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This document is only being and may only be distributed and directed at (i) persons outside the United Kingdom; or (ii) persons in the United Kingdom who are (a) a "Qualified investor" within the meaning of Section 86(7) of the United Kingdom Financial Services and Markets Act 2000 ("FSMA") and (b) within the categories of persons referred to in Article 19 (Investment professionals) or article 49 (High net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 of the United Kingdom (all such persons together being referred to as "relevant persons"). The securities being offered hereunder are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. Accordingly, this document has not been approved as a prospectus by the United Kingdom Financial Services Authority ("FSA") under Section 87A of FSMA and has not been filed with the FSA pursuant to the United Kingdom Prospectus Rules nor has it been approved by a person authorized under the FSMA.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of documents incorporated herein by reference may be obtained on request without charge from the secretary of the issuer at BCE Place, 161 Bay Street, Suite 3840, Toronto, Ontario, Canada, M5J 2S1, telephone: (416) 368-6464; fax: (416) 368-6414 and are also available electronically at [www.sedar.com](http://www.sedar.com). For the purpose of the Province of Québec, this short form prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the secretary of the issuer at the above-mentioned address and telephone number and are also available electronically at [www.sedar.com](http://www.sedar.com).

## SHORT FORM PROSPECTUS

New Issue

February 19, 2007



# JUMPTV INC.

## Cdn\$117,391,311

### 13,043,479 Common Shares

This short form prospectus qualifies the distribution (the "Offering") of 13,043,479 common shares ("Common Shares") of JumpTV Inc. ("JumpTV" or the "Corporation") at a price of \$9.00 per Common Share (the "Offering Price"). The Common Shares will be issued pursuant to an underwriting agreement (the "Underwriting Agreement") dated February 13, 2007 between the Corporation, Canaccord Capital Corporation, Morgan Stanley Canada Limited, Paradigm Capital Inc., Loewen, Ondaatje, McCutcheon Limited and GMP Securities L.P. (collectively, the "Underwriters"). Panmure Gordon (Broking) Limited has been engaged to provide JumpTV with UK and European capital markets advice, in addition to advice received by JumpTV from the Underwriters. The Offering Price has been determined by negotiation between the Corporation and the Underwriters. See "Plan of Distribution".

The Corporation's outstanding Common Shares are listed and posted for trading on the Toronto Stock Exchange (the "TSX") and admitted to trading on the AIM market operated by the London Stock Exchange plc ("AIM") under the symbol "JTV". On February 12, 2007, the last trading day before the public announcement of the Offering, the closing price of the Common Shares on the TSX was \$9.70, and on AIM, £4.125. The TSX has conditionally approved the listing of the Common Shares on the TSX. The Corporation has applied for the Common Shares distributed under this short form prospectus to be admitted to trading on AIM. Listing and admission will be subject to the Corporation fulfilling all of the listing requirements of the TSX and the admission requirements of AIM.

### Price: \$9.00 per Common Share

	Price to the Public	Underwriters' Fee <sup>(1)</sup>	Net Proceeds to the Corporation <sup>(2)</sup>
Per Common Share . . . . .	\$9.00	\$0.54	\$8.46
Total <sup>(3)</sup> . . . . .	\$117,391,311	\$7,043,478.66	\$110,347,832.34

- Notes:
- (1) The Corporation has agreed to pay to the Underwriters a cash commission of 6% of the gross proceeds of the Offering including any Common Shares sold pursuant to the exercise of the Over-Allotment Option (defined below) (the "Underwriters' Fee").
  - (2) After deducting the Underwriters' Fee, but before deducting expenses of the Offering estimated at \$1,045,000 and which, together with the Underwriters' Fee, will be paid from the proceeds of the Offering.
  - (3) The Corporation has granted the Underwriters an option (the "Over-Allotment Option"), exercisable in whole or in part at the sole discretion of the Underwriters for a period of 30 days following the closing of the Offering, to purchase up to an additional 1,956,521 Common Shares at the Offering Price. If the Over-Allotment Option is exercised in full, the total Price to the Public, Underwriters' Fee and Net Proceeds to the Corporation will be \$135,000,000, \$8,100,000 and \$126,900,000, respectively. This short form prospectus also qualifies the Over-Allotment Option and the distribution of the Common Shares issuable upon exercise of the Over-Allotment Option. See "Plan of Distribution".

**An investment in the Common Shares is subject to certain risks. Investors should carefully review and evaluate the risks associated with an investment in Common Shares. See "Risk Factors".**

(continued on next page)

(continued from cover)

The Underwriters, as principals, conditionally offer the Common Shares, subject to prior sale, if, as and when issued by the Corporation and delivered and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution” and subject to approval of certain legal matters relating to the qualification for distribution of the Common Shares on behalf of the Corporation by Wildeboer Dellelce LLP, and on behalf of the Underwriters by Blake, Cassels & Graydon LLP.

The following table sets out the number of options and other compensation securities, if any, that have been issued or may be issued by the Corporation to the Underwriters:

<u>Underwriters' Position</u>	<u>Maximum Size or Number of Securities Held</u>	<u>Exercise Period/ Acquisition Date</u>	<u>Exercise Price or Average Acquisition Price</u>
Over-Allotment Option	1,956,521 Common Shares	Exercisable until noon (Toronto time) on the 30 <sup>th</sup> day following the Closing Date	\$9.00 per Common Share

Subscriptions for Common Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Closing of this Offering is expected to occur on or about February 23, 2007 or such other date as may be agreed by the Corporation and the Underwriters.

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

The Corporation has, as required by the rules of AIM, made arrangements for any Common Shares to be settled, if so desired, through CREST in the form of CREST Depositary Interests (“CDI”). CREST is an electronic settlement system operated by CREST Co. in London, England which facilitates transfer of title of securities in uncertificated form. Securities of most non-United Kingdom companies cannot be held and transferred directly in the CREST system and therefore CDIs facilitate trading and settlement of securities of such companies in CREST. All Common Shares traded on AIM may be settled through CREST.

Investors should rely only on the information contained in or incorporated by reference in this short form prospectus. The Corporation has not authorized anyone to provide investors with different information. The Corporation is not offering the Common Shares in any jurisdiction in which the offer is not permitted. Investors should not assume that the information contained in this short form prospectus is accurate as of any date other than the date on the front of this short form prospectus or such other date as specified herein.

In this short form prospectus, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. All references to “dollars”, “CDN\$” or “\$” are to Canadian dollars, all references to “U.S.\$” are to United States dollars and all references to “£” are to United Kingdom pounds sterling.

JumpTV’s registered office and principal place of business is BCE Place, 161 Bay Street, P.O. Box 214, Suite 3840, Toronto, Ontario, Canada, M5J 2S1, telephone number (416) 368-6464.

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### FORWARD LOOKING STATEMENTS

This prospectus contains certain forward-looking statements. These statements relate to future events or future performance and reflect JumpTV's expectations and assumptions regarding the growth, results of operations, performance and business prospects and opportunities of JumpTV and its subsidiaries. In some cases, forward-looking statements can be identified by terminology such as "may", "would", "could", "will", "should", "expect", "expects", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential", "pursue", "continue", "seek" or the negative of these terms or other similar expressions concerning matters that are not historical facts. In particular, statements regarding JumpTV's objectives, plans and goals, including its future operating results, economic performance and subscriber recruitment efforts are or involve forward looking statements.

A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. In evaluating these statements, prospective purchasers should specifically consider various factors, including the risks referred to under "Risk Factors", which may cause actual events, performance or results to differ materially from any forward-looking statement. Although the forward-looking statements contained in this prospectus are based on what JumpTV considers to be reasonable assumptions based on information currently available to JumpTV, there can be no assurance that actual events, performance or results will be consistent with these forward-looking statements, and these assumptions may prove to be incorrect.

These forward-looking statements are made as of the date of this prospectus and JumpTV does not intend, and does not assume any obligation, to update or revise them to reflect new events or circumstances. Prospective purchasers are cautioned not to place undue reliance on forward-looking statements.

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of documents incorporated herein by reference may be obtained on request without charge from the secretary of the Corporation at BCE Place, 161 Bay Street, Suite 3840, Toronto, Ontario, Canada, M5J 2S1, telephone: (416) 368-6464; fax: (416) 368-6414, and are also available electronically at [www.sedar.com](http://www.sedar.com). For the purpose of the Province of Québec, this short form prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the secretary of the Corporation at the above-mentioned address and telephone number and are also available electronically at [www.sedar.com](http://www.sedar.com). The following documents of the Corporation, filed with the securities commissions or similar regulatory authorities in each of the provinces of Canada, are specifically incorporated by reference in, and form an integral part of, this short form prospectus:

- (a) the disclosure under the following headings of the (final) long form prospectus of the Corporation dated August 1, 2006 (the "Prospectus"): "Third Party Information", "Definitions", "JumpTV", "The Market", "The Business", "Competition", "The Regulatory Environment", "Recent Developments", "Capitalization", "Directors And Officers", "Executive Compensation", "Options And Warrants To Purchase JumpTV's Securities", "Corporate And Share Capital Information", "Principal Shareholders", "Plan Of Distribution", "Risk Factors", "UK Settlement and Depository Interests" and "Interest Of Management And Others In Material Transactions";
- (b) the audited consolidated balance sheets as at December 31, 2005 and March 31, 2005, and the consolidated statements of operations, shareholders' equity and cash flows for the nine-month period ended December 31, 2005 and for each of the years in the two-year period ended March 31, 2005 and the notes thereto and the auditors' report thereon (the "Annual Financial Statements") on pages F2 to F29 (inclusive) of the Prospectus, together with Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for such Annual Financial Statements on pages 45 to 62 (inclusive) of the Prospectus;
- (c) the unaudited consolidated interim financial statements as at September 30, 2006 and for the three and nine months ended September 30, 2006 and September 30, 2005 and the unaudited notes thereto (the "Interim Financial Statements"), together with MD&A for the three and nine months ended September 30, 2006 and September 30, 2005;
- (d) the press release of the Corporation dated February 12, 2007 entitled "JumpTV Announces Common Share Offering";
- (e) the press release of the Corporation dated February 13, 2007 entitled "JumpTV Announces US\$100 million Common Share Offering";
- (f) the press release of the Corporation dated February 14, 2007 entitled "blinkx Partners With JumpTV to Make Entire Library of Ethnic Television Content Available on the blinkx Index"; and
- (g) the material change report of the Corporation dated February 16, 2007 with respect to the Offering.

Any document of the type referred to in the preceding paragraphs (a) through (c), business acquisition reports, material change reports and press releases (excluding confidential material change reports) filed by the Corporation pursuant to the requirements of securities legislation after the date of this short form prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference into this short form prospectus.

**Any statement contained in a document incorporated or deemed to be incorporated by reference in this short form prospectus will be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein, or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, modifies or supersedes that statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus. Any such modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The**

**making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be considered in its unmodified or superseded form to constitute part of this short form prospectus; rather only such statement as so modified or superseded shall be considered to constitute part of this short form prospectus.**

#### **GENERAL MATTERS**

This short form prospectus and the documents incorporated by reference herein contain company names, product names, trade names, trademarks and service marks of the Corporation and other organizations, all of which are the property of their respective owners.

#### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Wildeboer Dellelce LLP, counsel to the Corporation, and Blake, Cassels & Graydon LLP, counsel to the Underwriters, provided the Common Shares are listed on a prescribed stock exchange for the purposes of the *Income Tax Act* (Canada), which currently includes the TSX but not AIM, the Common Shares would, if issued on the date hereof, be qualified investments for the purposes of the *Income Tax Act* (Canada) for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans within the meaning of the *Income Tax Act* (Canada).

#### **THIRD PARTY INFORMATION**

This short form prospectus and the documents incorporated by reference herein include market share information and industry data and forecasts, which the Corporation obtained from independent industry publications and surveys, surveys that the Corporation commissioned and the Corporation's internal surveys. Although the Corporation believe these sources to be reliable, the Corporation has not independently verified any of the data nor ascertained the underlying economic assumptions relied upon therein. Some data is also based on the Corporation's estimates, which are derived from the Corporation's review of internal surveys, as well as independent sources. The Corporation cannot and does not provide any assurance as to the accuracy or completeness of included information. Market forecasts, in particular, are likely to be inaccurate, especially over long periods of time.

#### **THE CORPORATION**

JumpTV is incorporated in Canada under the *Canada Business Corporations Act* (the "CBCA"). JumpTV's registered office and principal place of business is BCE Place, 161 Bay Street, P.O. Box 214, Suite 3840, Toronto, Ontario, Canada, M5J 2S1, telephone number (416) 368-6464. Its website may be accessed at [www.jumptv.com](http://www.jumptv.com). Information contained on the Corporation's website or any of its subsidiaries' or strategic partners' websites is not part of this prospectus and is not incorporated herein by reference and may not be relied upon by prospective purchasers for the purposes of determining whether to invest in the Common Shares offered under this prospectus.

JumpTV has the following subsidiaries, all of which are wholly owned (directly or indirectly):

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest and Voting Power	Registered Office	Field of Activity
JumpTV Limited (“JT Ltd.”)	United Kingdom	100%	One London Wall, London, EC2Y 5EB	JumpTV conducts certain aspects of its international operations through JT Ltd.
JumpTV International FZ LLC (“JTVI”)	United Arab Emirates	100%	Building No. 9, Suite 107, Dubai Media City, Dubai, United Arab Emirates	JumpTV conducts a significant portion of its international operations through JTVI
JumpTV USA Inc. (“JTUSA”)	United States	100%	c/o Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801 USA	JumpTV intends to conduct certain aspects of its international operations through JTUSA
Sports International Group LLC (“Sportsya”)	United States	100% <sup>(1)</sup>	701 Brickell Avenue, Suite 2550 Miami FL 33131	Sportsya is directly owned by JTVI, and is the holding company of Deportes Ya
Deportes Ya S.A. (“Deportes Ya”)	Argentina	97% <sup>(2)</sup>	Av. Rivadavia 2358 3 piso, oficina 4 Ciudad de Buenos Aires	Sportsya conducts certain aspects of its operations through Deportes Ya

Notes:

(1) Indirectly held through JTVI.

(2) Indirectly held through Sportsya. The remaining 3% of voting securities are held by Kaleil Isaza Tuzman in accordance with Argentinean corporate law and in trust for Sportsya pursuant to a nominee agreement between Mr. Isaza Tuzman and Sportsya.

JumpTV has also acquired the Internet rebroadcasting rights to certain of its Colombian channels through a related entity, KIT Capital Ltda. (formerly, JumpTV Colombia Ltda.) (“JTV Colombia”), a Colombian corporation which JumpTV’s President and COO and the then Vice-President of Sales, Latin America and the Caribbean incorporated upon request of the Corporation as a means to facilitate doing business locally on behalf of the Corporation. Such individuals have undertaken to transfer, at a time elected by JumpTV, the shares that they hold in JTV Colombia to JumpTV or such other person as it may direct. JTV Colombia by-laws prohibit it from doing any other business other than facilitating the business of the Corporation under a set of guidelines. There is a service agreement between JumpTV and JTV Colombia that sets out the rights and obligations of each party in respect of the rights under the channel partner agreement. The service agreement provides that all rights, benefits and income pertaining to JTV Colombia’s operations and the applicable channel partner agreements are assigned to JumpTV, and that JumpTV in turn takes full responsibility for the costs and obligations associated with having a local presence in Colombia, and with the fulfillment of these channel partner agreements. The service agreement maintains that JTV will pay for all pre-approved costs associated with the operations of JTV Colombia and all amounts are paid at what would be considered to be fair market value. There are four Colombian channel partner agreements that have been executed by JTV Colombia.

## SUMMARY DESCRIPTION OF THE BUSINESS

JumpTV operates at the intersection of two growth sectors of the media industry: (1) IPTV (Internet Protocol Television), and (2) ethnic media services.

JumpTV is the world's leading subscription-based broadcaster of ethnic television over the Internet as measured by number of channels. JumpTV considers ethnic television to be television that is directed at a specific diaspora community as determined by a shared nationality, language or culture, generally excluding communities for which English is the primary language.

The Corporation has entered into license agreements with television broadcasters (referred to as "channel partners") representing 270 channels from over 70 countries which give JumpTV rights, generally on an exclusive world-wide basis, to broadcast each channel partner's live linear television feed over the Internet in return for a share of the Corporation's revenue from subscriptions to, and advertising inserted by JumpTV on, its related channels. As of February 9, 2007, 216 channels were available for subscription through the Corporation's website. Additional channels are being commercially launched on the Corporation's website on an ongoing basis. JumpTV's objective is to significantly grow the number of channels offered by the Corporation in 2007.

JumpTV makes its channel partners' live linear feeds available, generally on a monthly subscription basis, through single-channel offerings ("à la carte" monthly pricing typically ranging from U.S.\$5.95 to U.S.\$9.95) and, increasingly, multi-channel packages ("bundled" monthly pricing typically ranging from U.S.\$10.95 to U.S.\$38.00). In addition, JumpTV is in the process of introducing longer term (multiple months) subscriptions for its subscribers, where à la carte prices are expected to range in price from U.S.\$19.95 to U.S.\$24.95 and bundled packages are expected to range in price from U.S.\$24.94 to U.S.\$64.95 for three-month subscriptions. The Corporation's subscribers currently pay in U.S. dollars, generally on a monthly basis in advance, principally using credit cards. In the future, the Corporation plans to offer its subscribers the ability to pay in multiple currencies.

As of February 10, 2007, JumpTV has approximately 27,963 subscribers (based on the number of credit cards used to make purchases) who have purchased approximately 31,891 channels and bundled subscriptions, having incurred only modest marketing expenditures to date.

JumpTV has subscribers in over 90 countries with approximately 48% of its subscribers residing in the United States, 21% residing in Western Europe and 11% residing in Canada. JumpTV plans to increase its marketing and distribution efforts in 2007, which will be focused principally on North America and Western Europe. The bulk of the Corporation's subscriber acquisition efforts to date have been targeted to Internet search engine marketing and optimization and the Corporation expects that focus to continue.

JumpTV believes the primary subscriber candidates for JumpTV channel offerings are ethnic expatriates and immigrants seeking to stay in touch with content from their countries of origin, including sports, news and general entertainment programming. Ethnic television channels available on cable and satellite platforms outside the home countries of such channels have proven to command premium pricing given the relative inaccessibility of such content through other distribution platforms.

Under the Corporation's channel partner agreements, JumpTV has licensed the rights to stream, predominantly on an exclusive world-wide basis and generally for a four-year term, the channel partners' live linear television feeds using Internet protocol ("IP"). Generally, the Corporation's channel partner agreements provide for the repurposing (i.e. using or converting for use into other formats) and variable pricing of the channel partners' content for viewing on a video on demand, personal video recording or pay-per-view basis.

To complement its marketing and distribution efforts, JumpTV has developed and continues to pursue its strategy of partnering with leading Internet service providers and major Internet portals as well as mobile telephony providers and certain niche re-distributors. JumpTV believes that the benefits of these partnerships for the Corporation are twofold: (i) they provide a wide marketing breadth through which large numbers of potential customers are exposed to JumpTV's products and services; and (ii) distribution efficiencies whereby the partner delivers JumpTV's content to the partner's existing user base utilizing their existing "last mile" delivery networks, thus reducing the need for JumpTV to incur certain delivery costs.

It is JumpTV's policy to be globally intellectual property rights compliant. The Corporation's channel partners are contractually required to advise the Corporation when content for which they do not hold the international distribution rights is scheduled to be aired by them to enable JumpTV to substitute compliant content in its place. JumpTV relies significantly on its channel partners to ensure that the content broadcast by the Corporation does not infringe on the intellectual property rights of others.

To complement the Corporation's core product offering, JumpTV is pursuing a content acquisition strategy, which, if successful, will permit JumpTV to offer its subscribers radio streams, as well as sports, music, movies, animation and other television programming relevant to their particular language, country and culture acquired directly from the producers of this programming. See "Recent Developments" for further details in respect to JumpTV's sports content acquisition strategy.

In addition to subscription revenue, over time, the Corporation expects to generate revenue from targeted advertising inserted in and surrounding the Corporation's IP-based broadcasts. JumpTV believes that it is well positioned to capitalize on this advertising opportunity given the ability to identify, through Internet Protocol, detailed individual viewership patterns, demographic profiles and geographic locations. JumpTV is continually assessing the merits of increased focus on an advertising supported revenue model under which channels would be made available free to viewers on a selective regional basis.

JumpTV has developed an IP-based delivery infrastructure to stream the live linear feeds of the Corporation's channel partners to subscribers around the world (the "JumpTV Delivery Infrastructure"). The JumpTV Delivery Infrastructure combines both proprietary and third party elements that JumpTV believes is optimal for the broadcasting of IP-based television signals to a global audience. The JumpTV Delivery Infrastructure consists of a network of primarily outsourced satellite downlink facilities and owned and outsourced distribution servers across North America, Europe, the Middle East, Latin America, Asia and Africa. The Corporation anticipates continuing to invest significantly in the Corporation's delivery infrastructure as the Corporation continues to grow.

In addition to its core business and related organic growth, management of the Corporation ("Management") intends to pursue a focused and disciplined acquisition strategy focused on acquiring businesses that are complementary to the Corporation's current operations and its strategic direction. Management has been successful to date in identifying several acquisition opportunities and believes it is well positioned to identify and complete future acquisitions. There can be no guarantees, however, that the Corporation will be successful in acquiring any such businesses or that any such acquisitions will add value to the Corporation and its shareholders over time. See "Risk Factors — Risks Relating to the Business Environment — Acquisition Strategy".

JumpTV has offices located in Toronto, Dubai, London, New York and Bogotá, and representative offices in Bangkok, Amman, Singapore, Kampala and São Paulo.

## **RECENT DEVELOPMENTS**

### **blinkx**

On February 14, 2007, JumpTV announced its wholly owned subsidiary JTVI had entered into a content demonstration agreement with KUBJ Limited ("blinkx"), a leading video search engine, to make JumpTV's television content indexed and searchable at [www.foxfind.com](http://www.foxfind.com) and [www.blinkx.com](http://www.blinkx.com). Fed by automatic spiders that crawl the Internet for audio/video content, blinkx uses visual analysis and speech recognition to better understand rich media content delivering results that blinkx believes are more accurate and reliable than standard metadata-based keyword searches. JumpTV expects this partnership to further optimize the ability for interested consumers to find JumpTV's television content.

### **Arpu+ — Egyptian Football League**

On January 30, 2007, the Corporation announced its partnership, through its wholly owned subsidiary JTVI, with Arpu+ to broadcast live and archived Egyptian Football Association-sanctioned games worldwide, with the exception of Italy and certain Middle Eastern, North African and Asian countries, on [www.jump.tv](http://www.jump.tv). The 5-year partnership enables subscribers to initially access more than 90 seasonal matches from the Egyptian

Football League, the Egyptian Football Cup and the Egyptian National Football Team, held under the umbrella of the Egyptian Football Association through the JumpTV platform, via the Company's video-on-demand, subscription-video-on-demand and pay-per-view services.

### **LINKdotNET**

On January 12, 2007, the Corporation, through its wholly owned subsidiary JTVI entered into a strategic partnership agreement with LINKdotNET, an Egyptian Internet and broadband services provider, to market all of the Corporation's channels on a subscription basis across each of LINKdotNET's ten web portals in the Middle East and North Africa region ("MENA"), including MSN Arabia. The agreement provides that LINKdotNET's users in MENA will have access to all of JumpTV's channels, with a focus on its 45 Arab-focused channels. LINKdotNET is a subsidiary of Orascom Telecom Holding Company, a large integrated telecommunications services provider targeting Middle East markets. The Corporation expects this venture to launch by the second quarter of 2007.

### **Sportsya**

On January 5, 2007, the Corporation completed the acquisition, through its wholly owned subsidiary JTVI, of all of the outstanding shares of Sports International Group LLC ("Sportsya"). www.sportsya.com is a sports content website targeting the Hispanic market residing in the United States and Latin America, which generates nearly 200,000 monthly unique visitors and 5 million monthly page views. Sportsya currently employs a staff of writers and editors of approximately 18 people based mostly in Argentina. JumpTV intends to maintain the www.sportsya.com website and use the Sportsya brand as a marketing vehicle to drive traffic and subscribers to JumpTV's Latin American television properties, while the Hispanic-oriented sections of www.JumpTV.com will drive traffic to Internet-broadcast Latin American sports matches to be offered through Sportsya on a pay-per-view, video on demand and subscription video on demand (SVOD) basis. The purchase price of U.S.\$1.1 million for all of the shares of Sportsya was satisfied in full by the issuance of 177,995 Common Shares. The number of Common Shares issued in full satisfaction of the purchase price was based on the volume weighted average price of Common Shares on the TSX of \$7.20 for the 5-day period ended January 2, 2007. In connection with the acquisition, JumpTV also issued 330,000 Common Shares to a principal of Sportsya pursuant to a consulting agreement entered into between such principal and JTVI, which shares are held in escrow pursuant to the terms of an escrow agreement, to be released periodically over the 48 month period following the closing of the acquisition. In addition, 13,350 Common Shares were issued as a finder's fee to an arm's length third party in connection with the acquisition. These shares have been listed on the TSX and have been admitted to trading on AIM.

### **SPORTFIVE — UEFA's Euro2008**

On December 18, 2006, the Corporation announced that its subsidiary JTVI had entered into an agreement with SPORTFIVE GmbH & Co. KG ("Sportfive") a leading European sports rights marketing agency, whereby the Corporation will provide direct access to certain of Sportfive's sporting properties on the Corporation's website at www.jumpltv.com as well as on the Corporation's dedicated Hispanic sports portal, www.sportsya.com. The agreement grants the Corporation the rights to market and broadcast Internet broadcasts for almost 200 qualifying matches for UEFA's Euro2008 soccer tournament. For approximately half of these matches, the Corporation will be the exclusive marketing and Internet broadcast partner. Subscribers will be able to buy each game live on a pay-per-view basis. It is expected that the Euro2008 qualifier matches will begin streaming through the Corporation's and SportsYa portals in March, 2007.

### **The Sports Channel — Israeli Football League**

On November 28, 2006 the Corporation announced the agreement with The Sports Channel Ltd. ("Sports Channel") to broadcast exclusively (other than Israel, Gaza and the West Bank) live and archived Israeli Football League games worldwide through both the JumpTV web site and Sports Channel's web site. As part of this multi-year agreement, which is subject to the generation of minimum subscription levels in order to maintain exclusivity, subscribers will be able to use the Corporation's platform at www.jumpltv.com as well as through a co-branded page on Sports Channel's website to access the league's games. All games are offered on a

live and archived basis. Subscribers can choose to purchase a single game or opt for a monthly subscription providing access to all six games per week plus a weekly magazine television show with game highlights and commentary.

### **Egyptian Media Production City**

On November 16, 2006 the Corporation's wholly owned subsidiary JTVI entered into a content distribution license agreement with Egyptian Media Production City Co. ("EMPC") pursuant to which EMPC has agreed to license certain of its video programming (including features, popular TV, commercials, documentaries, docu-dramas and current affairs) for a four year period (subject to earlier termination) for streaming to JumpTV's subscribers around the world, excluding only the 22 Arab league countries. EMPC owns the rights to some of the most highly rated Egyptian drama productions from the past 5 years featuring Egypt's most popular actors. The content will be available as a stand alone video on demand basis where subscribers can pay to watch a movie, a single episode or an entire series. It will also be offered on a monthly subscription plan, where each subscriber may pay a monthly flat rate and enjoy unlimited access to the entire library. The Corporation expects to launch this service during the first week of March, 2007.

### **Jump 3.0**

On November 2, 2006, the Corporation launched its new website, Jump 3.0. The Corporation believes the new website provides an enhanced service to its subscribers by offering new ways to discover, consume and share live television from around the world over the Internet. The enhanced viewing experience includes the functionality necessary to provide access to previously unavailable programming through video-on-demand and pay-per-view options, including live sporting events, children's programming, concerts, movies and other television content.

### **Comcast**

On October 16, 2006, the Corporation announced the launch of a six-month pilot program with Comcast Corporation to market and promote the Corporation's international television channels to Comcast's high-speed Internet subscribers on www.comcast.net. The Corporation's international television channels have been available to Comcast's 10 million high-speed Internet subscribers since December, 2006. Each registrant to the pilot program is granted access to all of JumpTV's channels free of charge for a period of two weeks at the end of which each registrant is prompted to subscribe to JumpTV. On www.comcast.net, JumpTV joins a distinctive array of news, finance, sports, lifestyle and entertainment content, in addition to a deep library of streaming video clips through the media player, the Fan™.

### **Maktoob.com**

On October 3, 2006, JTVI signed an agreement with Maktoob.com Inc., one of the leading Arabic-language Internet portals with over 4.5 million registered users, to carry all of the Corporation's channels on a subscription basis with a promotional focus on the Corporation's 40 current Arabic-language channels. Maktoob.com offers Arabic/English email service, search capabilities, blogs, chat rooms and several other Internet services and products. This service is expected to launch on Maktoob.com in March, 2007.

### **Quepasa**

On September 6, 2006, the Corporation announced its wholly owned subsidiary JTVI signed a multi-year agreement with Quepasa Corporation, offering opportunities for interactivity and interconnectivity within the U.S. bilingual Hispanic online marketplace. Pursuant to the terms of the agreement, www.quepasa.com users are able to subscribe to and view the Corporation's Hispanic-focused channels. Under the terms of the agreement Quepasa is responsible for sales and marketing, as well as transaction processing and last-mile bandwidth. The offering is co-branded by Quepasa and JumpTV. There are over 40 million U.S. Hispanics; the Latino market continues to represent JumpTV's largest target audience.

### **Channel Partners**

JumpTV has signed agreements with broadcasters representing 270 channels, the addition of 72 of which occurred since the Corporation's initial public offering in August, 2006. The complete list of JumpTV's channel partners is set forth in the table below:

## JumpTV's 270 Channel Partners as of February 12, 2007\*

EUROPE (46)	
ALSAT	Albania
ATV	Bosnia & Herz.
Delta TV	Cyprus
SAT 7	Cyprus
GTV	Georgia
Channel 10	Greece
Cosmos TV	Greece
Kydon TV	Greece
Magic TV	Greece
Sigma TV	Greece
Cool TV	Hungary
RTL Klub	Hungary
ALSAT M	Macedonia
Orbis TV	Macedonia
MTV	Macedonia
BOIN	Montenegro
MBC	Montenegro
NTV Montena	Montenegro
RTCG	Montenegro
TV Jesenjin	Montenegro
TV Teuta	Montenegro
RTP Internacional	Portugal
BITV	Romania
Money Channel	Romania
Prima TV	Romania
ProTV International	Romania
Realitatea TV	Romania
NTV Mir	Russia
RTR Planeta	Russia
ART Televizija	Serbia
Canal Vasco	Spain
EiTB	Spain
RTVV	Spain
TVE Internacional	Spain
AS TV	Turkey
BJK TV	Turkey
DreamTurk	Turkey
Euro D	Turkey
Euro Star	Turkey
Mehtap TV	Turkey
Samanyoli	Turkey
TRT Int	Turkey
TRT4	Turkey
5 TV	Ukraine
Inter+	Ukraine
Studio 1+1 Int'l	Ukraine

MIDDLE EAST & NORTH AFRICA (47)	
Al Qamar	Arabian Gulf
Bahrain Sports	Arabian Gulf
Bahrain TV	Arabian Gulf
ETV	Arabian Gulf
Shababiyah	Arabian Gulf
Mehwar Channel	Egypt
IPN	Iran
Iranian Cinema Channel	Iran
Melli TV	Iran
MTC2 Fashion	Iran
Tamasha TV	Iran
Al Baghdadia	Iraq
Al Diyar	Iraq
Al Fayhaa	Iraq
Alsumaria TV	Iraq
Ashur TV	Iraq
Baghdad Satellite TV	Iraq
Beladi Satellite TV	Iraq
ATV	Jordan
Al Mishkat	Kuwait
Al Rai TV	Kuwait
M Live	Lebanon
2M	Morocco
PBC-TV	Palestine
Al Arabiya	Pan Arab
Aljazeera English	Pan Arab
Escape Music	Pan Arab
MBC1	Pan Arab
Sudan TV	Sudan
Sham TV	Syria
Hannibal TV	Tunisia
Ajman TV	UAE
Deera TV	UAE
Sama Dubai	UAE
ABC	Pan Arab
Al Fajr	Pan Arab
Alalam Channel	Pan Arab
Aljazeera	Pan Arab
amb	Pan Arab
ATC	Pan Arab
ATTV	Pan Arab
Dubai Sports	Pan Arab
Dubai TV	Pan Arab
Future TV	Pan Arab
Heya TV	Pan Arab
Osool TV	Pan Arab
SmartsWay	Pan Arab

LATIN AMERICA & THE CARIBBEAN (91) <sup>(1)</sup>	
Canal 9	Argentina
Solo Tango	Argentina
Telefe Internacional	Argentina
ATB	Bolivia
Bolivision	Bolivia
COTAS	Bolivia
PAT	Bolivia
Red Uno	Bolivia
Amazon Sat	Brazil
Band News	Brazil
Band Sports	Brazil
Canal 13	Brazil
Canal 21	Brazil
Rede Gospel	Brazil
Canal 21 Multiglobal	Chile
Canal 5	Chile
ITV	Chile
Mega	Chile
TV Chile	Chile
TVO	Chile
VLP	Chile
Cablenoticias	Colombia
Canal 13	Colombia
Canal Capital	Colombia
Caracol Int'l	Colombia
El Kanal	Colombia
Paisa Deportes	Colombia
Paisa Visión	Colombia
Ritmo TV	Colombia
Teleamiga	Colombia
Teleantioquia	Colombia
Telecafé	Colombia
Telecaribe	Colombia
Telemedillin	Colombia
Telepacífico	Colombia
Telepasto	Colombia
Televida	Colombia
Antena Latina Int'l	Dominican Rep.
Carivision Int'l	Dominican Rep.
CDN	Dominican Rep.
CTN	Dominican Rep.
Digital 15	Dominican Rep.
Sport Visión 35	Dominican Rep.
Telefuturo Canal 23	Dominican Rep.
Telemicro Canal 5	Dominican Rep.
Teleuniverso	Dominican Rep.
Vega TV	Dominican Rep.
Asomavision	Ecuador
Telesucesos	Ecuador
TV Satelital	Ecuador
Megavisión	El Salvador
TVS Deportes	Guatemala
Vea Canal	Guatemala
CNS	Guyana
NCN TV	Guyana
NTN	Guyana
VCT Network	Guyana
54 TV	Honduras
Telered	Honduras
Canal 22	Mexico
CBTV	Mexico
D99	Mexico
Multimedios TV	Mexico
Teleritmo	Mexico
Televisora del Pac.	Mexico
100% Noticias	Nicaragua
ESTV Canal 11	Nicaragua
Telenica Canal 8	Nicaragua
El Gourmet	Pan Latin America
ENYE TV	Pan Latin America
Mundo Hispano TV	Pan Latin America
Canal Red Guarani	Paraguay
El Trece	Paraguay
América TV	Peru
Frecuencia Latina	Peru
Panamericana	Peru
PeruTV	Peru
CDM Internacional	Puerto Rico
VTV	Uruguay
Atel	Venezuela
Canal TRO	Venezuela
CMT	Venezuela
Global TV	Venezuela
Meridiano TV	Venezuela
Promar TV	Venezuela
TRT	Venezuela
TVO	Venezuela
TVS	Venezuela
Canal Int'l del Humor	Pan Latin America
RumbaTV	Pan Latin America
SalsaTV	Pan Latin America

ASIA (59)	
Boishakhi TV	Bangladesh
BanglaVision	Bangladesh
Channel i	Bangladesh
Channel S	Bangladesh
NTV	Bangladesh
RTV	Bangladesh
Hwazan TV	China
TVBS-E	China
TVB Xing He	China
Amrita TV	India
ASC Flix	India
Balle Balle	India
BL TV	India
Bollywood TV	India
India TV News	India
Jaya TV	India
Kairali TV	India
Masti TV	India
People TV	India
Punjab Today	India
Qawwali TV	India
SITV	India
Sahara Filmy	India
Sahara One	India
Sahara Samay	India
SET Asia	India
Tara Muzik	India
Tara Newz	India
MetroTVNews	Indonesia
TVRI	Indonesia
Korean Channel	Korea
Avenues Television	Nepal
Nepal 1	Nepal
Aaj TV	Pakistan
APNA TV	Pakistan
HumTV	Pakistan
Kashish	Pakistan
Kook TV	Pakistan
KTN	Pakistan
KTN News	Pakistan
Roshni TV	Pakistan
Rung TV	Pakistan
Strum TV	Pakistan
TV One	Pakistan
Zam TV	Pakistan
Divine Mercy	Philippines
Living Asia	Philippines
Mabuhay Channel	Philippines
Net 25 Channel	Philippines
Derana TV	Sri Lanka
EDN Channel	Thailand
MVTV1	Thailand
MVTV2	Thailand
MVTV3	Thailand
Panorama 07	Thailand
Popper	Thailand
Rak Thai TV	Thailand
Thai Cable Channel	Thailand
TV3	Thailand

AFRICA & THE CARIBBEAN (27) <sup>(2)</sup>	
Channel 8	Barbados
ORTB	Benin
Ethiopian TV	Ethiopia
Canal 11	Haiti
TNH	Haiti
CVM	Jamaica
Hype TV	Jamaica
TVJ	Jamaica
Family TV	Kenya
KBC Channel 1	Kenya
TV Plus	Madagascar
RTP Africa	Mozambique
Channels TV	Nigeria
DITV	Nigeria
Galaxy TV	Nigeria
GTV	Nigeria
Lagos TV	Nigeria
MTV	Nigeria
Silverbird TV	Nigeria
TVR	Rwanda
SLBC	Sierra Leone
Channel 10	Tanzania
Star TV	Tanzania
Channel 3	Trinidad
Gayelle Channel	Trinidad & Tobago
UBC	Uganda
WBS	Uganda

\* JumpTV has in excess of 20 additional channels under contract which are not listed here due to relatively small size and potential reach of the broadcasters in question.

- (1) Spanish speaking Caribbean only
- (2) English and Francophone Caribbean only

## OTHER RECENT DEVELOPMENTS

### Summary Financial Data

The Corporation has a limited historical operating track record and is constantly assessing business model improvements and additional sources of revenue.

Based on its current financial estimates, JumpTV expects to report the following preliminary unaudited figures for the three months ended December 31, 2006: revenue is estimated to have been approximately U.S.\$749,000 versus U.S.\$535,000 for the three months ended September 30, 2006 representing approximately a 40% increase; loss for the quarter is estimated to be approximately U.S.\$8.5 million as compared to U.S.\$6.5 million for the quarter ended September 30, 2006. The fourth quarter loss includes non-cash items of approximately U.S.\$1.7 million (stock-based compensation, amortization and foreign exchange loss) as compared to U.S.\$1.4 million for the three months ended September 30, 2006.

Management compiled these revenue and loss estimates in accordance with its accounting policies disclosed on pages F8-F12 in the Prospectus, which are incorporated by reference into this short form prospectus, and using methods and procedures which are consistent with the methods and procedures used to calculate revenues and losses in prior periods. No material factors or assumptions have been used in preparing these figures which differ from the methods and proceeds used by Management in prior periods. However, these are preliminary unaudited figures that are subject to change based on completion of the financial statements for the year ended December 31, 2006 and completion of the year-end audit.

The preparation of consolidated financial statements in conformity with Canadian GAAP requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates are disclosed under “Critical Accounting Policies and Estimates” included in Management’s Discussion and Analysis of Financial Condition and Results of Operations on pages 56-57 in the Prospectus, which are incorporated by reference into this short form prospectus.

In addition, Management believes the following policies also involve significant estimates:

1. Stock-based compensation and other stock-based payments — judgments and estimates are involved in determining the key assumptions used in the Black-Scholes pricing model to determine the fair value of stock based awards; and
2. Business Combinations — judgments and estimates are involved in allocating the purchase price of an acquired company between tangible and intangible assets and determining the estimated useful life of intangibles for purposes of calculating amortization.

### Key Performance Indicators

*Please note that all figures in this section are unaudited and based on unaudited financial information, including preliminary unaudited financial information for the three months ended and as at December 31, 2006. Accordingly, these figures, to the extent re-calculated based on final financial information for the three months ended and as at December 31, 2006, are subject to change and such changes may be material. However, Management believes that these figures are indicative of the respective performance indicators to which each such figure relates.*

The following are the key performance indicators (the “Key Performance Indicators”) the Corporation currently uses in managing its business: subscriber numbers, number of channels, subscriber acquisition costs (SAC), churn, ARPU and average subscribers per channel.

#### *ARPU, Churn and Subscriber Acquisition Costs*

JumpTV is not aware of any uniform standards for calculating ARPU, Churn and Subscriber Acquisition Costs and therefore its presentations of ARPU, Churn and Subscription Acquisition Costs may not be calculated consistently with other companies in the same or similar businesses. **ARPU, Churn and Subscriber Acquisition**

**Costs are measures of operational performance and not measures of financial performance under generally accepted accounting principles.**

JumpTV calculates average revenue per subscriber, or “ARPU”, by dividing total subscriber-related revenues for a period by JumpTV’s average subscribers for that period. Average JumpTV subscribers for a period is calculated by adding the average JumpTV subscribers for each month and dividing by the number of months in the period. Average JumpTV subscribers for each month is calculated by adding the beginning and ending JumpTV subscribers for the month and dividing by two.

JumpTV calculates percentage monthly subscriber turnover, or “Churn”, by dividing the number of JumpTV subscribers whose service expires during each month by total JumpTV subscribers as of the beginning of the month in question.

JumpTV calculates Subscriber Acquisition Costs by dividing total subscriber acquisition costs incurred by JumpTV for a period by the number of gross new subscribers that JumpTV acquired during that period.

*Key Performance Indicators — Recent Information (unaudited)*

The Corporation has experienced an increase in subscribers and subscriptions from 22,019 and 23,885, respectively, as at September 30, 2006 to approximately 27,963 and 31,891, respectively, as of February 9, 2007. During the three months ended December 31, 2006, JumpTV’s ARPU increased to approximately U.S.\$11.04 from approximately U.S.\$9.43 for the three months ended September 30, 2006, which the Corporation attributes to more of its subscribers purchasing channel packages than single channel offerings.

Churn for the three-month period ended December 31, 2006 increased to approximately 26.9% from approximately 22.8% for the three-month period ended September 30, 2006. The Corporation attributes the increase in its churn rate to its promotion that offered subscriptions to a single channel for an initial price of U.S.\$0.99 that resulted in (a) most individuals who signed up for this promotion subscribing to take advantage of the initial promotion price and then cancelling their subscription once the initial promotion price expired, and (b) some individuals who signed up for this promotion rotating in and out of the promotion in order to maintain constant valid account status.

Churn was also affected by subscribers upgrading from individual channels to channel packages during the period. JumpTV has accelerated the introduction in recent months of multi-channel packages and many subscribers have cancelled their single channel subscription in favour of the multi-channel offering resulting in a churn of that subscriber. In future periods, the Corporation expects to account for these upgrades such that churn will be more accurately reflected. In the month of January 2007, approximately 24.5% of JumpTV’s new subscriptions were to channel packages.

While experimenting to a small degree with certain subscription alternatives in the fourth quarter, the Corporation implemented a variety of subscription alternatives across its product offering starting in January that allow subscribers to subscribe for multiple months which it expects will reduce its churn rate going forward. There can be no guarantee that such reduction will occur. For the month of January 2007, of the 7,954 gross subscriptions added, approximately 28.5% were related to 3-month subscriptions.

Churn for the month of January 2007 was approximately 16.6%.

Subscriber Acquisition Costs increased in the three months ended December 31, 2006 to approximately U.S.\$39.21 from U.S.\$21.80 for the three month period ended September 30, 2006 as the Corporation increased its marketing expenditures principally in respect of search engine marketing and search engine optimization. The Corporation expects that its search engine marketing and optimization will continue to be the focus of its marketing efforts in the immediate future.

In the future, the Corporation may introduce additional Key Performance Indicators to track potential advertising-supported elements of its business.

## Office of President & COO

On January 5, 2007, the Corporation announced that its board of directors had appointed Kaleil Isaza Tuzman as president and chief operating officer of JumpTV and that he would continue to serve as president and chief executive officer of JTVI. Alex Blum, who had previously held the position of president and had assumed the position of chief operating officer upon the resignation of Willem Galle who now serves as VP of Network Operations and Special Projects, now serves on JumpTV's Advisory Board and has assumed his new role as chief executive officer of a social networking and user generated content application service provider based in New York City, an occasional technology provider to JumpTV.

## Employees and Contractors

As of February 1, 2007, JumpTV had 136 full time employees and contractors. A breakdown by department is as follows:

<u>Department</u>	<u>Numbers</u>
CEO Office . . . . .	4
Content Acquisition . . . . .	27
Distribution and Sales . . . . .	8
Finance & Administration . . . . .	12
Mergers & Acquisitions . . . . .	2
Office of the President & COO . . . . .	3
Network Operations and Customer Satisfaction . . . . .	32
Product Development . . . . .	14
Programming & Marketing . . . . .	13
Project Management . . . . .	3
Sportsya . . . . .	18
<b>Total . . . . .</b>	<b><u>136</u></b>

## Audit Committee

On February 16, 2007, Mark Amin resigned from the Audit Committee. Mr. Amin continues to serve on the Board of Directors. James McNamara has been appointed by the Board of Directors to fill the resulting vacancy on the Audit Committee. See "Audit Committee Information".

## CONSOLIDATED CAPITALIZATION

Since September 30, 2006, the board of directors of the Corporation has resolved to grant an aggregate of 472,500 options to certain officers, consultants and employees. All of these options are exercisable in accordance with the Corporation's stock option plan. During this period, 66,031 options and 100,000 warrants have been exercised to acquire Common Shares. A total of 172,780 Common Shares have been issued on vesting of restricted shares and the restricted share plan of the Corporation. 75,000 restricted shares have been returned for cancellation to the Corporation. As of the date hereof, there are a total of 570,793 unvested restricted shares outstanding. 79,170 stock appreciation rights ("SARs") exercisable at U.S.\$4.00, 79,170 SARs exercisable at U.S.\$6.00 and 231,250 options at U.S.\$2.50 have been returned for cancellation to the Corporation. 100,000 warrants to purchase Common Shares at a price of U.S.\$6.23 per share until November 30, 2011 have been issued. In addition, 521,345 Common Shares were issued in connection with the Sportsya acquisition on January 5, 2007. See "Recent Developments".

Upon completion of the Offering, there will be an aggregate of 48,447,168 Common Shares outstanding or 50,403,689 Common Shares if the Over-Allotment Option is exercised in full (55,253,104 fully diluted, or 57,209,625 fully diluted if the Over-Allotment Option is exercised in full).

## USE OF PROCEEDS

JumpTV expects to receive Cdn\$109,302,832.34 in net proceeds from the Offering, after deducting fees payable by JumpTV to the Underwriters and the estimated expenses of the Offering payable by JumpTV. If the Over-Allotment Option granted by JumpTV is exercised in full, then JumpTV expects to receive an aggregate of Cdn\$125,855,000 in net proceeds, after deducting fees payable by JumpTV to the Underwriters and the estimated expenses of the Offering payable by JumpTV. The total estimated expenses of the offering of Cdn\$1,045,000 include expenses and fees for which JumpTV is obliged to reimburse and pay to the Underwriters, taking into account the exercise of the Over-Allotment Option, if any.

JumpTV expects to use the net proceeds it receives from the Offering as follows:

- approximately Cdn\$3,000,000 to fund the continued roll-out of the JumpTV Delivery Infrastructure, including capital expenditures relating to servers, encoders and receivers;
- approximately Cdn\$13,000,000 to fund further investment in product development and technology;
- approximately Cdn\$10,000,000 to fund JumpTV's subscriber acquisition strategy; and
- the balance to fund general corporate expenditures and working capital requirements of JumpTV's business including possible acquisitions.

In keeping with its overall strategy, the Corporation is currently evaluating various potential acquisition opportunities, some of which would, if consummated, have a material impact on the Corporation. Although no agreements or understandings have been reached and no commitments made with respect to any transaction, there have been significant discussions in certain cases. While JumpTV intends to continue discussions relating to one or more of these potential acquisition opportunities following the completion of the Offering, it is not possible to predict whether any of these discussions may lead to the announcement of a transaction, or the timeframe within which this might occur. However, JumpTV cannot preclude the possibility that agreement on one or more acquisition transactions will be reached in the weeks or months following the closing of this Offering. In such circumstances, as noted above, all or a portion of the net proceeds of the Offering may be allocated to effect such acquisitions. See "Risk Factors — Risks Relating to the Business Environment — Acquisition Strategy".

While JumpTV currently anticipates that it will use the net proceeds of the Offering received by it as set forth above, JumpTV may re-allocate the net proceeds from time to time having consideration to its strategy relative to the market and other conditions in effect at the time. Pending use of its net proceeds, such net proceeds will be invested in cash and interest-bearing, short-term investment-grade securities.

## PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Corporation has agreed to sell on February 23, 2007 or such later date as may be agreed by the Corporation and the Underwriters (the "Closing Date"), 13,043,479 Common Shares at the Offering Price, against delivery of certificates representing the Common Shares, subject to compliance with all necessary legal requirements and to the conditions contained in the Underwriting Agreement. The Corporation has agreed to pay the Underwriters a fee of \$0.54 (\$8,100,000 in the aggregate assuming the exercise in full of the Over-Allotment Option) per Common Share for their services in connection with the distribution of the Common Shares offered by this short form prospectus, including any Common Shares sold pursuant to the exercise of the Over-Allotment Option. The Offering Price was determined by negotiation between the Corporation and the Underwriters.

The Corporation has granted to the Underwriters the Over-Allotment Option, exercisable in whole or in part at the sole discretion of the Underwriters for a period of 30 days following the Closing Date, to purchase up to an additional 15% of the Common Shares offered hereunder, being 1,956,521 Common Shares, at the Offering Price to cover over-allotments and for market stabilization purposes. This short form prospectus also qualifies the Over-Allotment Option and the distribution of any Common Shares issuable on exercise of the Over-Allotment Option.

Pursuant to the policy statements of the Ontario Securities Commission and the Autorité des marchés financiers, the Underwriters may not, throughout the period of distribution under this short form prospectus, bid for or purchase Common Shares. The foregoing restriction is subject to certain exceptions, provided that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of certain prescribed stock exchanges relating to market stabilization and passive market making activities and a bid or purchase made for, or on behalf of, a customer where the order was not solicited during the period of distribution. Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The obligations of the Underwriters under the Underwriting Agreement are several and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Common Shares if any of the Common Shares are purchased under the Underwriting Agreement.

Panmure Gordon (Broking) Limited has been engaged to provide JumpTV with UK and European capital markets advice, in addition to advice received by JumpTV from the Underwriters.

The Corporation has agreed that it will not, during the period commencing on the date of the Underwriting Agreement and ending on the day which is 45 days following the Closing Date, directly or indirectly, offer, sell or issue Common Shares or securities convertible into or exercisable or exchangeable for Common Shares (other than pursuant to (i) the exercise of options and warrants and the vesting of restricted shares, which as of the date of the Underwriting Agreement, are existing obligations of the Corporation and are disclosed in this short form prospectus or (ii) acquisitions entered into by the Corporation with persons at arm's length (within the meaning of the *Income Tax Act* (Canada)) to the Corporation in respect of which each of Canaccord Capital Corporation and Morgan Stanley Canada Limited has provided its prior written consent, such consent not to be unreasonably withheld) or agree to or announce any such offer, sale or issuance, at a price per security less than the price of the Common Shares sold pursuant to the Offering.

The Corporation has agreed under the Underwriting Agreement to indemnify the Underwriters and their affiliates and the respective directors, officers, employees, partners and agents thereof against certain liabilities and expenses or will contribute to payments that the Underwriters may be required to make in respect thereof.

The Corporation has applied to list the Common Shares distributed under this short form prospectus on the TSX and for their admittance to trading on AIM. Such listing and admittance to trading will be subject to the Corporation fulfilling the requirements of the TSX and AIM, respectively.

With respect to the United Kingdom (the "U.K.") this document is only being and may only be distributed to and directed at (i) persons outside the U.K. or (ii) persons in the U.K. who are (a) a "Qualified investor" within the meaning of Section 86(7) of the Financial Services and Markets Act 2000 of the U.K. as amended from time to time ("FSMA") and (b) within the categories of persons referred to in Article 19 (Investment professionals) or Article 49 (High net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 of the U.K. ("Financial Promotion Order") (all such persons together being referred to as "relevant persons"). The Common Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Common Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. Accordingly this document has not been approved as a prospectus by the U.K. Financial Services Authority ("FSA") under Section 87A of FSMA and has not been filed with the FSA pursuant to the United Kingdom Prospectus Rules nor has it been approved by a person authorized under FSMA.

Each Underwriter has represented and agreed that: (i) it has not offered or sold and will not offer or sell any Common Shares or communicated any invitation or inducement in that regard to persons in the U.K. in contravention of section 21(1) FSMA or the Financial Promotion Order or in circumstances which would require the production of an approved prospectus pursuant to section 85(1) FSMA; and (ii) it has complied and

will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Common Shares in, from or otherwise involving the U.K.

The Common Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws and, subject to certain exceptions, may not be offered or sold in the United States except pursuant to an applicable exemption from, or in transactions not subject to the registration requirements of the U.S. Securities Act. The Underwriters have agreed that they will not offer or sell the Common Shares within the United States except to certain persons that are reasonably believed to be Qualified Institutional Buyers (as defined in Rule 144A under the U.S. Securities Act). In addition, until 40 days after the commencement of this Offering, an offer or sale of Common Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such an offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act.

### **DESCRIPTION OF SHARE CAPITAL**

The authorized capital of JumpTV consists of an unlimited number of Common Shares, an unlimited number of Class 1 preference shares, issuable in series, and an unlimited number of Class 2 preference shares, issuable in series. All shares in the capital of JumpTV are without par value.

The holders of the Corporation's Common Shares are entitled to one vote in respect of each share held at all meetings of shareholders. The holders of the Corporation's Common Shares are entitled to receive dividends if, as and when declared by the Corporation's board of directors. In the event of the liquidation, dissolution or winding-up of the Corporation, after payment of all outstanding debts and liabilities, the holders of the Corporation's Common Shares are entitled to participate in any distribution of the Corporation's net assets. The holders of the Corporation's Common Shares have no pre-emptive, redemption, purchase or conversion rights.

The Class 1 preference shares and the Class 2 preference shares may at any time or from time to time be approved for issuance and be issued by the Board in one or more series. Prior to the issue of the shares of any such series, the board shall, subject to the limitations set out below, fix the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to, the shares of such series.

The Class 1 preference shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of JumpTV, whether voluntary or involuntary, or any other distribution of the assets of JumpTV among the shareholders for the purpose of winding-up its affairs, rank on a parity with the Class 1 preference shares of every other series and be entitled to a preference over the Common Shares and the Class 2 preference shares and the shares of any other class ranking junior to the Class 1 preference shares.

The Class 2 preference shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of JumpTV, whether voluntary or involuntary, or any other distribution of the assets of JumpTV among the shareholders for the purpose of winding-up its affairs, rank on a parity with the Class 2 preference shares of every other series and be entitled to a preference over the Common Shares and the shares of any other class ranking junior to the Class 2 preference shares.

## MARKET FOR SECURITIES

The Common Shares trade on the TSX and the AIM under the symbol “JTV”. The following sets out monthly trading price and volume information in respect of the Corporation’s Common Shares on the TSX and the AIM since the Corporation’s initial public offering on August 10, 2006:

Month	AIM					TSX				
	Open (pence)	High (pence)	Low (pence)	Close (pence)	Volume Traded (#)	Open (\$)	High (\$)	Low (\$)	Close (\$)	Volume Traded (#)
August 2006 . . . .	262	312	255.5	274	553,446	5.50	6.60	5.30	6.40	3,866,287
September 2006 .	312	350	307.5	307.5	1,613,454	6.50	7.45	6.35	6.55	1,683,696
October 2006 . . .	312.5	380	302.5	370	418,864	6.55	8.20	6.35	7.92	1,292,049
November 2006 . .	365	380	313	318.5	1,324,764	7.94	8.29	6.80	7.16	1,566,282
December 2006 . .	318.5	337.5	317	317.5	33,800	7.15	7.75	6.96	7.45	846,862
January 2007 . . .	317.5	412.5	312.5	407.5	601,156	7.45	9.89	7.00	9.50	6,286,934

## DIVIDEND POLICY

The Corporation has paid no dividends since its inception. At the present time, the Corporation intends to retain earnings, if any, to finance the expansion of its business. The payment of dividends in the future will depend on the earnings and financial condition of the Corporation and on such other factors as the board of directors of the Corporation may consider appropriate. Pursuant to the CBCA, JumpTV may not declare or pay a dividend if there are reasonable grounds for believing that: (i) JumpTV is, or would after payment be, unable to pay its liabilities as they become due; or (ii) the realizable value of JumpTV’s assets would thereby be less than the aggregate of its liabilities and stated capital of all classes.

## AUDIT COMMITTEE INFORMATION

Under Multilateral Instrument 52-110 — Audit Committees (“MI52-110”), issuers are required to provide disclosure with respect to their audit committees including the text of the audit committee’s charter, composition of the audit committee and the fees paid to the external auditor. Accordingly, the Corporation provides for the following disclosure with respect to its audit committee:

### *Audit Committee Charter*

The full text of the charter of the Corporation’s Audit Committee is attached hereto.

### *Composition of the Audit Committee*

The Audit Committee currently consists of three directors, Curt Marvis (Chair) and James McNamara who are each independent and Lorne Abony, who is not independent, and all of whom are financially literate, in each case within the meaning of MI52-110.

### *Relevant Education and Experience*

Set out below is a description of the education and experience of each Audit Committee member relevant to the performance of his responsibilities as an audit committee member:

*Curt Marvis* — Mr. Marvis has acquired significant financial experience in his capacity as Co-Founder and Chief Executive Officer of CinemaNow Inc. He was previously President of publicly held game developer 7th Level, a publicly traded company (now Learn2.com, NASD:LTWO). Mr. Marvis was a Founder of multimedia start-up Powerhouse Entertainment and served one year on the IBM Multimedia Task Force creating strategic plans for IBM in its continued development of interactive software. He co-founded and served as Chief Executive Officer of The Company from 1984 to 1994.

Mr. Marvis is a graduate with honours from UCLA with a BFA in Motion Picture and Television Production.

*James McNamara* — Mr. McNamara is currently Chairman of Panamax Films, LLC. He was previously President and Chief Executive Officer of Telemundo Communications Group, Inc., and prior to that he was the

President of Universal Television Enterprises. Mr. McNamara joined Universal from New World Entertainment where he served as Chief Executive Officer from 1991 to 1995 where he was charged with overseeing the financial operations, production and distribution of all New World programming efforts. Mr. McNamara was formerly on the board of directors of SBS Broadcasting S.A. and he also previously served as a board member of Film Roman.

Mr. McNamara holds a master’s degree from the American Graduate School of International Management. He earned an undergraduate degree in business administration and political science from Rollins College.

*Lorne Abony* — Mr. Abony has significant experience in financial and accounting matters, resulting from his role as co-founder and Chief Executive Officer of FUN Technologies Inc. He is co-founder and former President of “Petopia.com”, an online pet food and supply destination that was sold to Petco in 2000. Mr. Abony practiced corporate and securities law at Aird & Berlis LLP in Toronto until January, 1998. As corporate counsel his responsibilities included mergers, acquisitions and divestitures, public securities offerings, shareholder arrangements, corporate finance and regulatory matters.

Mr. Abony holds an MBA from Columbia Business School, an LLB/JD from the International Law Center at the University of Windsor and a BA with distinction from McGill University.

*Pre-Approval Policies and Procedures.*

The Audit Committee charter includes responsibilities regarding the provision of non-audit services by the Corporation’s external auditors. The Audit Committee charter states that the Audit Committee may: (1) pre-approve all auditing services and permitted non-audit services provided to the Corporation by its outside auditor; (2) to the extent permitted by applicable laws, regulations and stock exchange rules, the Audit Committee may delegate pre-approval of audit and non-audit services to one or more members of the Audit Committee. Such member(s) must then report to the full committee at its next scheduled meeting if such member(s) pre-approved any audit or permitted non-audit services.

*Audit Fees*

The following table provides detail in respect of audit, audit related, tax and other fees paid by the Corporation to the external auditors for professional services:

<u>Category</u>	<u>Fiscal Period Ended December 31, 2005</u>	<u>Fiscal Year Ended March 31, 2005<sup>(1)</sup></u>
Audit Fees . . . . .	\$89,200	\$74,334
Audit Related Fees . . . . .	nil	nil
Tax Fees . . . . .	nil	nil
All Other Fees . . . . .	nil	nil

Note:

(1) In November 2005, the Board approved a change to JumpTV’s fiscal year end from March 31 to December 31, effective December 31, 2005. As a result of the change, JumpTV reported a nine-month transition period ended December 31, 2005.

**Audit Fees** — Audit fees were paid for professional services rendered by the auditors for the audit of the Corporation’s annual financial statements as well as services provided in connection with statutory and regulatory filings.

**Audit-Related Fees** — The Corporation did not incur such fees during the periods ended December 31, 2005 and March 31, 2005.

**Tax Fees** — Tax fees are payable in respect of tax compliance, tax advice and tax planning professional services. The Corporation did not incur such fees during the periods ended December 31, 2005 and March 31, 2005.

**All Other Fees** — All other fees are payable for services which include acquisition due diligence and other transaction related services. The Corporation did not incur such fees during the periods ended December 31, 2005 and March 31, 2005.

## RISK FACTORS

An investment in the Common Shares is subject to certain risks. Before investing, prospective purchasers of Common Shares should carefully consider, in light of their own financial circumstances, the information contained in or incorporated by reference in this short form prospectus, **including those risk factors under the heading “Risk Factors” beginning on page 96 of the Prospectus which are incorporated herein by reference.**

### Risks Relating to the Business Environment

#### *Markets*

The Corporation operates in competitive and evolving markets locally, nationally and globally. These markets are subject to rapid technological change and changes in customer preferences and demand. There can be no assurance that the Corporation will be able to obtain market acceptance or compete for market share.

#### *Operating in Foreign Jurisdictions*

The Corporation’s current and future development opportunities partly relate to geographical areas outside of Canada. There are a number of risks inherent in international business activities, including government policies concerning the import and export of goods and services, costs of localizing products and subcontractors in foreign countries, costs associated with the use of foreign agents, potentially adverse tax consequences, limits on repatriation of earnings, the burdens of complying with a wide variety of foreign laws, nationalization and possible social, labour, political and economic instability. There can be no assurance that such risks will not adversely affect the Corporation’s business, financial condition and results of operations.

Furthermore, a portion of the Corporation’s expenditures and revenues will be in currencies other than the Canadian dollar. The Corporation’s foreign exchange exposure may change over time with changes in the geographic mix of its business activities. Foreign currencies may be unfavourably impacted by global developments, country-specific events and many other factors. As a result, the Corporation’s future results may be adversely affected by significant foreign exchange fluctuations.

#### *Acquisition Strategy*

The Corporation believes the acquisition of other businesses may enhance its strategy of expanding its product offerings and customer base. The successful implementation of such acquisition strategy depends on the Corporation’s ability to identify suitable acquisition candidates, acquire such companies on acceptable terms, integrate the acquired company’s operations and technology successfully with its own and maintain the goodwill of the acquired business. The Corporation is unable to predict whether or when it will be able to identify any suitable additional acquisition candidates, or the likelihood that any potential acquisition will be completed. In addition, while Management believes it has the experience and know-how to integrate acquisitions, such efforts entail significant risks including, but not limited to:

- a diversion of Management’s attention from other business concerns;
- failure to effectively assimilate the acquired technology or assets into the Corporation’s business;
- the potential loss of key employees or customers from either the Corporation’s current business or the business of the acquired company; and
- the assumption of significant and/or unknown liabilities of the acquired company.

There can be no assurance that the Corporation will be able to successfully identify, consummate or integrate any potential acquisitions into its operations. In addition, future acquisitions may result in potentially dilutive issuances of equity securities, or may result in the incurrence of debt or the amortization of expenses related to intangible assets, all of which could have a material adverse effect on the Corporation’s business, financial condition and results of operations.

#### *Dependence on Key Personnel and Relationships*

JumpTV is dependent on key members of its senior management, including G. Scott Paterson and Kaleil Isaza Tuzman. JumpTV has not obtained key-man insurance for any member of senior management other than Mr. Paterson. In addition, innovation is important to JumpTV’s success and JumpTV depends on the continued

efforts of its executive officers and key employees, who have specialized technical knowledge regarding the JumpTV Delivery Infrastructure and information technology systems and significant business knowledge regarding the Internet video broadcasting industry and subscription services. JumpTV expects that it will need to hire additional personnel in designated growth areas. The market for the services of qualified personnel is competitive and JumpTV may not be able to attract and retain key employees. If JumpTV loses the services of one or more of its key senior officers or employees, or fails to attract qualified replacement personnel, then JumpTV's business and future prospects could be materially adversely affected.

### **Risks Relating to this Offering**

#### *Dilution from further Equity Financing*

If the Corporation raises additional funding by issuing additional equity securities, such financing may substantially dilute the interests of shareholders of the Corporation and reduce the value of their investment.

#### *Volatility of Common Share Price*

The market prices for securities of technology-based companies, including those of the Corporation, historically have been volatile. Future announcements concerning the Corporation or its competitors, including the results of product development and commercialization, government regulations, developments concerning proprietary rights, litigation and cash flow, may have a significant impact on the market price of the Common Shares.

#### *Discretion in the Use of Proceeds*

Management will have broad discretion concerning the use of the proceeds of the Offering as well as the timing of their expenditures. As a result, an investor will be relying on the judgment of management for the application of the proceeds of the Offering. Management may use the net proceeds of the Offering in ways that an investor may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Corporation's results of operations may suffer.

### **INTERESTS OF EXPERTS**

Certain legal matters relating to the Offering will be passed upon on behalf of the Corporation by Wildeboer Dellelce LLP and on behalf of the Underwriters by Blake, Cassels & Graydon LLP. As of the date of this prospectus, the partners and associates of Wildeboer Dellelce LLP as a group and the partners and associates of Blake, Cassels & Graydon LLP as a group each beneficially own, directly or indirectly, less than 1.0% of the outstanding Common Shares.

### **AUDITORS, REGISTRAR AND TRANSFER AGENT**

The current auditors of JumpTV are Ernst & Young LLP, Toronto, Ontario who advise that they are independent of the Corporation within the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at its offices in Toronto, Ontario.

### **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right generally may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

## AUDITORS' CONSENT

To the Board of Directors of JumpTV Inc.

We have read the short form prospectus of JumpTV Inc. (the "Company") dated February 19, 2007 relating to the issue and sale of 13,043,479 common shares of the Company. We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the Board of Directors of the Company on the consolidated balance sheets of the Company as at December 31, 2005 and March 31, 2005 and the consolidated statements of operations, shareholders' equity and cash flows for the nine-month period ended December 31, 2005 and for each of the years in the two-year period ended March 31, 2005. Our report is dated May 19, 2006 (except as to notes 16[i], [ii], [iii], [iv], [v], [vi], [vii], [viii] and [ix] which are as of July 27 and June 5, 7, 11, 20, 23 and July 7, 20 and August 1, 2006, respectively).

Toronto, Canada  
February 19, 2007

(Signed) ERNST & YOUNG LLP  
Chartered Accountants

## CERTIFICATE OF THE CORPORATION

Dated: February 19, 2007

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada. For the purpose of the Province of Québec, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

(Signed) G. SCOTT PATERSON  
Chief Executive Officer

(Signed) KRISS BUSH  
Chief Financial Officer

On behalf of the Board of Directors:

(Signed) CURT MARVIS  
Director

(Signed) LORNE ABONY  
Director

## **CERTIFICATE OF THE UNDERWRITERS**

Dated: February 19, 2007

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada. For the purposes of the Province of Québec, to our knowledge, this simplified prospectus, together with documents incorporated herein by reference or as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

**CANACCORD CAPITAL CORPORATION**

**MORGAN STANLEY CANADA LIMITED**

By: (Signed) JEAN-YVES BOURGEOIS

By: (Signed) DOUGAL MACDONALD

**PARADIGM CAPITAL INC.**

**LOEWEN, ONDAATJE,  
MCCUTCHEON LIMITED**

**GMP SECURITIES L.P.**

By: (Signed) TONY PULLEN

By: (Signed) GARRETT HERMAN

By: (Signed) PAUL K. PEW

## AUDIT COMMITTEE CHARTER

### *Statement of Policy*

The purpose of the Audit Committee (the “Committee”) is to assist the Board of Directors (the “Board”) in fulfilling its oversight responsibilities by (i) overseeing the Corporation’s accounting and financial reporting processes and the audits of the Corporation’s financial statements, (ii) reviewing the financial reports and other financial information provided by the Corporation to the public; and (iii) developing and implementing the Corporation’s internal controls and procedures designed to promote compliance with accounting standards and applicable laws and regulations. In particular, the Committee shall:

- Serve as an independent party to monitor the Corporation’s financial reporting process and internal control system;
- Discuss the audit conducted by the Corporation’s outside auditor; and
- Provide an open avenue of communication among the outside auditor, management and the Board

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan and conduct the audits or to determine that the Corporation’s financial statements are complete, accurate in accordance with GAAP. This is the responsibility of management and the Corporation’s outside auditor.

### **Composition**

The Committee shall be comprised of three or more directors, each of whom, in the determination of the Board, must satisfy (a) satisfy the independence and other requirements established by the NASDAQ National Market (“NASDAQ”) and the TSX. In addition, the Committee shall at all time include at least one member who has past employment experience in finance or accounting, or any other comparable experience or background that results in his or her financial sophistication.

The members of the Committee shall be appointed and replaced by the Board. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

### **Meetings**

The Committee shall meet at such times and with such frequency as the Committee shall determine as appropriate to meet its responsibilities. The Committee shall hold separate meetings periodically, but not less often than quarterly, with management and the Corporation’s outside auditor to discuss the quarterly review process and any other matters that the Committee or the other participants believe should be discussed. The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary or desirable. The Committee may adopt such procedures as it deems appropriate and necessary to carry out its duties and responsibilities of the Committee. The Committee shall report to the Board from time to time, as requested by the Board, or as the Committee deems appropriate.

### **Responsibilities and Duties**

*The Committee shall have the following responsibilities and duties:*

1. The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the Corporation’s outside auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation. Each such registered public accounting firm shall report directly to the Committee. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of:
  - A. compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation;

- B. compensation to any advisers employed by the Committee; and
  - C. ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
2. The Committee shall, to the extent required by any applicable legal or regulatory requirement, pre-approve all auditing services and permitted non-audit services provided to the Corporation by its outside auditor. To the extent permitted by applicable laws, regulations and NASDAQ rules, the Committee may delegate pre-approval of audit and non-audit services to one or more members of the Committee. Such member(s) must then report to the full Committee at its next scheduled meeting if such member(s) pre-approved any audit or permitted non-audit services.
  3. At least annually, the Committee shall receive from its outside auditor a formal written statement delineating all relationships between the auditor and the Corporation, consistent with Independence Standards Board Standard No. 1, actively engage in a dialogue with the auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor, and take, or recommend that the full Board take, appropriate action to oversee the independence of the outside auditor.
  4. The Committee shall oversee the Corporation's accounting and financial reporting processes and the audits of the Corporation's financial statements.
  5. The Committee shall review the Corporation's annual audited financial statements, including certification, report or opinion rendered by the Corporation's outside auditor, and discuss the same with management and the auditor. The Committee shall recommend to the Board whether the annual financial statements should be included in the Corporation's Annual Report on Form 10-K.
  6. The Committee shall discuss with the outside auditor the matters described in the Statement of Auditing Standards No. 61, including any difficulties the auditor encountered in the course of the audit work, and restrictions on the scope of the auditor's activities or on access to requested information, and any significant disagreements with management.
  7. The Committee shall review any disclosures made by the Corporation's Principal Executive Officer and Principal Financial Officer (as such terms are defined by the SEC), as part of the process of preparing their certifications to be included in the Corporation's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q and as part of the CEO/CFO Certification requirements relating to Multilateral Instrument 52-109.
  8. The Committee shall establish procedures for (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters (Whistle Blower Policy).
  9. The Committee shall review and approve all related-party transactions that are brought to the Committee's attention.
  10. The Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities.
  11. The Committee shall have the authority to engage independent counsel and other advisors, as the Committee determines necessary to carry out its duties and responsibilities.
  12. The Committee may consider such other matters in relation to the financial affairs of the Corporation and its accounts, and in relation to the internal and external audits of the Corporation, as the Committee may, in its discretion, determine to be advisable.
  13. The Committee shall annually report to the Corporation's stockholders on certain auditing matters, as required by the rules and regulations of the SEC and TSX, as they may be amended from time to time. Such report will be included in the Corporation's annual proxy statement and AIF form.

14. The Committee shall review and reassess the adequacy of this Charter annually, and recommend any proposed changes to the Board for its approval.
15. The Committee will conduct in Camera meetings with the external auditors in private sessions without management present.
16. The Committee shall approve all engagements for accounting and tax advice provided by any audit firms other than the external auditors.

The Committee may diverge from specific activities outlined throughout this Charter as appropriate if circumstances or regulatory requirements change. In addition to these activities, the Committee may perform such other functions necessary or appropriate under applicable laws, regulations, NASDAQ and TSX rules, the Corporation's certificate of incorporation and by-laws, and the resolutions and other directives of the Board.

This Charter is in all respect subject and subordinate to the Corporation's certificate of incorporation and by-laws, and the resolutions of the Board.

