February 15, 1930. Bird first became a reporting issuer in 1973.

The Company's registered and principal office is located at 5403 Eglinton Avenue West, Toronto, Ontario M9C 5K6.

1.2 Intercorporate Relationships

The following diagram illustrates the organizational structure of the Company, its principal subsidiaries, its investment in the limited partnership and related joint ventures.



Bird conducts a number of its public private partnership ("PPP") projects using joint ventures which offer the benefits of pooling of resources required to complete the project and the spreading of risk between partners. The joint ventures are formed to undertake a specific project, are jointly controlled by the partners and are dissolved upon completion of the project. It is expected that as soon as practicable, the Fund will be wound up and the Bird shares that it holds will be distributed to the Company, so that Bird will become a direct wholly-owned subsidiary of the Company. Immediately prior to the completion of the Arrangement, all of the subordinated debt owing to the Fund from Bird was repaid through the issuance of additional common shares of Bird to the Fund.

2. GENERAL DEVELOPMENT OF THE BUSINESS

2.1 The Business

During 2010, Bird carried on business as a general contractor with offices in Calgary, Edmonton, Toronto, Vancouver and Winnipeg and, as a result of the acquisition of Rideau Construction in 2008, Halifax and Saint John. In 2010, Bird completed the wind down of its Seattle, Washington branch. Bird, which has been in operation for more than 90 years, focuses primarily on projects in the industrial, commercial and institutional sectors of the general contracting industry, using fixed price, design-build, unit price, cost reimbursable, guaranteed upset price, and construction management contract delivery methods.

Construction industry activity is tied to the general state of the economy. In 2007 and for most of 2008, the geographic markets that the Company operates in generally experienced high levels of economic activity, particularly in western Canada. In 2009, Bird's revenues and earnings declined from those reported in 2008, primarily resulting from a reduction in Alberta oil sands activity, offset to some extent by an increase in revenues and earnings derived from the institutional sector. Bird's institutional business increased as a result of the impact of government stimulus programs combined with the award of a number of large PPP design-build projects. In 2010, both revenues and earnings were lower than those recorded in 2009 resulting from a continuation of lower Alberta oil sands activity, combined with lower overall 2010 project margins relating to more recently awarded contracts.

At the end of 2010, the Company has a backlog of $1,229.6 million, compared with $901.4 million at the end of 2009 and $1,104.7 million at the end of 2008.

The retail and commercial sector represented 7% of 2010 revenues (12% in 2009; 29% in 2008). The decline in the relative significance of revenues derived from this sector reflects the impact of the economic downturn combined with the impact on the availability and the cost of obtaining funding for construction projects, which was most pronounced in 2009. In the current construction market, opportunities in the retail and commercial markets are significantly reduced compared to the period before the start of the economic downturn. Although some recovery is expected in 2011 as the economy is projected to strengthen, this market is likely to remain very competitive and the impact of this improvement on 2011 earnings is expected to be minimal.

The institutional sector represented 61% of 2010 revenues (55% in 2009; 32% in 2008). Federal and provincial fiscal stimulus channeled through construction spending created opportunities in 2009 and 2010, combined with the positive impact of a number of PPP projects. All levels of government are now expected to come under pressure to address budget deficits; however, it is not clear to what degree this will affect their capital spending programs in 2011 and beyond. During the year ended December 31, 2010, the Company was awarded four fixed price PPP design-build contracts. The Company will continue to be active in this market sector and will be submitting proposals for additional PPP projects in 2011; however, competition is increasing and the number of projects that will come to the market in 2011 is uncertain.

The industrial market contributed 32% of 2010 revenues (33% in 2009; 39% in 2008). Alberta oil sands activity in late 2009 and through 2010 was significantly reduced from the high levels experienced in 2007 and 2008. A number of the Company's oil sands clients have announced plans for projects and indications are that capital expenditures will return to, and possibly exceed pre-2009 levels. Oils sands work has been an area of competitive strength for the Company and Bird will position itself to participate in this renewed opportunity. While construction work on smaller projects is expected to be available in 2011 and it is expected that some larger projects may become available to secure in 2011, these projects are not expected to have a substantial impact on operating results until 2012.

Successful financial performance of the Company is dependent upon securing profitable construction contracts and then controlling the cost associated with performing the work. The ability to secure contracts is a function of the general state of the economy. In the first half of 2010, the Company generated revenues and earnings, which significantly reflected strong Backlog carried forward from a period of robust economic activity prior to the economic downturn. Construction markets remain very competitive and, although the Company has been successful in growing the amount of Backlog, the margins associated with the new projects are lower and are now being reflected in earnings. Earnings in 2011 are expected to continue to reflect the impact of a more competitive construction market which the Company has experienced since the start of the economic downturn, without the benefit of projects secured in a more robust economic environment prior to the downturn, which are now largely complete.

2.2 Significant Acquisitions and Recent Events

On February 1, 2008, the Fund announced the acquisition of 100% of the outstanding shares of Rideau Construction Incorporated and Rideau Management Services Incorporated (collectively "Rideau Construction") for an aggregate purchase price of $15.8 million.

Approximately one-half of the purchase price was paid in cash from the working capital of the Fund and the other half was satisfied by the issuance of 262,102 trust units of the Fund to the Rideau Construction vendors.

Rideau Construction was a general contractor with operations in Nova Scotia and New Brunswick serving clients in the institutional, commercial and light industrial markets. The Halifax and Saint John operations of Rideau Construction have become the Atlantic branches of the Company, with Rideau Construction's key principals and managers staying on to lead the Company's new Atlantic operations. This acquisition added over 100 full-time employees to the Company's organization and has made the Company a true national general contractor with operations from coast to coast.

On February 5, 2009, Bird announced an intention to wind down its Seattle, Washington branch. The operation was closed in early-2010 upon completion of its current operations. Management made the decision to close the Seattle branch due to an inability to generate the expected financial results and in order to refocus its senior management resources on opportunities in the Canadian market.

On January 1, 2011, the Arrangement was completed, allowing the Fund to convert from a publicly traded income trust to a publicly-traded corporation.

2.3 Creation of Bird Construction Inc. and the Reasons for the Arrangement

With the introduction of the SIFT Rules on October 31, 2006, the Fund believed that there was diminishing value associated with the income trust structure. The Board of Trustees and senior management of Bird believed that the best opportunity for creating value was to proceed forward as a corporate entity. The Arrangement allowed the Fund to convert to a corporation while maintaining a focus on enhancing value for Shareholders/Unitholders. The Arrangement will enable the Company to continue with an initial cash dividend rate equivalent, on an annual basis, to the Fund distribution rate and to pursue growth opportunities.

2.4 Impact of the Arrangement

The Arrangement did not result in the infusion of additional capital to the Company. Pursuant to the Arrangement, Unitholders of the Fund received for each Unit held, one common share of the Company. The Company replaced the Fund as the publicly listed entity on the TSX and the ultimate parent company of the Bird entities, previously held by the Fund.

3. CORPORATE GOVERNANCE OF THE COMPANY

The Board of Trustees determined that the Board of Directors of the Company should initially be comprised of the same eight individuals who are Trustees, to ensure that they have the resources, breadth of experience and range of expertise to effectively carry out their responsibilities as Directors of the Company. The initial directors were appointed as Trustees of the Fund and Directors of Bird at the annual general meeting of the Fund held on May 10, 2010. B.D. DuPont was not formerly a Trustee of the Fund or a Director of Bird. She was appointed to the Board of Directors of the Company effective January 1, 2011. The Directors of the Company will remain in their capacities until the first annual general meeting of the Company to be held on May 6, 2011.

3.1 Dividend Policy of the Company

Previously, the Board of Directors approved an initial dividend rate that was equivalent, on an annual basis, to the Fund's distribution rate in 2010 of $1.80 per year. This dividend rate equated to $0.45 per quarter per common share. On March 3, 2011, the Board of Directors approved an increase in the annual dividend rate of 10 percent, resulting in an annualized dividend rate of $1.98 per common share or $0.495 per common share per quarter. On March 3, 2011, the Board of Directors declared a $0.495 per common share dividend for the first quarter of 2011 to shareholders of record on March 31, 2011 payable on April 20, 2011. Also, on March 3, 2011, the Board of Directors decided to commence paying dividends monthly beginning with the dividend for the month of April 2011. The payment of dividends on common shares will be made monthly to shareholders of record on the last business day of the month, with the actual payment of the dividend made on or about the 20th of the following month.

In establishing the dividend rate for a particular period, the Company will take into consideration, amongst other things, the need to meet future requirements for increases in working capital and equity to meet contract security requirements, provide the financial capacity to withstand any downturn in the construction industry should it occur, expanding the business and the desirability of maintaining a stable or increasing dividend rate.

3.2 Directors

The Company will have a minimum of three Directors and a maximum of 10 Directors. At least 25% of the directors shall be resident Canadians, but if the Company has fewer than four Directors, at least one Director shall be a resident Canadian. The Directors will be elected by the shareholders by ordinary resolution. The Directors may from time to time appoint from their number one or more committees of Directors, including the requirement of the Company to maintain an Audit Committee.

The Directors shall manage or supervise the business and affairs of the Company.

3.3 Meetings of Shareholders

Meetings of shareholders are required to be called and held annually for the election of Directors and the appointment of auditors of the Company and transacting such other business as the Directors may determine or as may be properly brought before the meeting.

Shareholders may attend and vote at all meetings of the shareholders either in person or by proxy, and a proxy holder need not be a shareholder. Two persons present and each holding or representing by proxy at least one issued common share of the Company shall be a quorum of any meeting of shareholders for the choice of a chair of the meeting and for the adjournment of the meeting to a fixed time and place but may not transact any other business. For all other purposes a quorum for any meeting shall be persons holding or representing by proxy not less than 25% of the total number of issued common shares of the Company.

4. DESCRIPTION OF THE BUSINESS

4.1.1 *General Information*

The Company is a general contractor with offices in Calgary, Edmonton, Toronto, Vancouver and Winnipeg and, with the acquisition of Rideau Construction in February 2008, Halifax and Saint John. The Company and its predecessors have been in operation for over 90 years. The Company focuses primarily on projects in the industrial, commercial and institutional ("ICI") sectors of the general contracting industry. The Company serves clients in the industrial, institutional, retail, commercial, multi-tenant residential, light industrial, and renovation and restoration sectors using fixed price, design-build, unit price, cost reimbursable, guaranteed upset price and construction management contract delivery methods. In 2008, 2009 and 2010, the Company secured and will continue to pursue design-build contracts with groups participating in the PPP contracts in the institutional sector. As a general contractor carrying on business in the ICI marketplace, the Company does not have reportable segments as defined in the Canadian Institute of Chartered Accountants Handbook.

While Bird self-performs some elements of its projects, the majority of the overall construction risk rests with its subcontractors and suppliers. The scope of the work of each subcontractor is defined by the same drawings and specifications that form the basis of the general contractor's agreement with the client. The terms of the agreement between the general contractor and client are replicated in the agreement between the general contractor and its subcontractors. These "flow-down" provisions substantially mitigate the risk borne by the general contractor. Depending on the value of the work, the general contractor may require bonds or other forms of security from subcontractors effectively guaranteeing that they will meet their contractual obligations. The Company has minimal investment in equipment and fixed assets. Bird's primary asset and constraint on growth is the availability of qualified professional staff who can be assigned to secure and manage projects.

4.1.2 *Industry Sectors*

Institutional

Institutional projects include such projects as hospitals, correctional facilities, schools, post-secondary educational facilities, community recreation facilities and military projects. Bird has developed staff, both in the office and in the field, with the strong skills required to effectively manage these complex projects. The institutional sector represented 61% of 2010 revenues (55% in 2009; 32% in 2008). Federal and provincial fiscal stimulus channeled through construction spending created opportunities in 2009 and 2010, combined with the positive impact of a number of PPP projects. All levels of government are now expected to come under pressure to address budget deficits; however, it is not clear to what degree this will affect their capital spending programs in 2011 and beyond. During the year ended December 31, 2010, the Company was awarded four fixed price PPP design-build contracts. The Company will continue to be active in this market sector and will be submitting proposals for additional PPP projects in 2011; however, competition is increasing and the number of projects that will come to the market in 2011 is uncertain.

Industrial

This sector includes projects in the petro-chemical, oil sands, mining, refinery, water and waste water treatment and forestry sectors. Within the industrial sector, the focus of Bird is the construction of industrial buildings and on civil construction including concrete foundations, underground piping and earthwork. Bird has developed staff with strong project management and pre-construction skills. Furthermore, in northern Alberta, Bird has developed loyal construction crews with excellent expertise in concrete construction. Bird has a strong safety program and enjoys an outstanding safety record, which represents a significant asset in the industrial marketplace. Bird has an excellent reputation with its clients for quality workmanship and adherence to environmental requirements. The industrial market contributed 32% of 2010 revenues (33% in 2009; 39% in 2008). Alberta oil sands activity in late 2009 through 2010 was significantly reduced from the high levels experienced in 2007 and 2008. A number of the Company's oil sands clients have announced plans for projects and indications are that capital expenditures will return to, and possibly exceed pre-2009 levels. Oils sands work has been an area of competitive strength for the Company and we will position ourselves to participate in this renewed opportunity. While construction work on smaller projects is expected to be available in 2011 and it is expected that some larger projects may become available to secure in 2011, these projects are not expected to have a substantial impact on operating results until 2012.

Commercial

Bird's retail construction experience has involved the construction or renovation of various types of retail projects, such as enclosed shopping malls, shopping plazas, "big box" stores and grocery stores while working with a distinguished list of national and local retailers. The retail and commercial sector represented 7% of 2010 revenues (12% in 2009; 29% in 2008). The decline in the relative significance of revenues derived from this sector reflects the impact of the economic downturn combined with the impact on the availability and the cost of obtaining funding for construction projects, which was most pronounced in 2009. In the current construction market, opportunities in the retail and commercial markets are significantly reduced compared to the period before the start of the economic downturn. Although some recovery is expected in 2011 as the economy is projected to strengthen, this market is likely to remain very competitive and the impact of this improvement on 2011 earnings is expected to be minimal.

Competitive Conditions

The barriers to entry to the building construction business are relatively low and Bird competes with many national, regional and local construction firms in this market. The expertise, capital and labour pool required to perform in the industrial market and in the PPP market are greater and the pool of competitors is smaller. In all its markets, Bird endeavors to distinguish itself and reduce the number of its competitors by developing specialized expertise in construction of particular building types, by building long-term relationships with its clients, by maintaining a superior safety record and by offering a high level of service.

4.1.3 *Cyclicality*

The construction industry is cyclical and follows the general state of the economy in the local geographic area. Bird manages cyclicality through geographic diversification, market diversification and through its relationship with large and well-financed clients who are more likely to maintain their construction programs during an economic downturn than locally-based clients that are more subject to local economic forces.

4.1.4 *Seasonality*

Although Bird experiences some seasonality in its business, variations in net income from quarter to quarter primarily reflect the differences in the profitability of the contracts administered in any given quarter. First quarter revenues are often lower than subsequent quarters due to winter weather constraints and construction schedule planning around the coldest months.

4.1.5 *Variability in Quarterly Earnings*

Construction contracts typically extend over several quarters and sometimes over several years. For purposes of quarterly financial reporting, Bird must estimate the cost required to complete each contract to assess the overall profitability of the contract and the amount of profit to recognize for the quarter. Such estimating includes contingencies to allow for certain known and unknown risks. The magnitude of the contingencies will depend on the nature and complexity of the work to be performed. As the contract progresses and remaining costs to be incurred and risk exposures become more certain, contingencies will typically decline although certain risks will remain until the contract has been completed, and even beyond. As a result, earnings may fluctuate significantly from quarter to quarter, depending on whether large and/or complex contracts are completed or nearing completion during the quarter, or have been completed in immediately prior quarters.

4.1.6 *Environmental*

Bird is subject to, and to the best of its knowledge is in compliance with, federal, provincial and municipal environmental legislation in all of its areas of operations. Bird recognizes that it must conduct all of its business in such a manner to both protect and preserve the environment. Management is not aware of any pending environmental legislation which would be likely to have a material impact on any of Bird's operations, capital expenditure requirements or competitive position.

4.1.7 *Employees*

Bird employed approximately 457 full-time salaried persons, 4 permanent part-time persons and 328 hourly persons (of which 288 were unionized workers) as at December 31, 2010. The number of hourly employees is dependent on the number and status of ongoing projects. Comparable numbers as at December 31, 2009 were 461 full-time salaried persons, 2 permanent part-time persons and 273 hourly persons (of which 231 were unionized workers). Comparable numbers as at December 31, 2008 were 450 full-time salaried persons, 2 part-time persons and 381 hourly persons (of which 318 were unionized workers).

4.1.8 *Geographic Markets*

Bird operates across Canada and prior to 2010 in selected areas of the United States. In Canada, Bird has offices in Calgary, Edmonton, Halifax, Saint John, Toronto, Vancouver and Winnipeg and in the United States it had an office in Seattle, Washington, which was closed in early 2010. In 2010, Bird recorded construction revenue of $842.0 million (2009, $866.3million; 2008, $1,003 million) in Canada. In 2010, no revenues were recorded from operations in the United States (2009, $11.6 million; 2008, $33.1 million).

4.1.9 *Surety Support*

Many clients and substantially all government clients, require general contractors with whom they conduct business to provide surety bonds. A surety bond is an instrument provided by a surety company that guarantees that a general contractor will perform its contractual obligations. Surety bonds for Bird are provided by Travelers Guarantee Company of Canada.

Bird's agreements with its surety company are on industry standard terms.

4.1.10 *Working Capital and Investments*

The amount of working capital maintained by the Company is substantially determined by the minimum amount required to maintain adequate levels of surety support and to provide other forms of security to its clients. Bird also generates surplus cash from its operations. Bird invests excess cash in accordance with its investment policy in a variety of instruments of varying maturities to match its cash requirements. Short-term investments are made in overnight deposits, bankers' acceptances and term deposits. Investments in these instruments are generally for maturities of 90 days or less. The Company also holds investments in preferred shares and short-term corporate bonds and debentures.

4.1.11 *Subcontractors and Suppliers*

Upon award of a construction contract, Bird will, in turn, make awards to various subcontractors and suppliers required to provide materials and services for the project. These subcontractor and supplier awards are normally made on the basis of fixed price quotations provided to Bird during the bidding phase. The quotations are typically firm for the same period of time that the price submitted by Bird is open for acceptance by its client. Accordingly, the risk of any fluctuations in material or labour pricing is borne by Bird's subcontractors and suppliers.

The scope of the work of each subcontractor is defined by the same drawings and specifications that form the basis of Bird's agreement with its client. The terms of the agreement between Bird and clients are replicated in the agreement between Bird and its subcontractors. These "flow-down" provisions substantially mitigate the risk borne by Bird. Depending on the value of the work, Bird may require surety bonds or other forms of security from subcontractors effectively guaranteeing that they will meet their contractual obligations.

4.1.12 *Specialized Skills and Knowledge*

Operation of the business requires staff with specialized skills and knowledge in the management of office and field construction activities. There is generally a shortage of suitably trained and experienced staff available to the Company which represents an impediment to growth and a risk in the event of staff turnover. There are a number of college and university programs that provide graduates with basic skills required to enter the industry. For many years, the Company has relied on a strategy of hiring staff at an entry level and providing them with the additional training and experience required.

4.2 Risks Relating to the Business

4.2.1 *Ability to Secure Work*

Bird generally secures new contracts either through a competitive bid process or through negotiation. Awards in both the public and private sectors are generally based upon price, but are also influenced by factors such as perceived level of services offered, construction schedule, project personnel, the make-up of the subcontractor team, prior experience with the prospective client and the type of project and the ability to provide bonds and other contract security. In order to be afforded an opportunity to bid for projects in the PPP contract market, a strong balance sheet measured in terms of an adequate level of working capital is typically required. Bird operates in markets that are highly competitive and there is constant pressure to find and maintain a competitive advantage. In the current economic climate, competition is more intense than experienced prior to the downturn in late 2008. This presents significant challenges for the Company. If those competitive challenges are not met, Bird’s client base could be eroded or it could experience an overall reduction in profits. In the current economic climate and as a result of a decline in commodity prices in 2009 and challenging credit markets, Bird experienced a decrease in activity from private clients, as the decisions of these clients to proceed with construction projects are largely driven by economic factors.

A decline in demand for Bird’s services from the private sector could have an adverse impact on the Company if that business could not be replaced within the public sector. A portion of Bird’s construction activity relates to government-funded institutional projects. Any reduction in demand for Bird’s services by the public sector, whether as a result of funding constraints, changing political priorities or delays in projects caused by elections, could have an adverse impact on the Company if that business could not be replaced within the private sector. Government-funded projects also typically have long and sometimes unpredictable lead times associated with government review and approval. The time delays associated with this process can constitute a risk to general contractors pursuing these projects. Certain government-funded projects, particularly PPP projects, may also require significant bid costs which can only be recovered if Bird is the successful bidder. A number of governments in Canada have procured a significant value of projects under a PPP contract format, which is an attractive market for the Company. A reduction in the popularity of this procurement method or difficulties in obtaining financing for these projects would have negative consequences for Bird.

4.2.2 *Economy and Cyclicality*

Activity within the construction industry is tied to the general state of the economy. Thus, in periods of strong economic growth, capital spending will generally increase and there will be more and better quality opportunities available within the construction industry. Bird attempts to insulate itself in various ways from the effects of negative economic conditions. (See para. 4.1.3 Cyclicality) However, there is no assurance that these methods will be effective in insulating Bird from a downturn in the economy. Furthermore, as a result of increased demand in certain regions or industry sectors, the Company has in the past earned above-average margins on particular projects. There is no assurance that above-average margins that may have been generated on historical contracts can be generated in the future. For more than 10 years, the Company has increased its focus on industrial projects in northern Alberta, such as the oil sands. A significant decrease in construction activity in this sector, which the Company is currently experiencing, could have an adverse effect on the Company’s financial performance and results of operations. Furthermore, most of Bird’s contracts are and will be relatively short-term (less than two years, generally). As such, any prolonged downturn in the economy could impact Bird’s ability to generate new business or maintain a backlog of contracts with acceptable margins to sustain Bird through such downturns.

4.2.3 *Potential for Non-Payment*

Before signing any construction contract, Bird goes to considerable lengths to satisfy itself that the potential client has adequate resources to pay as construction work is completed. Throughout the contract, Bird also attempts to ensure that payments are collected from clients before Bird’s payments to subcontractors and suppliers for that contract fall due. However, because of the nature of Bird’s contracts and occasionally because of delays in customer payments, Bird may be required to utilize its working capital to fund construction costs temporarily. If a customer defaults in making its payments on a project, Bird would generally have the right to register a lien against the project. If the customer was unable or unwilling to pay the amount owing to Bird, a lien against the property would normally provide some security that Bird could realize what it is owed. However, in these situations, Bird's ability to collect what it is owed is never assured. Payment default by a client could result in a financial loss to Bird that could have a material effect on Bird's operating results and financial position.

4.2.4 *Ability to Hire and Retain Qualified & Capable Personnel*

The success of Bird is highly influenced by the efforts of key members of management including its executive officers and branch managers. The loss of the services of any of Bird's key management personnel could negatively impact Bird. The future success of Bird also depends heavily on its ability to attract, retain and develop high-performing personnel in all areas of its operations. Most firms throughout the construction industry face this challenge, and accordingly, competition for professional staff is intense. If Bird ceases to be seen by current and prospective employees as a highly attractive place to work, it could experience difficulty in hiring and retaining the right people. This could have an adverse effect on current operations of Bird and would limit its prospects and impair its future success.

4.2.5 *Completion & Performance Guarantees/Design-Build Risks*

Under some contracts, failure to meet a project deadline may expose Bird to financial penalties, or liquidated damages under the contract or Bird may be held responsible for cost impacts to the client resulting from any delay. PPP infrastructure contracts typically contain more onerous financial penalties for project delays, which further increases Bird's exposure to these risks. Under other contracts, particularly design-build contracts, the work or portions thereof may be required to meet certain performance specifications and the specified needs of the customer. This places on Bird the added risk of liability for design flaws as well as added construction costs that may result from such flaws. If the project fails to meet performance specifications or if it is found that Bird is responsible for errors made in the design of the project, Bird would be exposed to the costs necessary to meet the performance specifications or to rectify the design error. The Company mitigates its exposure to these risks by subcontracting for design services and subscribing for professional liability insurance.

If Bird fails to meet these completion performance or design obligations, the total costs of the project could exceed original estimates and could result in a loss to Bird for that project. In extreme cases, such situations could have a material negative impact on the operating results and financial position of Bird.

4.2.6 *PPP Project Risk*

Bird is active in the public private partnership market. Bird's role in these projects is typically to provide design-build construction services to a consortium that is formed to provide design, construction, financing and management of a public facility. Inherent in the design-build contract format are performance guarantee and design-build risks outlined in 4.2.5 above. Among other things, the performance guarantees on PPP projects often include responsibility for the energy performance of the facility and achievement of LEED® standards and if Bird fails to meet the required standards, it may be liable for substantial penalties. The construction contracts also typically require Bird to pay significant liquidated damages if the projects are not completed on schedule.

The PPP procurement model also typically results in the transfer of certain risks to the contractor beyond what would be the case for a similar facility under a conventional fixed price contract format. These include responsibility for such issues as changes in law and certain force majeure and delay events. In addition, if Bird's contract was terminated for cause, the Company would be exposed to substantial breakage costs from the consortium and their lenders. The security required to support the obligations that the Company undertakes on these projects typically includes substantial letters of credit which may be drawn upon in the event that the Company fails to meet its obligations.

4.2.7 *Performance of Subcontractors*

Successful completion of a contract by Bird depends, in large part, on the satisfactory performance of subcontractors who are engaged to complete the various components of the work. If subcontractors fail to satisfactorily perform their portion of the work, Bird may be required to engage alternate subcontractors to do the work and may incur additional costs. This can result in reduced profits, or, in some cases, significant losses on the contract and could also damage the reputation of Bird. In addition, the ability of Bird to bid for and successfully complete projects is, in part, dependent on the availability of qualified subcontractors and trades people. Depending on the value of the subcontract, Bird may require surety bonds or other security from the subcontractor in order to mitigate this risk. Bird closely monitors all subcontractor and trades person capacity concerns in order to mitigate any effect on operations. A significant shortage of qualified subcontractors and trades people could have a material impact on Bird's financial condition and results of operations.

4.2.8 *Competitive Factors*

Bird competes with many national, regional and local construction firms, who often enjoy advantages in a particular market that Bird does not have or they may have more experience or a better relationship with a particular client. On any given contract bid or negotiation, Bird will attempt to assess the level of competitive pressure it may face and it will attempt to neutralize or overcome any perceived advantage that its competitors have. Depending on this assessment, Bird will decide whether or not to pursue a contract. In addition, this assessment bears directly on decisions that Bird will make including what level of profit can be incorporated into its contract price and what personnel should be assigned to the contract. The accuracy of this assessment and the ability of Bird to respond to competitive factors affect Bird's success in securing new contracts and its profitability on contracts that it does secure.

4.2.9 *Estimating Costs/Assessing Contract Risks*

The contract price for a significant number of contracts performed by Bird is based, in part, on cost estimates that are subject to a number of assumptions. If, as a result of faulty estimates or unforeseen circumstances, Bird's assumptions are erroneous, its assessment of the risks associated with the contract are incorrect, or its estimates of the project costs are inaccurate, profit on the job may be lower than anticipated or a loss may be incurred.

4.2.10 *Access to Surety Support and Other Contract Security*

On many of its construction contracts, Bird is required to provide surety bonds. Bird's ability to obtain surety bonds depends primarily upon its capitalization, working capital, past performance, capability and continuity of management, as well as its current level of activity. As the value of Bird's backlog increases, Bird may be required to maintain higher levels of equity and working capital than it currently maintains. The level of working capital required to maintain ongoing surety support is subject to negotiation and cannot be determined exactly. Furthermore, the overall capacity of the surety market and claims experience of sureties will have an influence on the pricing and availability of bonds. There is no assurance that Bird will have access to surety support on favourable or commercially reasonable terms or at all for all the contracts it would like to pursue. Bird's agreements with its surety company are on industry standard terms.

To participate in the PPP market, the Company is typically required to support its contractual commitments by posting substantial letters of credit and providing corporate guarantees, both of which are limited by the working capital and equity of the Company. It is possible that ability of the Company to secure new projects will be constrained by its capitalization.

4.2.11 *Litigation/Potential Litigation*

As a part of the normal course of the construction business, disputes arise between parties to construction contracts. While Bird attempts to resolve any disagreements or disputes before they escalate to litigation, in some situations this is not possible. At any given time, Bird may be involved in a number of disputes that could lead to litigation and there may be a number of disputes in various stages of litigation. It is management's opinion that adequate provision has been made in Bird's consolidated financial statements for any potential settlements relating to such matters and management does not believe that any existing litigation or pending litigation will ultimately result in a final judgment against Bird that would have a materially adverse impact on the operations of Bird. Litigation is, however, inherently uncertain. Accordingly, adverse outcomes to current litigation or pending litigation are possible. These potentially adverse outcomes could include financial loss, damage to Bird's reputation or reduction of prospects for future contract awards.

4.2.12 *Quality Assurance and Quality Control*

Bird enters into contracts which specify the scope of the project to be constructed including quality standards. If all or portions of the work fail to meet these standards, Bird would be exposed to additional costs for the correction of non-compliant work.

4.2.13 *Maintaining Safe Work Sites*

In spite of the best efforts of Bird to minimize the risk of accidents, accidents can happen. When they do, the impact on Bird can be significant. Bird's success as a general contractor is highly dependent on its ability to keep its construction worksites safe. Failure to do so can have serious impact on the personal safety of its employees and others. In addition, it can expose Bird to fines, regulatory sanction or even criminal prosecution. Bird's safety record and worksite safety practices also have a direct bearing on its ability to secure work, particularly in the industrial sector. Certain clients will not permit general contractors to perform their work if their safety practices do not conform to predetermined standards or if the general contractor has an unacceptably high incidence of safety infractions or accidents. Management is not aware of any pending health and safety legislation or prior incidents which would be likely to have a material impact on any of Bird's operations, capital expenditure requirements, or competitive position. Nevertheless, there can be no guarantee with respect to the impact of future legislation or accidents.

4.2.14 *Accuracy of Cost to Complete Estimates*

As Bird performs each construction contract, costs are continuously monitored against the original cost estimates. On at least a quarterly basis, a detailed estimate of the costs to complete a contract is compiled by Bird. These estimates are an integral part of Bird's process for determining construction revenues and profits and depend on cost data collected over the duration of the project as well as the judgments of Bird's field and office personnel. To the extent that the cost to complete estimates are based on inaccurate or incomplete information or on faulty judgments, the accuracy of reported construction revenues and profits can be compromised. Bird has adopted many internal control policies and procedures aimed at mitigating exposure to this risk.

4.2.15 *Work Stoppages, Strikes and Lockouts*

Bird is signatory to a number of collective bargaining agreements. Future negotiation of these collective bargaining agreements could increase Bird's operating expenses and reduce profits as a result of increased wages and benefits. Failure to come to an agreement in these collective bargaining negotiations or those of its subcontractors and suppliers or government agencies could result in strikes, work stoppages, lockouts and increased costs resulting from delays on construction projects. A strike or other work stoppage is disruptive to Bird's operations and could adversely affect portions of its business, financial position, results of operations and cash flows.

4.2.16 *Potential Fluctuations in Quarterly Financial Results*

Bird's quarterly financial results may be impacted by a variety of factors including, without limitation: the timing of recognition of revenue from existing projects; the ability to accurately estimate costs for completion of work; the availability of, and competition for, new projects; costs or penalties associated with unanticipated delays in project completion; fluctuations in the general economic and business conditions in the market in which Bird operates; actions by governmental authorities including the level of governmental demand for the services provided by Bird; governmental regulations and expenditures required to comply with them; labour unrest involving Bird's workers, many of whom are unionized; seasonal weather conditions; and other conditions affecting revenues and expenses. Bird's operating expenses are incurred throughout each quarter. As a result, if expected revenues are not realized as anticipated, Bird's quarterly financial results could be materially adversely affected. Accordingly, there may be significant variations in the Company's consolidated quarterly financial results.

4.2.17 *Compliance with Environmental Laws*

Bird is subject to numerous federal, provincial and municipal environmental laws, and judicial, legislative and regulatory developments relating to environmental protection occur on an ongoing basis. Bird's projects can involve the handling of hazardous and environmentally sensitive materials, which if improperly handled or disposed of, could subject Bird to civil and criminal penalties. While Bird strives to keep informed of and to comply with all applicable environmental laws, circumstances may arise and incidents may occur that are beyond Bird's control that could adversely affect Bird. Management is not aware of any pending environmental legislation or incidents that would be likely to have a materially adverse impact on any of Bird's operations, capital expenditure requirements or competitive position, although there can be no assurance that no future legislation will be enacted or incidents will occur which may have a material impact on Bird's operations.

4.2.18 *Performance of Investment Portfolio*

Bird maintains a portfolio of marketable security investments. Bird has no control over the factors that affect the value of the investments in the Bird portfolio. Factors unique to each issuer or company in which Bird invests may affect the value of these investments. A substantial drop in the value of these investments could materially and adversely affect Bird's financial results. The investment portfolio contributes cash flow to Bird. This cash flow could vary significantly over time depending on the portfolio's performance which could affect the level of distributions. The portfolio is not professionally managed, but is managed by the CEO and CFO of Bird with the assistance of investment brokers and advisors.

4.2.19 *Joint Venture Risk*

Bird sometimes forms joint ventures to pursue and execute projects. A joint venture structure can be beneficial by permitting pooling of resources required to complete a project and by spreading risk between the partners. The joint ventures in which Bird participates are typically formed to undertake a specific project, are jointly controlled by the partners and are dissolved upon completion of the project. The agreements which govern these joint ventures typically require that the partners supply their proportionate share of operating funds and that they share profits and losses in accordance with specified percentages. Bird selects its joint venture partners based on a variety of criteria including relevant expertise, past working relationships as well as analysis of the prospective partners' financial and construction capabilities. Each participant in a joint venture is usually liable for the obligations of the joint venture on a joint and several basis. In the event that Bird's joint venture partner fails to perform their obligations due to financial or other difficulties, Bird may be required to provide additional resources to the project and assume responsibilities for the obligations of its joint venture partner including responsibility for financial losses.

4.2.20 *Insurance Risk*

In the normal course of business Bird maintains insurance in order to satisfy the requirements of its construction contracts and part of its corporate risk management policies. Although Bird believes it maintains an appropriate amount of insurance coverage, there can be no assurance that the Company's insurance arrangements will be sufficient to cover claims incurred.

4.2.21 *Adjustments and Cancellations of Backlog*

The performance of the Company in a period depends significantly on the contribution from projects in its Backlog. There can be no assurance that the revenues or profits included in Backlog at any point in time will be realized. Contract suspensions, reductions and cancellations, which are beyond the control of Bird, do occur from time to time in the construction industry. Customers may have the right to suspend, cancel or reduce the scope of their contract with Bird, and although Bird generally has the right to be reimbursed for certain costs, it typically has no contractual rights to the total revenue or profit that was expected to be derived from such projects. These reductions may have a material adverse impact on future revenues and profitability

4.3 <u>Risks Relating to the Shares</u>

4.3.1 *Unpredictability and Volatility of Trading Prices*

A publicly-traded corporation does not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the common shares will trade cannot be predicted. The market price of a common share could be subject to significant fluctuations in response to variations in quarterly operating results and other factors. In addition, the securities markets have experienced significant price and volume fluctuations from time to time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the common shares.

4.3.2 *Payment of Dividends*

The payment of dividends on common shares is at the discretion of the Board of Directors of the Company. In establishing the amount of any dividend, the Board of Directors will take into consideration, amongst other things, the need to meet future requirements for increases in working capital and equity to meet contract security requirements, provide the financial capacity to withstand any downturn in the construction industry should it occur, expanding the business and the desirability of maintaining the dividend rate. There can be no assurances that the current dividend rate will not change in the future.

5. DIVIDENDS AND DISTRIBUTIONS

Upon conversion to an income fund in 2006, the Fund began to make regular monthly cash distributions and occasional special distributions. In establishing the distribution policy for a particular period, the Fund took into consideration, amongst other things, the desirability of maintaining a stable or increasing distribution rate, and its current and potential future requirements for increases in working capital and equity to support its surety and contract security requirements. In 2010, the Fund continued its practice of retaining the excess of cash available for distribution relative to distributions declared for the purpose of increasing its working capital. The Fund's initial regular monthly distribution rate was set at $0.0967 per unit.

Effective December 2007, the regular monthly distribution rate was increased to $0.1209 per unit and in June 2009, the regular monthly distribution rate was increased to $0.1500 per unit.

Shareholders who are non-residents of Canada are required to pay all withholding taxes payable in respect of any dividends by the Company.

Cash distributions on Fund units for the fiscal year ended December 31, 2010 were as follows:

Period	Record Date	Payment Date	Distributions or Dividends Per Unit	Amount (000's)
January 2010	January 29, 2010	February 19, 2010	0.1500	$2,108
February 2010	February 26, 2010	March 19, 2010	0.1500	2,108
March 2010	March 31, 2010	April 20, 2010	0.1500	2,108
April 2010	April 30, 2010	May 20, 2010	0.1500	2,108
May 2010	May 31, 2010	June 18, 2010	0.1500	2,108
June 2010	June 30, 2010	July 20, 2010	0.1500	2,108
July 2010	July 30, 2010	August 20, 2010	0.1500	2,108
August 2010	August 31, 2010	September 20, 2010	0.1500	2,108
September 2010	September 30, 2010	October 20, 2010	0.1500	2,108
October 2010	October 29, 2010	November 19, 2010	0.1500	2,108
November 2010	November 30, 2010	December 20, 2010	0.1500	2,108
December 2010	December 31, 2010	January 20, 2011	0.1500	2,108
		Totals	$1.8000	$25,292
Comprised of:				
	Regular distributions on units of the Fund		$1.8000	

The three-year history of annual distributions per unit of the Fund is as follows;

2010	2009	2008
$1.80	$1.65	$1.45

Previously, the Board of Directors approved an initial dividend rate that was equivalent, on an annual basis, to the Fund's distribution rate in 2010 of $1.80 per year. This dividend rate equated to $0.45 per quarter per common share. On March 3, 2011, the Board of Directors approved an increase in the annual dividend rate of 10 percent, resulting in an annualized dividend rate of $1.98 per common share or $0.495 per common share per quarter. On March 3, 2011, the Board of Directors declared a $0.495 per common share dividend for the first quarter of 2011 to shareholders of record on March 31, 2011 payable on April 20, 2011. Also, on March 3, 2011, the Board of Directors decided to commence paying dividends monthly beginning with the dividend for the month of April 2011. The payment of dividends on common shares will be made monthly to shareholders of record on the last business day of the month, with the actual payment of the dividend made on or about the 20th of the following month.

On March 3, 2011, the Board of Directors also approved a 3 for 1 stock split to be effected by way of a stock dividend to shareholders of record on April 14, 2011. In conjunction with the decision to commence declaring monthly dividends, the Board of Directors also approved regular cash dividends for the months of April 2011, May 2011 and June 2011 in the amount of $0.055 per common share reflecting the 3 for 1 stock split.

6. DESCRIPTION OF CAPITAL STRUCTURE

6.1 General

The Company is authorized to issue an unlimited number of common shares. Each common share is entitled to receive notice of and to attend all meetings of shareholders of the Company. Each common share is entitled to one vote at shareholder meetings. The holders of common shares are entitled to receive dividends when declared by the Board of Directors of the Company in such amount and in such form as the Board of Directors may determine from time to time. All dividends declared shall be paid in equal amounts per share on all common shares outstanding. In the event of dissolution, liquidation or winding up of the Company, common shareholders shall be entitled to receive the remaining assets of the Company after the prior rights of the holders of any preference shares and any other shares ranking senior to the common shares has been settled. On January 1, 2011, the effective date of the Arrangement the Company had 14,051,282 issued and outstanding common shares, equivalent to the number of Fund units outstanding immediately prior to Arrangement.

The Company is authorized to issue such number of preference shares, issuable in one or more series, provided that the number of issued preference shares shall not exceed 35% of the number of issued and outstanding common shares at the time such preference shares are issued. The Board of Directors shall determine the number of series issued and the number of preference shares issued within a series. The Board of Directors shall determine the designation, rights, privileges, restrictions and conditions to be attached to each series of preference shares, including but not limited to, dividend rates, whether dividends are cumulative or non-cumulative, the currency of payment, the date and place of payment, and any redemption, retraction or exchange conditions. On January 1, 2011, no preference shares were issued and outstanding.

The Company has no long-term debt outstanding.

On March 3, 2011, the Board of Directors approved a 3 for 1 stock split to be effected by way of a stock dividend. Subject to receipt of final regulatory approval, including approval of the Toronto Stock Exchange, each shareholder of record of the Company on April 14, 2011 will receive two additional common shares for each common share held on that date. The additional shares will be distributed on April 22, 2011.

On March 3, 2011 the Board of Directors recommended that the shareholders approve the introduction of a Stock Option Plan at the next special and annual general meeting to be held on May 6, 2011. The purpose of the Stock Option Plan is to provide eligible officers and employees of the Company and its subsidiaries with a share-related mechanism designed to develop and increase the interest in the growth and development of the Company by granting stock options from time to time to eligible persons and providing them the opportunity to acquire a proprietary interest in the Company through the purchase of common shares. A full description of the details of the Stock Option Plan is included in the Company’s 2010 Management Information Circular which can be found on sedar.com.

7. MARKET SECURITIES OF THE ISSUER

Fund units were listed on the Toronto Stock Exchange until December 31, 2010 (symbol “BDT.UN”). Pursuant to the Arrangement, the Fund units were de-listed on December 31, 2010 and effective January 4, 2011, the first trading day of the New Year, the common shares of the Company were listed for trading on the Toronto Stock Exchange (symbol “BDT”).

The following table outlines the trading price range and volumes of Fund units during 2010 and the Company shares during January and February 2011.

	Toronto Stock Exchange		
	Price Range		Trading
Month	High $	Low $	Volume
Units			
January 2010	34.34	31.00	298,175
February 2010	33.50	31.05	362,753
March 2010	34.69	31.21	972,197
April 2010	34.65	31.58	424,350
May 2010	34.32	28.50	679,778
June 2010	33.24	30.25	791,457
July 2010	33.90	29.30	408,712
August 2010	36.15	33.36	387,617
September 2010	38.99	35.00	566,810
October 2010	38.35	36.59	363,565
November 2010	38.00	28.97	1,494,317
December 2010	37.70	32.90	2,008,309
Shares			
January 2011	37.00	36.30	18,633
February 2011	37.65	36.85	14,191

8. ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Each of 3039497 Nova Scotia Limited, James J. Brennan, Durck deWinter, and Ian Boyd agreed that with respect to the trust units received pursuant to the terms of the Purchase Agreement completed for the acquisition of Rideau Construction on February 1, 2008 (which were converted into common shares of the Company pursuant to the Arrangement), that:

(a) from the date of the Purchase Agreement and until the first anniversary of the Closing Date in respect of 100% of the lock-up shares;
(b) from the date of the Purchase Agreement and until the second anniversary of the Closing Date in respect of 80% of the locked-up shares;
(c) from the date of the Purchase Agreement and until the third anniversary of the Closing Date in respect of 60% of the locked-up shares;
(d) from the date of the Purchase Agreement and until the fourth anniversary of the Closing Date in respect of 40% of the locked-up shares;
(e) from the date of the Purchase Agreement and until the fifth anniversary of the Closing Date in respect of 20% of the locked-up shares;

they will not offer, sell, transfer, contract to sell, assign, encumber, secure, pledge, grant or sell any option, right or warrant to purchase, or otherwise lend, transfer or dispose of any of such shares or securities convertible or exchangeable into the common shares; or make any short sale, engage in any hedging transaction or enter into any swap or other arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of any of those securities, whether any such transaction described herein is to be settled by the delivery of common shares, other securities, cash or otherwise, or agree to do any of the foregoing or publicly disclose the intention to make any such offer, sale, transfer, assignment, encumbrance, security, pledge, grant, loan, disposition or arrangement, without the prior written consent of the Purchaser, which consent may be withheld in the sole and absolute discretion of the Purchaser.

Escrowed Securities		
Designation of Class	Number of Securities Held in Escrow	Percentage of Class
Common Shares	157,260	1.12%

9. TRUSTEES, DIRECTORS AND OFFICERS

9.1 Directors and Executive Officers

As of the date hereof, the Directors and executive officers of the Company are listed below including their municipalities of residence, principal occupations and brief biographies. All of the Directors were formerly trustees of the Fund, except B. D. DuPont who was appointed to the Board effective January 1, 2011. Each of the Directors has been so appointed until the first annual meeting of shareholders of the Company to occur in 2011 or until his or her successor is elected or appointed. All of the officers of the Company are also officers of Bird.

Name of Municipality of Residence	Position (2)	Principal Occupation	Director Since (1)
J.R. Bird Calgary, Alberta	Director (3)(4)	Executive Vice President, Chief Financial Officer and Corporate Development, Enbridge Inc., an energy transportation company	1987
I. Boyd Saint John, New Brunswick	Vice President Atlantic of Bird Construction Inc.	Vice President Atlantic of Bird Construction Inc.	N/A
J.J. Brennan Hammonds Plains, Nova Scotia	Senior Vice President of Bird Construction Inc.	Senior Vice President of Bird Construction Inc.	N/A
Honourable J.J. Buchanan Victoria, British Columbia	Lead Director (3)(4)	President, Rundle Investments Ltd., an investment holding company	1997
P.A. Charette Oakville, Ontario	Director and Chair of the Board	Chair of the Board	1991
D.G. Doyle Winnipeg, Manitoba	Director, Audit Committee Chair (3)(4)	Corporate Director	2003
B.D. DuPont Calgary, Alberta	Director (3)(4)	Corporate Director	2011
S.R. Entwistle Kitchener, Ontario	Chief Financial Officer and Assistant Secretary of Bird Construction Inc.	Chief Financial Officer and Assistant Secretary of Bird Construction Inc.	N/A
J.U. Joseph Toronto, Ontario	Director, Personnel and Safety Committee Chair (3)(4)	Corporate Director	2001
K.W. McClure Loretto, Ontario	Vice President Operations, Central of Bird Construction Inc.	Vice President Operations, Central of Bird Construction Inc.	N/A
K.J. Nakagawa Delta, British Columbia	Vice President Pacific & Vancouver Branch Manager of Bird Construction Inc.	Vice President Pacific & Vancouver Branch Manager of Bird Construction Inc.	N/A
P.R. Raboud Toronto, Ontario	Director, Vice Chair of Bird Construction Inc.	Vice Chair of Bird Construction Inc.	2008
G. Royer Edmonton, Alberta	Vice President & Edmonton Branch Manager of Bird Construction Inc.	Vice President & Edmonton Branch Manager of Bird Construction Inc.	N/A
T.J. Talbott Woodbridge, Ontario	Director, President & Chief Executive Officer of Bird Construction Inc.	President & Chief Executive Officer of Bird Construction Inc.	2010
A.C. Thorsteinson Winnipeg, Manitoba	Director (3)(4)	President, Shelter Canadian Properties Limited, a real estate development and management company	1991
J.C. Trumbla Oakville, Ontario	Vice President, Finance of Bird Construction Inc.	Vice President, Finance of Bird Construction Inc.	N/A

Notes:

(1) Includes period of time served as a Director of Bird Construction Inc., as a Trustee of Bird Construction Income Fund and as a Director of Bird Construction Company Limited.

(2) Information set forth in this Item 8 relating to the Directors and officers of the Company is current as of the date hereof.

(3) Member of the Company's Audit Committee (Chair - D.G. Doyle).

(4) Member of the Personnel and Safety Committee (Chair – J.U. Joseph).

The following are brief biographies of the Directors and executive officers.

J. Richard Bird is Executive Vice President, Chief Financial Officer and Corporate Development of Enbridge Inc. where he is responsible for all financial affairs of the Company, and corporate planning, mergers and acquisitions, and corporate development. Prior to his current appointment at Enbridge, Mr. Bird served as Vice President and Treasurer, followed by Senior Vice President, Corporate Planning and Development, followed by Group Vice President, Transportation, followed by Group Vice President, Transportation North, followed by Executive Vice President, Liquids Pipelines. Mr. Bird joined Enbridge in 1995 after holding senior financial and corporate development executive positions at a number of other public companies. Mr. Bird is also on the Board of Directors or Trustees of the following public companies: Enbridge Pipelines Inc., Enbridge Gas Distribution Inc., Enbridge Income Fund, Enbridge Income Fund Holdings Ltd. and Gaz Metropolitan Inc. Mr. Bird was named Canada's CFO of the Year for 2010. Mr. Bird holds a Bachelor of Arts degree from the University of Manitoba, and a Masters of Business Administration and Ph.D. from the University of Toronto.

Ian Boyd is the Vice President Atlantic of Bird Construction Inc. He graduated with a Bachelor of Engineering (Civil) from the University of New Brunswick. He transitioned as one of the senior officers to Bird with the acquisition of Rideau Construction Inc. in 2008 and continued as Branch Manager of the Halifax Branch. In July 2008, he accepted the assignment as Project Director managing the Bird Graham Schools Joint Venture in Alberta. Mr. Boyd was appointed Vice President, Atlantic in August 2010 and relocated to Saint John, New Brunswick where he is based in his new position.

James J. Brennan is the Senior Vice President of Bird Construction Inc. He obtained a Bachelor of Science in Civil Engineering from the University of New Brunswick in 1989. Prior to joining Bird in February 2008, he was the President and founding partner of Rideau Construction Incorporated. Rideau Construction was a general contractor operating in Atlantic Canada in the commercial, industrial, institutional, and multi-tenant residential sectors. Rideau Construction was formed in 1993. Bird purchased all the outstanding shares of Rideau Construction in February 2008. During the period from 1989 to 1993, he worked for two local construction companies as a superintendent, project manager, and branch manager. From 1993 to 2003, he was the Vice President, Operations Manager, and co-owner of Rideau Construction. From 2003 to 2008, he was the President and majority owner of Rideau Construction.

Honourable J. Judd Buchanan is the President of Rundle Investments Ltd., which he joined in 1987. After a career in the life insurance industry with London Life, Mr. Buchanan was elected to the Canadian House of Commons in 1968. He served as a Member of Parliament until 1980 and held a number of cabinet positions during that time. Following his political career, Mr. Buchanan entered the tourism industry. He is currently the President of Silver Star Club Resort Ltd., and the past Chair of the Canadian Tourism Commission, which he helped create in 1995. Mr. Buchanan is an Officer of the Order of Canada and holds a Masters of Business Administration from the University of Western Ontario and a Bachelor of Arts (Economics) from the University of Alberta.

Paul A. Charette is the Chair of the Board of Directors. He joined Bird in 1976 as a Project Coordinator and progressed to President and Chief Operating Officer in 1988 and to President and Chief Executive Officer in 1991. Mr. Charette was appointed as Chair of the Board in 2001. In September 2008, Mr. Charette retired from his position as Chief Executive Officer of Bird Construction Company Limited. He is a director of the Association of Canadian Community Colleges and he is the past Chair of the Canadian Construction Association ("CCA") and is a past director of Junior Achievement of Canada Foundation and a past director of Bridgepoint Health. In 2004, Mr. Charette was named the Ontario Entrepreneur of the year in Real Estate/Construction by Ernst & Young LLP. Mr. Charette has a diploma in Civil Technology from Red River College in Winnipeg, Manitoba.

D. Greg Doyle is a former partner of KPMG LLP. He joined KPMG LLP (formerly Peat Marwick) in 1974, was elected as a Partner in 1982 and Managing Partner of the Winnipeg office in 1985. In 1997, Mr. Doyle transferred to Warsaw, Poland and served as Senior Partner at KPMG Polska until he retired in 2003. During his time in Poland, Mr. Doyle also served as the member of the Board of KPMG Europe and the management committee of KPMG Central and Eastern Europe. He is also a trustee of Huntingdon Real Estate Investment Trust, and Chair of their audit committee. Mr. Doyle holds a Bachelor of Science and Bachelor of Commerce from the University of Manitoba and is a Chartered Accountant (Manitoba Institute).

Bonnie D. DuPont was appointed as a Director in January 2011. Ms. DuPont retired recently from Enbridge Inc. where she served for 12 years as the senior executive responsible for information technology, human resources, public and government affairs, corporate governance matters, and corporate social responsibility (CSR). She holds a Bachelor's degree (Great Distinction) from the University of Regina and earned her Master's degree at the University of Calgary. She is a member of the Institute of Corporate Directors, and a 2006 graduate of the ICD Corporate Directors' Education Program. She is also a Certified Human Resources Professional (CHRP) and is a member of the International Women's Forum (IWF). Ms. DuPont was named to the Top 100 Most Powerful Women in Canada list each year from 2001 to 2006, and in 2007 was inducted into the Top 100 Hall of Fame. In 2008, she was presented with an Honorary Doctor of Laws from the University of Regina. Ms. DuPont also serves on the boards of Viterra Inc., SilverBirch Energy, the Bank of Canada and the University of Calgary. In addition, she provides executive coaching services to several organizations.

Stephen R. Entwistle is the Chief Financial Officer and Assistant Secretary of Bird Construction Inc. Prior to joining Bird in March 2008, Mr. Entwistle previously held senior financial positions in a wide variety of business, including a natural gas distribution utility, oil and gas exploration and development operations, nursing and retirement home operations, heating ventilating and air conditioning and natural gas commodity brokerage operations. Mr. Entwistle joined Enbridge Gas Distribution Inc. in 1981, serving in progressively senior positions including audit, general accounting, financial reporting, human resources and international consulting. In 2000, Mr. Entwistle was appointed to the position of Vice-President, Finance of Enbridge's Home Services operation, and more recently, was the Chief Financial Officer of The Consumers' Waterheater Income Fund, an income trust listed on the TSX. Mr. Entwistle received a Bachelor of Commerce from the University of Toronto and is a Chartered Accountant.

J. Urban Joseph, O.C. is a former Vice Chair of the Toronto-Dominion Bank. He is also a director of First Nations Bank of Canada, an affiliate of the Toronto-Dominion Bank, as well as a number of privately held companies. Mr. Joseph is an Officer of the Order of Canada. He holds an Honours Business Administration and Masters of Business Administration from the University of Western Ontario, an Associates in Arts degree from the University of Saskatchewan, a Doctor of Humanities, *honoris causa,* Wolfe's, The University of King's College, and is a Fellow of the Institute of Canadian Bankers.

Kenneth W. McClure is the Vice President Operations, Central of Bird Construction Inc. Prior to joining Bird in March 2007, he was employed as President and Chief Operating Officer of Buttcon Limited from April 2004 to February 2007. Buttcon is a general contracting company located in Ontario. From August 1994 to April 2004, Mr. McClure was employed as the Managing Director of Somers Construction Limited. Somers, an affiliate of Buttcon, is a general contracting company located in Bermuda. Mr. McClure started his career with Buttcon Limited in 1980 as a superintendent and project manager. During a period from 1989 to 1991, he left Button while he owned and operated KDL Construction, as a general contractor located in Ontario.

Kenneth J. Nakagawa is the Vancouver Branch Manager and Vice President Pacific of Bird Construction Inc. Mr. Nakagawa joined Bird in 1993 as an estimator and progressed to the position of Chief Estimator in 1996. In 2000, he assumed the position of Vancouver Branch Manager and in January 2009, Mr. Nakagawa was appointed to the position of Vice President Pacific.

Paul R. Raboud is the Vice Chair of Bird Construction Inc. Mr. Raboud was appointed as a Director in September 2008. He obtained a Bachelor of Science in Civil Engineering from the University of Alberta where he was awarded the gold medal in civil engineering. He earned a Masters of Science in Civil Engineering from the University of Washington and an MBA from the University of Alberta. He is a registered Professional Engineer with the Association of Professional Engineers of Ontario. Mr. Raboud joined Bird in 1984 in the Toronto office. He progressed through Bird as a field engineer, estimator, project manager and assistant branch manager. In 1990, he was appointed manager of the Vancouver Branch, and in 2000, returned to the corporate office in Toronto as Executive Vice President. He was appointed President and Chief Operating Officer in March 2006 and appointed Chief Executive Officer in September 2008. In June 2010, Mr. Raboud stepped down from his position as Chief Executive Officer into the role of Vice Chair of the Company. Mr. Raboud is a director of the Ontario General Contractor's Association.

Gilles Royer is the Vice President and Edmonton Branch Manager of Bird Construction Inc. He joined Bird as a project coordinator through the Company's Civil Engineering Co-op Program in the Edmonton Branch in 1992. After graduating with a Bachelor of Science in Civil Engineering from the University of Alberta, Mr. Royer accepted employment at Bird on a full-time basis as project coordinator. He assumed progressively more responsible roles within the Company on various industrial projects and in early-2008, was promoted to Assistant Branch Manager. In 2009, he was appointed to the position of Edmonton Branch Manager and effective January 1, 2011 became Vice President and Edmonton Branch Manager.

Timothy J. Talbott is the President and Chief Executive Officer of Bird Construction Inc. Mr. Talbott was appointed as a Director in May 2010. He obtained a Bachelor of Science in Civil Engineering at the University of Alberta in 1981. He joined Bird in 1982 and has progressed through the positions of project coordinator, project manager, production manager, assistant branch manager, branch manager and vice president to the position he currently holds. He is a registered Professional Engineer with the Association of Professional Engineers of Manitoba. Mr. Talbott is past Vice Chair of the Construction Labour Relations Association of Manitoba and a past director of the Winnipeg Construction Association. He is also a member of the Canadian Society of Civil Engineers.

Arni C. Thorsteinson has been the President of Shelter Canadian Properties Limited, a diversified real estate development and management company, since 1990. He joined a predecessor company in 1976. He is also a director or trustee of Lanesborough Real Estate Investment Trust, Temple Real Estate Investment Trust and Onex Corporation. Mr. Thorsteinson holds a Bachelor of Commerce (Honours) and Doctor of Laws, *honoris causa*, from the University of Manitoba and a Chartered Financial Analyst designation.

Jason C. Trumbla is the Vice President, Finance of Bird Construction Inc. He obtained a Bachelor of Commerce and a Masters of Accountancy at the University of Manitoba. He is a member of the Institute of Chartered Accountants of Ontario. Mr. Trumbla joined Bird in July 2006 as Controller in the Winnipeg office and was appointed to his current position January 1, 2008. Prior to joining Bird, he was employed as the Controller of related companies of Paterson Global Foods, a grain handling company in western Canada, from January 2004 to July 2006. From 2001 to 2003, Mr. Trumbla was employed as the Controller of Amphenol Technical Products which is a subsidiary of Amphenol Corporation, a publicly-traded electronic connector and cable assembly manufacturer listed on the New York Stock Exchange. From 1997 to 2000, Mr. Trumbla was employed as Controller of Monarch Industries, a privately-owned company, which is a vertically-integrated manufacturer of water pumps, hydraulic cylinders, concrete mixers and custom metal castings.

9.2 Collective Unitholdings

As a group, the Directors and executive officers of the Company beneficially own, directly or indirectly, a total of 859,299 common shares, approximately 6.12% of the issued common shares as at March 3, 2011.

9.3 Corporate Cease Trade Orders and Bankruptcies

None of the Directors or executive officers of the Company or, to the Company's knowledge, shareholders holding sufficient common shares to materially affect the control of the Company is, or within the previous 10 years, has been a trustee, director, chief executive officer or chief financial officer of any other issuer that, while acting in such capacity; (i) was subject to a cease trade or similar order or order that denied the issuer access to any exemptions under Canadian securities legislation for a period of more than 30 consecutive days, or (ii) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceeding, arrangement or compromise with creditors or had receiver, receiver manager or trustee appointed to hold the assets of such issuer except for the following:

Mr. Thorsteinson is now and has in the past 10 years been an officer of certain non-publicly traded limited partnerships and other entities that were the subject of cease trade orders issued by securities regulatory authorities in certain provinces of Canada, including Alberta, British Columbia, Ontario and Quebec, resulting generally from a failure to file financial statements or a failure to comply with disclosure obligations. Certain entities against which these orders were issued are now no longer active or, in other cases, Mr. Thorsteinson's involvement with such entities has ceased. In other cases, certain of these entities have now been able to obtain discretionary relief from filing requirements; however, this relief does not apply to prior transgressions and therefore in some cases these orders remain in force. To obtain information regarding cease trade order issued by a particular securities regulatory authority, investors should contact the securities regulatory authorities that issued the orders.

9.4 Penalties or Sanctions

None of the Directors or officers of the Company, or, to the Company's knowledge, shareholders holding sufficient common shares to materially affect the control of the Company has been subject to; (i) any penalties or sanctions proposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or have entered into a settlement agreement with a Canadian securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

9.5 Conflicts of Interest

To the Company's knowledge, there are no existing or potential material conflicts of interest between the Company or a subsidiary of the Company and the Board of Directors and officers of the Company or any other subsidiary of the Company. (See "Interest of Management and Others in Material Transactions")

9.6 Board Committees

The Company currently has an Audit Committee and Personnel and Safety Committee. The Company does not currently have any other board committees in place.

Committee membership is shown in the following table:

	Audit Committee	Personnel & Safety Committee
J. Richard Bird	X	X
J. Judd Buchanan	X	X
D. Greg Doyle	X (1)	X
Bonnie D. DuPont	X	X
J. Urban Joseph	X	X (1)
Arni C. Thorsteinson	X(2)	X

(1) Committee Chair

(2) Member of the Audit Committee since May 10, 2010

10. AUDIT COMMITTEE INFORMATION

10.1 Audit Committee

The Audit Committee of the Company is currently comprised of six members, being J.R. Bird, J.J. Buchanan, D.G. Doyle, B.D. DuPont, J.U. Joseph and A.C. Thorsteinson. Mr. Doyle is Chair of the Audit Committee. All the members are independent and financially literate. The following profiles outline the relevant education and experience of each member. Also see brief profiles of each member in Section 8 – Trustees, Directors and Officers.

J. Richard Bird has been on the Board of the Fund or the Company since December 1987 and has been a member of the Audit Committee since that time. Mr. Bird was the Chair of the Audit Committee up until March 7, 2006. He has served as a trustee, director, senior officer, and audit committee member of several issuers listed in Canada and the U.S., and has had responsibility for the oversight of preparation of financial statements, disclosure controls, internal financial controls and certification of financial statements to the U.S. Sarbanes-Oxley 404 Standards.

Honourable J. Judd Buchanan has been on the Board of the Fund or the Company since April 1997 and has been a member of the Audit Committee since that time. He has a breadth of experience as a corporate director, audit committee member and senior officer, both within and outside the construction industry.

D. Greg Doyle has been on the Board of the Fund or the Company since May 2003, and has been a member of the Audit Committee since that time. Following the Audit Committee meeting on March 7, 2006, Mr. Doyle was appointed Chair of the committee. As former Managing Partner of KPMG LLP's Winnipeg office and as former Senior Partner at KPMG Polska, Mr. Doyle has a breadth of experience relating to the application of accounting principles, financial statement disclosure and understanding internal controls and procedures.

Bonnie D. DuPont has been on the Board of the Company since January 2011, and has been a member of the Audit Committee since that time. Ms. DuPont retired recently from Enbridge Inc. where she served for 12 years as the senior executive responsible for information technology, human resources, public and government affairs, corporate governance matters, and corporate social responsibility. She holds a Bachelor's degree (Great Distinction) from the University of Regina and earned her Masters' degree at the University of Calgary. She is a member of the Institute of Corporate Directors, and a 2006 graduate of the ICD Corporate Directors' Education Program.

J. Urban Joseph has been on the Board of the Fund or the Company since April 2001 and has been a member of the Audit Committee since that time. He has 38 years' experience in the banking industry, during which time he was involved in most business segments of the bank, which included an in-depth understanding of accounting principles and financial analysis.

Arni C. Thorsteinson has been on the Board of the Fund or the Company since May 1991 and has been a member of the Audit Committee for most of that time. Mr. Thorsteinson is President of Shelter Canadian Properties Limited, a diversified real estate development and management company. He is also a director or trustee of Lanesborough Real Estate Investment Trust, Temple Real Estate Investment Trust and Onex Corporation. Mr. Thorsteinson holds a Bachelor of Commerce (Honours) with a major in Accounting & Finance and a Doctor of Laws, *honoris causa*, from the University of Manitoba and is a Chartered Financial Analyst.

10.2 Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services provided by the Company's external auditors. These procedures are contained in the Audit Committee Charter (included as Appendix A), which requires that the committee pre-approve, in accordance with applicable law, any non-audit services to be provided to the Company by the external auditor, with reference to compatibility of the service relative to the external auditor's independence.

10.3 External Auditor Service Fees (By Category)

Fees paid or payable to the external auditor for the last two fiscal years are summarized in the following table:

	2010	2009
Annual Audit Fees	$195,000	$187,800
Audit Related Fees	50,355	0
Tax Fees	21,624	30,350
All Other Fees	0	0
Total Fees	$266,979	$218,150

Audit related fees include amounts to review the 2010 Management Information Circular dealing with the Plan of Arrangement to convert to a Corporation and assistance with the implementation of International Financial Reporting Standards.

Tax Fees include preparation of US income tax returns and advice on various tax-planning matters for the Fund, Bird and its subsidiaries and partnership.

10.4 Audit Committee Charter

See Appendix A for text of the Audit Committee Charter.

11. LEGAL PROCEEDINGS

In the normal course of business, the Company's wholly-owned operating entities engage in business activities that may expose it to potential legal proceedings. The Company and its operating entities are not currently party to legal proceedings that are considered material to the operations either individually or in the aggregate. Reasonable estimates for the cost of settlement of any known legal matters have been made by management and are included in the Fund's consolidated financial statements for the year ended December 31, 2010.

12. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

During 2010, Bird was involved in several construction contracts with Shelter Canadian Properties Limited and Huntingdon Real Estate Investment Trust or companies affiliated with them. Shelter Canadian Properties Limited is controlled by the family of Mr. A.C. Thorsteinson, a Director of the Company. Mr. D.G. Doyle, a Director of the Company, is a trustee of Huntingdon Real Estate Investment Trust. All contracts with Shelter Canadian Properties Limited, Huntingdon Real Estate Investment Trust or companies affiliated with them were completed on construction terms typical in the industry.

13. TRANSFER AGENTS AND REGISTRARS

Computershare Trust Company of Canada
Watermark Tower
Suite 600, 530 8th Avenue SW
Calgary, AB
T2P 3S8

14. MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, entered into by the Fund or its subsidiaries during the most recently completed financial year ended December 31, 2009 or before the most recently completed financial year but that are still in effect:

(a) The Administration Agreement between Bird Construction Income Fund and Bird Construction Company Limited, dated February 27, 2006, allowing Bird Construction Company Limited to act as Administrator of the Fund. This agreement will be terminated upon the termination of the Fund, which is expected sometime in 2011.

(b) The Share Purchase Agreement between Bird Construction Income Fund, Rideau Construction Incorporated ("RCI"), Rideau Management Services Incorporated ("RMSI") and other parties dated December 17, 2007 providing for the purchase by the Fund of all the outstanding shares of RCI and RMSI.

(c) The Arrangement Agreement between the Fund and the Company to convert from an income trust structure to a corporation.

All the above-noted contracts may be viewed on www.sedar.com.

15. INTERESTS OF EXPERTS

The consolidated financial statements of the Fund as at and for the year ended December 31, 2010 have been examined by KPMG LLP, Chartered Accountants, as detailed in their independent auditors' report dated March 3, 2011. KPMG LLP have confirmed that they are independent with respect to the Fund within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Manitoba.

16. ADDITIONAL INFORMATION

Additional information, including information as to the Directors' and Officers' remuneration and principal holders of securities of the Company, as applicable, is contained in the Company's Management Information Circular for the Annual and Special Meeting of shareholders to be held on May 6, 2011. Additional financial information is provided in the Fund's financial statements and MD&A for the year ended December 31, 2010. A copy of these documents may be obtained upon request from Charmane L. Morrow, Corporate Secretary and Manager of Executive Administrative Services at 5403 Eglinton Avenue West, Toronto, Ontario, M9C 5K6. Such reports have also been filed with applicable securities regulatory authorities and are available through the SEDAR website (www.sedar.com) under the Company's publicly-filed documents.

This Annual Information Form contains forward-looking statements, which involve risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. Factors that could cause such differences include changes in government policy relating to the cyclical nature of the construction industry, changes in interest rates and general economic conditions, adverse weather, cost and availability of materials used to manufacture the Company's products, competitive developments affecting the building products industry, and the risk factors described from time-to-time in the reports and disclosure documents filed by the Company with Canadian Securities regulatory agencies and commissions. The list is not exhaustive of the factors that may impact the Company's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, level of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The factors underlying current expectations are dynamic and subject to change. The Company undertakes no obligation to update forward-looking statements contained in this document.

17. AUDIT COMMITTEE CHARTER, APPENDIX A

BIRD CONSTRUCTION INC.

The following is the text of the Audit Committee Charter:

1. PURPOSE

The Board of Directors of the Company (the "Board") has established an Audit Committee (the "Committee") to take steps on its behalf as are necessary to assist the Board in fulfilling their oversight responsibilities regarding:

(a) the integrity of the financial statements;

(b) the internal control systems of the Company;

(c) the external audit process;

(d) the internal audit process, if any;

(e) risk management;

(f) investment opportunities and the raising of funds;

(g) the Company's compliance with legal and regulatory requirements; and

(h) any additional duties set out in this charter or otherwise delegated to the Committees by the respective Board.

2. COMPOSITION & QUALIFICATIONS

The Board of Directors of the Company will in each year, immediately following the Annual General Meeting appoint a minimum of four (4) Directors as members of its Committee. All members of the Committee shall be non-management Directors. In addition, the Committee will be comprised of independent Directors, as required by all applicable corporate, exchange and securities statutes, laws and regulations in Canada.

All members of the Committee shall be financially literate. While the Board shall determine the definition of and criteria for financial literacy, this shall, at a minimum, include the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements and as defined in Part 1, item 1.5 of Multilateral Instrument 52-110.

The Chief Executive Officer ("CEO") of the Company, the Chief Financial Officer ("CFO") of the Company, the external auditor and, to the extent the Chair of the Board are not otherwise members of the Committee, the Chair, and all other Directors who are not members of the Committee may be invited to attend all meetings of the Committee in an ex-officio capacity and shall not vote. The CEO and CFO shall not attend in-camera sessions.

3. DUTIES & RESPONSIBILITIES

The Committee shall have the following duties, where applicable:

3.1 Financial Reporting and Disclosure

3.1.1 Annual Financial Statements

Review with management of the Company and the external auditor, the audited annual consolidated financial statements of the Company, all related documents including Management's Discussion & Analysis ("MD&A"), Annual Information Form ("AIF"), Management Information Circular ("MIC"), complete Annual Report, and earnings press releases and recommend the approval of such documents to the Board.

3.1.2 Quarterly Review

Review the quarterly consolidated financial statements of the Company, the related MD&A and earnings press releases and recommend the approval of such documents to the Board and also determine the extent of the involvement of the external auditor, if any, in reviewing quarterly financial statements.

3.1.3 Certifications

Review certification by the CEO and CFO as to the accuracy and completeness of the Company's reports and filings with the securities regulators and the TSX.

3.1.4 Significant Accounting Principles and Disclosure Issues

Review with management of the Company and the external auditor, significant accounting principles and disclosure issues, including complex or unusual transactions, highly judgmental areas such as reserves or cost to complete estimates, significant changes to accounting principles, and alternative treatments under Canadian GAAP for material transactions. This shall be undertaken with a view to understanding their impact on the consolidated financial statements, and to gaining reasonable assurance that the statements are accurate, complete, do not contain any misrepresentations, and present fairly the Company's financial position and the results of its operations in accordance with Canadian GAAP.

3.1.5 Compliance

Confirm through discussions with management of the Company that generally accepted accounting principles and all applicable laws or regulations related to financial reporting, statutory obligations and disclosure have been complied with.

3.1.6 Legal Events

Review any actual or anticipated litigation or other events, including tax assessments, which could have a material current or future effect on the Company's consolidated financial statements, and the manner in which these have been reflected in the consolidated financial statements.

3.1.7 Off-Balance-Sheet Transactions

Discuss with management of the Company, the effect of off-balance-sheet transactions, arrangements, obligations and other relationships with non-consolidated entities or other persons, if any, that may have a material current or future effect on the Company's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, distributable cash disclosures or significant components or revenues and expenses.

3.1.8 Other Disclosures

Satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information, other than the public disclosure of the information referred to above, and periodically assess the adequacy of those procedures.

3.2 Oversight of Internal Controls

3.2.1 Review and Assessment

Review and assess the adequacy and effectiveness of the Company's system of internal control and management information systems through discussions with management and the external auditor and include a review of any management letter prepared by the external auditor.

3.2.2 Oversight

Oversee system of internal control, by:

- reviewing with management of the Company, documentation and conclusions about the effectiveness of internal controls identified in the Company's ongoing review of the design and reliability of internal controls over financial reporting, including disclosures in the MD&A;
- reviewing with management of the Company, its philosophy with respect to internal controls and, on a regular basis, all significant control-related findings together with management's response;
- monitoring and reviewing policies and procedures for internal accounting, financial control and management information;
- consulting with the external auditor regarding the adequacy of the Company's internal controls; and
- obtaining from management of the Company adequate assurances that all statutory payments and withholdings have been made.

3.2.3 Fraud

Confirm investigations of alleged fraud and illegality relating to the Company's finances.

3.2.4 Complaints

- Confirm with management of the Company that appropriate procedures exist for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, and for the protection from retaliation of those who report such complaints in good faith.
- Reviewing any complaints received by the Audit Committee Chair pursuant to the Company's Whistleblower Policy.

3.3 External Audit

3.3.1 Appointment or Replacement

Recommend the appointment or replacement of the Company's external auditor to the Board, who will consider the recommendation prior to submitting the nomination to the shareholders for their approval.

3.3.2 Compensation

Review with management of the Company, and make recommendations to the Board, regarding the compensation of the external auditor. In making a recommendation with respect to compensation, the Committee shall consider the number and nature of reports issued by the external auditor, the quality of internal controls, the size, complexity and financial condition of the Company, and the extent of internal audit, if any, and other support provided by the Company to the external auditor.

3.3.3 Reporting Relationships

The external auditor will report directly to the Company's Audit Committee.

3.3.4 Performance

Review with management of the Company, on a regular basis, the terms of the external auditor's engagement, accountability, experience, qualifications and performance. Evaluate the performance of the external auditor.

3.3.5 Transition

Review management's plans for an orderly transition to a new external auditor, if required.

3.3.6 Audit Plan

Review the audit plan and scope of the external audit with the external auditor and management of the Company.

3.3.7 Audit Plan Changes

Discuss with the external auditor any significant changes required in the approach or scope of their audit plan, management's handling of any proposed adjustments identified by the external auditor, and any actions or inactions by management that limited or restricted the scope of their work.

3.3.8 Review of Results

Review, in the absence of management of the Company, the results of the annual external audit, the audit report thereon, the auditor's review of the related MD&A, AIF, MIC and any management letter prepared by the external auditor, and discuss with the external auditor the quality (not just the acceptability) of accounting principles used, major risk factors, any alternative treatments of financial information that have been discussed with management, the ramification of their use and the auditor's preferred treatment, and any other material communications with management. The auditors shall confirm to the Committee that no limitations were placed on the scope or nature of their audit procedures.

3.3.9 Disagreements with Management

Resolve any disagreements between management of the Company and the external auditor regarding financial reporting.

3.3.10 Material Written Communications

Review all other material written communications between the external auditor and management of the Company, including the post-audit management letter containing the recommendations of the external auditor, management's response and, subsequently, follow up identified weaknesses.

3.3.11 Other Audit Matters

Review any other matters related to the external audit that are to be communicated to the Committee under generally accepted auditing standards.

3.3.12 Meeting with External Auditor

Meet with the external auditor in the absence of management of the Company at least annually to discuss and review specific issues, as appropriate, as well as any significant matters that the auditor may wish to bring to the Committee for its consideration.

3.3.13 Correspondence

Review with management of the Company and the external auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Company's consolidated financial statements or accounting policies.

3.3.14 Independence

At least annually, and before the external auditor issues its report on the annual consolidated financial statements, review and confirm the independence of the external auditor through discussions with the auditor on their relationship with the Company, including details of all non-audit services provided. Consider the safeguards implemented by the external auditor to minimize any threats to their independence, and take action to eliminate all factors that might impair, or be perceived to impair, the independence of the external auditor. Consider the number of years the lead audit partner has been assigned to the Company, and consider whether it is appropriate to recommend to the Board a policy of rotating the lead audit partner.

3.3.15 Non-Audit/Audit Services

Pre-approve any non-audit services to be provided to the Company by the external auditor, with reference to compatibility of the service with the external auditor's independence.

3.3.16 Hiring Policies

Review and approve the hiring policies of the Company regarding partners, employees and former partners and employees of the present or former external auditor.

3.3.17 Personnel

Discuss with the external auditors, the competency of the Company's financial and accounting personnel.

3.3.18 Management's Comments

Review with management of the Company, the responsiveness of the auditors to the Company's needs.

3.4 Internal Audit

3.4.1 Internal Audit

Review and approve management's decision relating to any potential need for internal auditing, including whether this function should be outsourced and if such function is outsourced, approve the supplier of such service.

3.5 Risk Management

3.5.1 Adequacy of Policies and Procedures

Review and assess annually, the adequacy of the Company's major financial risk management policies and procedures with regard to identification of the Company's major financial risks. Review and assess the adequacy of the implementation of appropriate systems to mitigate and manage the risks, and report regularly to the Board.

3.6 Financial Planning and Investments

3.6.1 Business Plan

Review and recommend the Company's Annual Business Plan, including the annual Operating and Capital Budgets for submission to the Board of Directors for approval. Review periodic financial forecasts.

3.6.2 Investment Opportunities

Review and assess investment opportunities of a value exceeding management's authority, in accordance with procedures established by the Board from time-to-time.

3.6.3 Guidelines and Policies

Review and approve guidelines and policies for the investing of cash in money market products and marketable securities and review reports from management of the Company on the results of such investments against established policies and benchmarks.

3.6.4 Additional Funds for Investment

Review and assess management's plans with respect to raising additional funds, whether through debt or capital, in accordance with procedures established by the Board from time-to-time.

3.7 Compliance

3.7.1 Filings with Regulatory Authorities

Review with management of the Company, the Company's relationship with regulators, and the timeliness and accuracy of Company filings with regulatory authorities.

3.7.2 Code of Ethics

Review the Board's Code of Ethics and the Company's Employee Code of Ethics and confirm that adequate and effective systems are in place to enforce compliance.

3.8 Communication

3.8.1 Communication Channels

Establish and maintain direct communication channels with management of the Company, the external auditor and the Board to discuss and review specific issues as appropriate.

3.8.2 Coordination with Management

The Committees will coordinate with management of the Company on audit and financial matters, and will:

- meet privately with management of the Company at least quarterly to discuss any areas of concern to the Committees or management; and
- review expenses incurred by the Chair of the Board and CEO of the Company. Ensure that the CEO reviews all expenses incurred by direct executive reports of the CEO.

3.9 Related Party Transactions

3.9.1 Related Party Transactions

Review with management of the Company all related party transactions and the development of policies and procedures related to those transactions.

3.10 Board Relationship and Reporting

3.10.1 Adequacy of Charter

Review and assess the adequacy of the Audit Committee Charter annually and submit such amendments as the Committee propose to the Board.

3.10.2 Disclosure

Oversee appropriate disclosure of the Audit Committee Charter, and other information required to be disclosed by applicable legislation, in the Company's AIF, MD&A and MIC and all other applicable disclosure documents.

3.10.3 Reporting

Report regularly to the Board on Committee activities, issues and related recommendations.

4. CHAIR

The Board will in each year appoint the Chair of its Committee. The Chair shall have accounting or related financial expertise. In the Chair's absence, or if the position is vacant, the Committee may select another member as Chair. The Chair will have the right to exercise all powers of the Committee between meetings but will attempt to involve all other members as appropriate prior to the exercise of any powers and will, in any event, advise all other members of any decisions made or powers exercised.

5. MEETINGS

The Committee shall meet at the request of its Chair, but in any event they will meet at least four times a year and as many additional times as the Committee deems necessary. Notices calling meetings shall be sent to all Committee members, to the CEO and CFO of the Company, to the Chair of the Board and to all other Directors. The external auditor or any member of the Committee may call a meeting of the Committee.

6. QUORUM

A majority of members of the Committee, whether present in person, by teleconferencing, or by videoconferencing will constitute a quorum.

7. REMOVAL AND VACANCY

A member may resign from the Committee, and may be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as the member ceases to be a Director. The Board will fill vacancies on the Committee by appointment from amongst the Directors of the Board in accordance with Section 2 of this Charter. Subject to quorum requirements, if a vacancy exists on the Committee, the remaining members will exercise all the Committee's powers.

8. EXPERTS AND ADVISORS

The Committee may retain or appoint, at the Company's expense, such experts and advisors as it deems necessary to carry out its duties, and to set and pay their compensation. The Committee shall provide notice to the Board of its actions in this regard.

9. ORIENTATION

The Committee shall adopt an orientation program for new Committee members. All committee members are encouraged to attend educational programs to enhance their Audit Committee membership, as they feel appropriate, and the costs of each program will be paid by the Company.

10. SECRETARY AND MINUTES

The Chief Financial Officer of the Company, or such other person as may be appointed by the Chair of the Committee, will act as Secretary of the Committee. The minutes of the Committee will be in writing and duly entered into the books of the Company. The minutes of the Committee will be circulated to all members of the Board.

11. OTHER ADVISORS

Subject to the prior approval of the Board, the Committee is granted the authority to investigate any matter or activity involving financial accounting and financial reporting, as well as the internal controls of the Company. In that regard, the Committee will have the authority to approve the retention of external professionals to render advice and counsel in such matters. All employees will be directed to cooperate with respect thereto as requested by members of the Committee.

12. LIMITATION ON COMMITTEE'S DUTIES

While the Audit Committee has the responsibilities and power set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's consolidated financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of either management of the Company and/or the external auditor.

In discharging their duties, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter, including designating any member of the committee as an "audit committee financial expert" is intended, or should be determined to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject.

The essence of the Committee's responsibilities is to monitor and review the activities described in this Charter to gain reasonable assurance (but not to ensure) that such activities are being conducted properly and effectively by the Company.