



**JUMPTV INC.**

**ANNUAL INFORMATION FORM**

**MARCH 22, 2007**

## TABLE OF CONTENTS

<b>1. INTRODUCTION</b> .....	3
1.1 General Information.....	3
1.2 Information Incorporated by Reference.....	3
1.3 Forward-Looking Information.....	3
1.4 Third Party Information.....	4
<b>2. CORPORATE STRUCTURE</b> .....	4
2.1 Name, Address and Incorporation.....	4
2.2 Intercorporate Relationships.....	5
<b>3. GENERAL DEVELOPMENT OF THE BUSINESS</b> .....	6
3.1 Three Year History.....	6
<b>4. THE BUSINESS OF THE CORPORATION</b> .....	6
4.1 General.....	6
<b>5. DIVIDEND RECORD AND POLICY</b> .....	17
<b>6. GENERAL DESCRIPTION OF CAPITAL STRUCTURE</b> .....	17
<b>7. MARKET FOR SECURITIES</b> .....	18
7.1 Trading Price and Volume.....	18
<b>8. DIRECTORS AND OFFICERS</b> .....	19
8.1 Name, Occupation an Security Holding.....	19
8.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions.....	20
<b>9. LEGAL PROCEEDINGS AND REGULATORY ACTIONS</b> .....	20
<b>10. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS</b> .....	20
<b>11. REGISTRAR AND TRANSFER AGENT</b> .....	21
<b>12. MATERIAL CONTRACTS</b> .....	21
<b>13. INTERESTS OF EXPERTS</b> .....	21
<b>14. AUDIT COMMITTEE INFORMATION</b> .....	21
<b>15. ADDITIONAL INFORMATION</b> .....	23

## **1. INTRODUCTION**

### **1.1 General Information**

All information in this annual information form ("AIF") is as at December 31, 2006. Unless otherwise noted or the context otherwise indicates references in this AIF to "we", "our", "JumpTV" or the "Corporation" refer to JumpTV Inc. and include its subsidiaries.

For reporting purposes, JumpTV prepares consolidated financial statements in US dollars and in conformity with Canadian generally accepted accounting principles ("GAAP").

Unless otherwise indicated, all references to "\$" or "dollars" in this AIF are expressed in Canadian dollars.

### **1.2 Information Incorporated by Reference**

Certain of the information contained in this AIF may be found in other documents filed by the Corporation with Canadian securities regulators, which documents the Corporation makes available via SEDAR and which can be accessed at [www.sedar.com](http://www.sedar.com). See also the section in this Annual Information Form entitled "Additional Information".

### **1.3 Forward-Looking Information**

This AIF 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, readers 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 AIF 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 AIF and JumpTV does not intend, and does not assume any obligation, to update or revise them to reflect new events or circumstances. Readers are cautioned not to place undue reliance on forward-looking statements.

## **1.4 Third Party Information**

This AIF and the documents included by reference herein include market share information, industry data and forecasts regarding the world-wide ethnic television broadcasting market, or JumpTV's position therein as well as information in respect of JumpTV's "channel partners" (as defined below) and certain Internet service providers, Internet portals, mobile telephony operators and content re-distributors, which were obtained from independent industry publications and surveys, surveys that JumpTV commissioned and internal company surveys as more particularly described herein. In relation to these sources, such information has been accurately reproduced from the information published by the third parties referred to above and, as far as the directors are aware and are able to ascertain from the information provided by the providers of these sources, no facts have been omitted that would render such information inaccurate or misleading. References in this AIF to research reports, surveys or articles should not be construed as depicting the complete findings of the entire referenced report or article. The information in any such report, survey or article is not incorporated by reference into this AIF. The source of any such report, survey or article has been identified on the page in which it appears in this AIF.

Although the directors believe these sources to be reliable, JumpTV has not independently verified any of the data nor ascertained the underlying economic assumptions relied upon therein. Some data is also based on JumpTV's estimates, which are derived from its review of internal surveys, as well as independent sources. JumpTV 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.

## **2. CORPORATE STRUCTURE**

### **2.1 Name, Address and Incorporation**

JumpTV Inc. ("JumpTV" or the "Corporation") was incorporated in Canada under the *Canada Business Corporations Act* (the "CBCA") on January 14, 2000, as amended by Articles of Amendment dated February 22, 2000, July 11, 2005, September 7, 2005, October 11, 2005, May 26, 2006, June 20, 2006 and July 20, 2006 and Articles of Arrangement dated July 7, 2006. On March 8, 2007, the Company changed its registered office and principal place of business from 161 Bay Street, P.O. Box 214, Suite 3840, Toronto, Ontario, Canada M5J 2S1 to 463 King Street West, 3<sup>rd</sup> Floor, Toronto, Ontario, Canada M5V 1K4. The Company's 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 AIF 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 JumpTV.

## 2.2 Intercorporate Relationships

As at February 10, 2007, JumpTV has the following subsidiaries, all of which are wholly owned (directly or indirectly):

<b>Name of Subsidiary</b>	<b>Country of Incorporation</b>	<b>Proportion of Ownership Interest and Voting Power</b>	<b>Registered Office</b>	<b>Field of Activity</b>
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, Florida 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, the current President and Chief Operating Officer of JumpTV, 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.

### **3. GENERAL DEVELOPMENT OF THE BUSINESS**

#### **3.1 Three Year History**

A description of the Company's history and strategy over the last three years is incorporated by reference herein from the subheading "History and Strategy" on pages 14 through 17, inclusive, of the Company's (final) long form prospectus dated August 1, 2006 (the "Prospectus") and from under the heading "Recent Developments" on pages 6 through 9, inclusive, and "Other Recent Developments" on pages 10 through 12, inclusive, in the Company's (final) short form prospectus dated February 19, 2007 (the "Short Form Prospectus").

### **4. THE BUSINESS OF THE CORPORATION**

#### **4.1 General**

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.

As at December 31, 2006, the Company has entered into license agreements with television broadcasters (referred to as "channel partners") representing more than 254 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 Company's revenue from subscriptions to, and advertising by JumpTV on, its related channels. As of December 31, 2006, 202 channels were available for subscription through the Company's website. Additional channels are being commercially launched on the Company's website on an ongoing basis. JumpTV's objective is to significantly grow the number of channels offered by the Company in 2007.

JumpTV makes its channel partners' live linear feeds available, generally on a monthly subscription basis, through single-channel offerings ("a la carte" monthly pricing ranging from U.S.\$5.95 to U.S.\$9.95) and, increasingly, multi-channel packages ("bundled" monthly pricing 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 a la carte prices are expected to range in price from U.S.\$24.94 to U.S.\$64.95 for three-month subscriptions. The Company's subscriptions and products are priced in US dollars, generally on a monthly basis in advance, principally using credit cards. In the future, the Company plans to offer its subscribers the ability to pay in multiple currencies.

As of December 31, 2006, JumpTV had approximately 24,500 subscribers (based on the number of credit cards used to make purchases) that have purchased approximately 28,000 channels and bundled subscriptions.

For the year ending December 31, 2006, JumpTV had subscribers in over 90 countries with approximately 53% of its subscribers residing in the United States, 23% of its subscribers residing in Western Europe and 10% residing in Canada. JumpTV plans to increase its marketing efforts in 2007, which will be focused principally on North America and Western Europe. The bulk of the Company's subscriber acquisition efforts to date have targeted Internet search engine marketing and optimization and the Company 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 Company'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 Company's channel partner agreements provide for the repurposing (i.e. using or converting the live streams or other content into other formats) and offering the channel partners' content for viewing on a video on demand, personal video recording and pay per view basis at variable pricing.

To complement its marketing and distribution efforts, JumpTV has developed and continues to execute on its strategy of partnering with leading Internet service providers and major Internet portals as well as mobile telephony providers and niche re-distributors such as real estate owners, hotels, and airlines to name a few. The benefit of these partnerships for the Company is twofold: (i) through their entrenched and far reaching brands, 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 can deliver JumpTV's content to partner's existing user base using their existing delivery networks and infrastructure and thus eliminating the need for JumpTV to incur said delivery costs.

It is JumpTV's policy to be globally intellectual property rights compliant. As part of the channel partner agreements, the Company's channel partners are contractually required to advise the Company when content for which they do not hold the international distribution rights is scheduled to be aired and delivered to JumpTV as part of the channel partner agreement to enable JumpTV to substitute compliant content in the place of content that is not Digital Rights Management ("DRM") compliant. JumpTV relies significantly on its channel partners to ensure that the content broadcast by the Company does not infringe on the intellectual property rights of others.

To complement the Company'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.

In addition to its subscription strategy, in 2007 the Company may test an advertising supported model on a selective regional basis. 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 will continue to assess the merits of 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 Company's channel partners to subscribers around the world (the "JumpTV Delivery Infrastructure"). The JumpTV Delivery Infrastructure combines both proprietary and third party elements that we believe are 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, third party broadband providers and owned and outsourced distribution servers across North America, Europe, the Middle East, Latin America, Asia and Africa. The Company anticipates continuing to invest significantly in the Company's delivery infrastructure as the Company continues to grow.

To complement its core business and related organic growth, the Company intends to expand its business model through a global acquisition strategy. As such, JumpTV intends to continue its strategy of acquiring businesses that are complementary to the Company's current operations and its strategic direction. There can be no guarantees however, that the Company will be successful in acquiring any such businesses or that any such acquisitions will add value to the Company and its shareholders over time. See "Risk Factors".

JumpTV has offices located in Toronto, Dubai, London, New York, and Bogota and representative offices in Bangkok, Amman, Singapore, Kampala and Sao Paolo.

## **The Market**

### ***Overview***

JumpTV operates at the intersection of two growth sectors of the media industry: (1) IPTV and (2) ethnic media services. The IPTV market sector is generally understood to comprise broadcasting through open IP networks that use the public Internet and closed IP networks generally operated by fixed line telecommunications carriers and mobile telephony providers, access to which is limited to the relevant network coverage footprint. JumpTV considers that the ethnic media services market comprises media service offerings to specific diaspora communities as determined by shared nationality, language or culture, generally excluding communities for which English is the primary language.

### ***The IPTV Market Sector***

#### ***Overview***

According to IDC, the IPTV market in the US, Western Europe and the Asia Pacific will grow to service approximately 35 million subscribers in aggregate by 2009.

JumpTV believes that IPTV will increasingly become a viable alternative to traditional video broadcasting through free-to-air terrestrial, cable and satellite television as a result of increasing broadband delivery speeds and technological advancements in compression technology, personal computer processing power, storage capacity and streaming quality. In addition, we believe that IPTV provides for interactive end-user features (such as online commerce, voting, chatting and blogging) that are generally not available through traditional video broadcasting.

#### **IPTV versus Traditional Distribution – Capacity Advantages**

Currently, multi-channel video broadcasting is serviced primarily by free-to-air terrestrial, cable and satellite television providers and is characterized by continuous delivery of every single channel offered by service providers to each of their subscribers who can choose specific channels to view via a tuner or set-top-box. As a result, free-to-air terrestrial, cable and satellite television providers are bandwidth constrained and their ability to offer incremental channels is therefore limited.

By contrast, IP-based video broadcasting can avoid the type of capacity constraints experienced by traditional video broadcasters because only the actual IP channel being viewed by a user is streamed to that user. As a result, an equivalent amount of bandwidth can concurrently serve a larger number of users.

#### **IPTV versus Traditional Distribution – Advertising Advantages**

Traditional video broadcasters to mass market audiences mostly rely on diary entries made by small samplings of viewers in order to estimate viewership habits and trends across the market overall. This methodology currently provides limited scope to target advertising to specific individuals. By contrast, it is possible with IP-based broadcasting to identify demographic information (by viewership habits and content viewed) and geographic information (by a viewer's IP address).

To exploit this opportunity in the future, JumpTV has generally secured the right in its channel partner agreements to substitute different advertising content for domestic advertisements in a channel partner's live linear feed. JumpTV's Product and Technology Road Map envisages the introduction of this capability. See "The Business — Product and Technology Road Map" on page 31 of the Prospectus.

Jupiter Research expects the Internet sector to be the fastest growing advertising sector in the US over the next five years.

JumpTV currently generates revenue from subscriptions to its television services, while Internet-based video offerings for some other providers are free of charge and are supported by advertising revenue. JumpTV is assessing the merits of an advertising supported revenue model under which channels would be made available free to certain subscribers on a selective regional basis.

### *Open IP Networks*

As mentioned above, the IPTV market comprises both open and closed networks broadcasting video content using Internet Protocol. JumpTV currently broadcasts through open IP networks by transmitting the channel partners' live feeds through the JumpTV Delivery Infrastructure directly to subscribers.

The Internet is characterized by a global network of "Tier 1" internet backbone providers who share and transfer packets of information, including compressed video files, globally through Internet Protocol. Video providers that stream their content through open IP networks do so by (i) compressing their video into small packet sized file formats such as Windows Media Format (from Microsoft), QuickTime (from Apple), Real Media (from Real Player) or Flash Media (from Adobe), (ii) purchasing the necessary bandwidth from Internet service providers or third-party content delivery networks, and (iii) employing the public Internet as a conduit between the content provider's streaming servers and the individual viewers of the video content.

As a result, content streamed via open IP networks is available globally. By contrast, traditional video broadcasters such as cable and satellite television providers are confined by their defined region of broadcast license and network coverage footprint.

The potential viability and consumer acceptance of open IP networks has been and continues to be demonstrated by various Internet-based offerings, including:

- **MLB.com**

MLB.com provides live streaming of Major League Baseball games on a subscription basis whereby subscribers can view the live streams of games involving teams that are affiliated with cities outside of the subscribers' IP-address. According to MLB.com, there are between 3.5 and 4.5 million visitors per day to [www.mlb.com](http://www.mlb.com), and during a Major League Baseball season, MLB.com experiences more than 10 billion pageviews, and receives approximately 150 million unique visitors. According to third party sources, as of April 2006, MLB.com had over 800,000 subscribers to its service.

- **2006 NCAA Men's Basketball Tournament**

According to comScore Media Metrix, approximately 16.4 million streams were delivered during the first weekend (four-day period, rounds one and two) of the National Collegiate Athletic Association Men's Basketball Tournament in March 2006. CBS Sportsline provided live linear streams of the CBS television network's regional coverage of the tournament through the brand "March Madness on Demand".

- **ABC.com**

On April 10, 2006, Disney-ABC Television Group announced its intent to offer full-length episodes of four ABC primetime series online at [www.abc.go.com](http://www.abc.go.com) as part of a two-month-long experiment. Current episodes of *Lost*, *Desperate Housewives* and *Commander In Chief*, as well as the entire current season of "Alias" are to be available for streaming during May and June, marking the first time a broadcast network has made multiple series available for viewing online, free of charge to consumers.

- **Yahoo! Telemundo**

On May 10, 2006, Yahoo! Inc., NBC Universal Television Group and Telemundo announced their intent to combine their US Hispanic Internet properties to form a co-branded Internet business to be called Yahoo! Telemundo. This agreement marks the first time that a national Hispanic television network will partner with an established Hispanic online service to provide the best of both online and broadcast media content for users and advertiser and will create a richer online user experience, adding Telemundo's roster of original programming across sports, music, entertainment and other content to Yahoo! en espanol's award-winning online tools and services, including Yahoo! Search, Mail and Messenger.

#### *Closed IP Networks*

Closed IP networks refer generally to networks operated by fixed line telecommunications carriers and mobile telephony providers, the access to which is limited to the relevant network coverage foot print.

Together with other industry observers, we believe that various closed network IPTV service offerings will be launched around the world over the next 12 months. For fixed line telecommunications companies, IPTV may be seen as a central element of a provider's multi-product voice, high speed Internet and video offering (referred to in the industry as "triple-play") growth strategy as they strive to compete with the cable and satellite television providers. Similarly, mobile operators are offering mobile video services to complement their traditional voice products.

To support closed network IPTV offerings, JumpTV expects telecommunications companies to invest significantly in upgrading their data delivery infrastructures to deliver speeds capable of streaming high quality video.

In North America, major telecommunications companies are beginning to roll out closed network IPTV services with Verizon Communications, for example, gaining approval and launching its FiOS TV IPTV in select US markets. In Western Canada, Telus Corporation offers Telus TV, its closed network IPTV service which currently carries 28 ethnic television channels. Outside North America, closed network IPTV offerings are commercially available on a larger scale, including Telefonica S.A.'s Imagenio offering in Spain with over 200,000 subscribers and PCCW Limited's offering in Hong Kong with 550,000 subscribers.

We believe that broadcasting the Corporation's content through operators of closed IP networks represents an additional opportunity for the Corporation because operators of closed IP networks, having invested significantly in creating those networks, will have an appetite for content provided by JumpTV.

#### *Convergence of Open and Closed IP Networks*

We believe that the distinction between open and closed IP networks is beginning to blur. Today, consumers can connect their personal computers to their televisions through use of an s-video cable or wireless application enabling them to view streamed Internet content on their televisions. With the continued introduction of IP-enabled set-top-boxes and other hardware media processing solutions, as well as software platforms that facilitate the connection of the personal computer to the television, the boundary between open and closed IP-networks could break down over time and we believe that IP-based media could become ubiquitous across all IPTV platforms. For example, RCA manufactures its msntv2 set-top-box which enables consumers to view on their televisions video streamed through open IP networks such as JumpTV. The widespread adoption of television to Internet functionality would result in JumpTV's offering being interchangeable between the computer and the television.

To capitalize on this convergence, Microsoft has released the Windows Media Center, which is integrated into Microsoft's next generation Windows Vista operating system. The Windows Media Center is intended to facilitate the finding, playing, and managing of all digital entertainment on personal computers or televisions by using a mouse and keyboard or a remote control. As televisions and computer monitors continue to move towards widescreen and high-definition displays, Microsoft has announced that Windows Media Center in Windows Vista is optimized to provide subscribers with a more user-friendly experience when viewing photos, home movies, television and streaming video in their living rooms.

### *Broadband Internet Access*

In order to maintain the delivery of a high-quality IP-based television broadcasting stream to the Corporation's subscribers, JumpTV relies to a large extent on its subscribers' capability to receive their Internet connections at high speeds through either cable modems, DSL modems or other broadband Internet connections. IDC estimates that there were approximately 178 million broadband Internet households world-wide at the end of 2005. IDC projects that the number of broadband Internet households will grow to approximately 319 million by 2009, representing an increase of 140 million households.

### ***Ethnic Media Services Sector***

JumpTV considers that the ethnic media services market comprises media service offerings to specific diaspora communities as determined by shared nationality, language or culture, generally excluding communities for which English is the primary language. Detailed information on the Corporation's primary subscriber candidate groups is not readily available. We believe more general information with respect to size and nature of particular ethnic populations is suggestive of the potential demand for the Corporation's services. The International Organization for Migration estimates that global migration has been increasing steadily over the past 15 years, with the world's foreign born population growing from 105 million in 1985 to 175 million in 2002. As of the beginning of 2000, one in 35 people was an international migrant.

Ethnic immigrant populations can be segmented between immigrants and those individuals that were born in their country of residence but nevertheless identify with a particular ethnic community. In addition to appealing to foreign-born populations, we believe that descendants of foreign-born citizens may also be interested in our services as a method of staying connected to their cultures.

One of JumpTV's key target markets is the ethnic population within the United States. US census data in 2000 indicates that foreign-born Hispanic, Arab, Asian and Sub-Saharan African immigrants, together with members of those ethnic groups that were born in the US but which identify with those groups, total more than 50 million people. We believe that the U.S. Census 2000 data under-reports the actual foreign born populations in the US and that these categories have grown significantly since 2000.

The Migration Policy Institute has conducted research that indicates that the total foreign-born ethnic population in JumpTV's other key target markets of Germany, France, Canada, the United Kingdom, Australia and Spain is approximately 30 million people. In these key markets, the foreign-born ethnic populations for which JumpTV currently offers two or more channels total approximately 9 million people.

We have conducted research and worked with the Migration Policy Institute to obtain information about ethnic populations in our key target markets.

## **Competition**

JumpTV competes for subscribers with all providers of ethnic content, including, but not limited to: (i) Direct-To-Home (“DTH”) satellite television providers; (ii) cable television providers; (iii) ethnic Internet video providers; (iv) free-to-air television broadcasters; (v) major Internet portals and other providers of video content over the Internet; (vi) non-video ethnic media; and (vii) new technologies and entrants. The Corporation competes with its competitors principally on the basis of number and quality of ethnic channels offered and on the quality of signals offered. Many of these competitors have substantially greater financial, marketing and other resources than JumpTV. The Corporation’s earnings and operating results could be materially adversely affected if JumpTV is unable to compete successfully with these and other new providers of ethnic video content.

### **DTH Satellite Television Providers**

DTH satellite television providers typically provide a diverse multi-channel video offering, including multiple ethnic channels from countries outside North America and Western Europe. DTH service can be received throughout the Corporation’s target subscriber markets through small rooftop or wall-mounted outside antennas.

As of December 31, 2006, the two main players in the US DTH satellite television market were DIRECTV Inc. (approximately 16 million subscribers) and EchoStar Communications Corp., operator of the Dish Network DTH branded offering (approximately 13 million subscribers). DIRECTV offers 91 ethnic channels and Dish Network offers 161 channels through their DTH platforms in the US. Another player in the US DTH market is GlobeCast World TV which offers 99 ethnic channels on its DTH platform.

Bell Canada Enterprises was the leading DTH service provider in Canada as at December 31, 2006, offering 22 ethnic channels on its Bell ExpressVu DTH service to approximately 1.8 million subscribers.

As of December 31, 2006, British Sky Broadcasting led the UK market, offering 25 ethnic channels through its Sky DTH platform to approximately 8.4 million subscribers, and Canal Satellite (with approximately 3 million subscribers to its DTH platform with a limited ethnic channel offering), Premiere AG (with approximately 3.4 million subscribers to its DTH platform offering 20 ethnic channels) and Sogecable SA (with approximately 2 million subscribers to its Digital+ platform with a limited ethnic channel offering) were the leading DTH service providers in France, Germany and Spain, respectively.

There are also other more niche DTH satellite television providers that compete with JumpTV whose channel offerings are targeted to specific ethnic diasporas. An example is ConneCTV a service that offers a suite of Korean television channels to the U.S. market.

Typically, DTH satellite television platforms offer video on demand, pay per view, personal video recording and time zone shifting services. JumpTV is currently offering its own ethnic video on demand, pay per view, personal video recording and time zone shifting services.

### ***Cable Television Companies***

Cable television operators typically have a large, established customer base and many cable operators have significant investments in, and access to, programming. As at December 31, 2006, of the 111.1 million television households in the US, approximately 66 million were subscribers to cable television service as measured by Nielsen Media Service, a penetration rate of 59%. Cable television operators continue to leverage their advantages relative to JumpTV by, among other things, bundling their analog video service with expanded digital video services, two-way high speed Internet access and telephone services. Cable television operators are also able to provide service to multiple television sets within the same household at a lower incremental cost to the consumer.

Leading cable television operators in the US include (data as of dates outlined for each operator below):

- Comcast Corporation: As at December 31, 2006, approximately 24.2 million subscribers to basic cable (10.1 million of which are digital cable subscribers). As of February 2007, Comcast Corporation offers ethnic television channels across its cable television platform with 45 ethnic television channels being offered through its cable television service in San Francisco and 27 ethnic television channels being offered through its cable television service in Chicago, as examples;
- Time Warner Inc.: As at December 31, 2006, approximately 14.2 million subscribers to basic cable (5.4 million of which are digital cable subscribers). As of February 2007, Time Warner Inc. offers ethnic television channels across its cable television platform with 51 ethnic television channels being offered through its cable television service in New York, as an example; and
- Adelphia Communications: On July 31, 2006, Comcast and Time Warner purchased Adelphia's operations including its 5 million subscribers. Adelphia Communications offers ethnic television channels across its cable television platform with 33 ethnic television channels being offered through its cable television service in Miami, as an example.

Leading cable television operators in Canada include (data as of dates outlined for each operator below):

- Rogers Communications Inc.: As at September 30, 2006, approximately 2.3 million subscribers to basic cable. As of February 2007, Rogers Communications Inc. offers ethnic television channels across its cable television platform with 52 ethnic television channels being offered through its cable television service in Toronto, as an example; and
- Shaw Communications Inc.: As at December 31, 2006, approximately 2.2 million subscribers to basic cable. As of March 2007, Shaw Communications Inc. offers ethnic television channels across its cable television platform with nine ethnic television channels being offered its cable television service in Vancouver, as an example.

Leading cable television operators in JumpTV's key target markets in Europe include (data as of dates outlined for each operator below):

- Virgin Media (UK): As at December 31, 2006, approximately 3.3 million subscribers to basic cable. Virgin Media's ethnic channel offering includes 12 ethnic channels;
- UPC France: As at December 31, 2006, approximately 1.5 million subscribers to basic cable. Operating under the name UPC France, its channel offering includes 12 ethnic channels offered through its French cable television service; and
- Kabel-Service Berlin GmbH: As of February 1, 2007, operating under the name RKS, Kabel-Service Berlin GmbH's channel offering includes 39 ethnic channels offered through its German cable television service.

Typically, digital cable platforms currently offer video on demand, pay per view, personal video recording and time zone shifting services. JumpTV is currently offering its own ethnic video on demand, pay per view, personal video recording and time zone shifting services.

### ***Ethnic Internet Video Providers***

New providers of ethnic video content over the Internet are constantly emerging. Video content over the Internet is currently offered in various formats including live linear feeds, video on demand, pay per view and highlights and clips either on a subscription or free advertisement supported basis. We regard the following ethnic video content providers as examples of competitors to JumpTV:

#### *Ethnic video on demand*

- MediaZone: Offers sports, lifestyle, arts and general programs on a pay per view and video on demand basis as well as the live linear feeds of certain channels featuring ethnic general entertainment content from countries such as China, Trinidad and Tobago and Mongolia;
- Planeta: Offers programming primarily related to Latin music on a video on demand basis.

#### *Ethnic live linear feeds*

- Planetvu: Offers on a beta basis seven channels affiliated with the ZeeTV network, a network of television channels in India; and
- Greengrass TV: Offers user interface development of video on demand as well as live streaming on a pay-per-amount-of-time-viewed basis. Six live channels are available with a limited ethnic focus.

In addition, there are multiple operators of pirated video content who stream content for which they have not received consent from the legal and beneficial owners of such content. Furthermore, there are multiple front end providers which provide a menu of links to video content via websites or free-to-air broadcasts on the Internet. These pirates and front-end providers have varying menus of ethnic content and offer such content at varying degrees of streaming quality.

Moreover, certain broadcasters have an internal IP distribution strategy whereby they make their live linear feeds, as well as repurposed content, available through their own websites on a paid basis or free advertisement supported basis.

### **Free-to-Air Television Broadcasters**

Free-to-air television broadcasters are typically broadcasters in their domestic market only. Their service, which includes ethnic television offerings, can be received throughout the Corporation's target subscriber markets through over-the-air antennas or as part of basic cable television services. One example of such a broadcaster is Univision which operates 27 Spanish-language television channels across the US.

### ***Major Internet Portals and Other Providers of Video Content Over the Internet***

Major Internet portals, including Yahoo!, Google, MSN and AOL, offer video content on both a paid and free advertising-supported basis. In addition, ethnic portals that pursue video strategies may compete with JumpTV. Video file sharing services like YouTube, where customers can share personal and other video content with each other, may also compete with JumpTV. Joost, currently in beta, is in the process of developing an Internet Protocol-delivered video service that we expect will compete with JumpTV.

## **Non-Video Ethnic Media**

JumpTV considers its target subscribers as members of specific diaspora communities as determined by shared nationality, language or culture, generally excluding communities for which English is the primary language. Non-video ethnic media services available to such diaspora communities, including ethnic newspapers, radio, magazines and web sites, may compete with JumpTV's ethnic television and other media offerings.

## ***New Technologies and Entrants***

New technologies and entrants could also have a material adverse effect on the demand for JumpTV's ethnic television offerings. For example, fixed line telecommunications and mobile telephony companies who offer or plan to offer video services may be competitors to JumpTV. Together with other industry observers, JumpTV has witnessed and expects to witness the launch of various closed network IPTV services around the world. For fixed line telecommunications companies, IPTV will likely be seen as a central element of a provider's multi-product voice, high speed Internet and video offering ("triple-play") growth strategy as they strive to compete with the cable and satellite television providers.

These new closed IP technologies are both a competitive threat to JumpTV and a potential opportunity for JumpTV to enter into strategic distribution partnerships with operators of closed IP networks. We believe that the significant investments in technology made by operators of closed IP networks will create an appetite for content provided by JumpTV for distribution through such closed IP networks.

In addition, traditional telephone companies and others are implementing and supporting digital video compression over existing telephone lines and digital "wireless cable", which may allow them to offer video services without having to develop a new infrastructure. Moreover, mergers, joint ventures and alliances among franchise, wireless or private cable television operators, telephone companies and others may result in new providers capable of offering television services in competition with JumpTV. Furthermore, all of these providers may use existing and new technologies to offer a bundle of television and telecommunications services that may prove to be more competitive than the Corporation's current offerings. As a result, JumpTV may not be able to compete successfully with existing competitors or new entrants in the market for television services.

Finally, JumpTV may be placed at a competitive disadvantage to the extent that other multi-channel video providers are able to offer programming in higher definition than JumpTV. While the Corporation expects that it will continue to offer its video content at increasingly higher streaming speeds, there can be no assurance that the Corporation will be able to compete effectively with high definition program offerings from other video providers.

## **The Regulatory Environment**

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

### **IPTV**

Traditional television broadcasting businesses are generally subject to extensive government regulation and significant regulatory oversight in most jurisdictions, including many of the countries from which JumpTV's channels originate and many of the countries into which JumpTV transmits its channels to subscribers. Regulations typically govern the issuance, amendment, renewal, transfer and ownership of broadcast licenses, competition and cross ownership and sometimes also govern the timing and content of programming, the timing, content and amount of commercial advertising and the amount of foreign versus domestically produced programming. In many jurisdictions, including Canada and the United States, there are also significant restrictions on the ability of foreign entities to own or control traditional television broadcasting businesses. JumpTV is not aware of any regulations in any of the jurisdictions in which its subscribers reside that would require JumpTV to be licensed as a broadcaster in any of those jurisdictions.

While JumpTV attempts to monitor regulatory developments potentially affecting the broadcasting of ethnic television over the Internet in countries in which it has subscribers, it relies significantly on its channel partners to monitor any legal and regulatory developments in the jurisdictions from which they transmit their live linear feeds to JumpTV. This includes possible copyright and programming rights issues associated with the retransmission of television broadcast services.

Governments and regulatory authorities in many jurisdictions regularly review their broadcasting rules and policies, including the application of those rules and policies to new and emerging media. Proposed amendments to the European Union's Television without Frontiers Directive, if adopted in their present form, could result in the provision of subscription television program services over the Internet in the United Kingdom and other European Union member countries becoming subject to regulation, including a licensing requirement. Whether JumpTV would be subject to such requirements, if adopted in their present form, is unclear. In Canada, the CRTC has recently announced a review of the future environment for the broadcasting system in Canada, including the effect of new media. While JumpTV is not aware of any proposed regulatory initiatives affecting IPTV in any of the jurisdictions in which its subscribers reside, there can be no assurance that television broadcasting regulations will not be amended in the future in a manner that requires JumpTV to be licensed in particular jurisdictions in order to continue broadcasting its channels to subscribers in those jurisdictions or which otherwise affects its operations in a materially adverse manner.

Regulatory schemes can vary significantly from country to country. JumpTV may be subject to broadcasting or other regulations in countries in which it has subscribers or from which its channel partners transmit their live linear feeds to JumpTV and may not be aware of those regulations or their application to JumpTV. If JumpTV were in violation of broadcasting or other regulations in any jurisdiction, it could be subject to sanctions by a foreign government that could materially adversely affect its ability to broadcast content from channel partners in that jurisdiction or to subscribers in that jurisdiction. There can be no assurance that any necessary approvals would be granted to JumpTV on a timely basis, or at all, in any or all jurisdictions in which JumpTV has channel partners or subscribers or that any restrictions in those jurisdictions would not be unduly burdensome. The failure by JumpTV to obtain authorizations or licenses necessary to acquire or distribute television programming over the Internet internationally could have a material adverse effect on JumpTV's ability to generate revenue and on its overall competitive position.

JumpTV, its subscribers and channel partners and other parties with which it does business may be required to hold authorizations or licenses in countries in which they provide or receive services. JumpTV may not be aware if its subscribers or channel partners, or other parties with which it does business, do not hold the requisite authorizations and licenses.

The Corporation has received advice on compliance with the requirements under the laws and regulations implemented by the Office of Foreign Assets Control, U.S. Department of the Treasury. We believe that we are in compliance with those requirements.

## **The Internet**

There are currently few laws or regulations specifically applicable to the Internet. The application of existing laws and regulations to JumpTV relating to issues such as user privacy, defamation, pricing, advertising, taxation, promotions, consumer protection, content regulation, quality of products and services and intellectual property ownership and infringement are unclear. Any existing or new legislation applicable to JumpTV could expose it to substantial liability, including significant expenses necessary to comply with such laws and regulations.

## **Employees and Contractors**

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

<b><u>Department</u></b>	<b><u>Numbers</u></b>
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.....	<u>18</u>
<b>Total.....</b>	<b><u>136</u></b>

## **Risk Factors**

The risk factors under the heading “Risk Factors” beginning on page 96 of the Prospectus are incorporated herein by reference with the exception of the subheading “Risk Factors Related to the Offering and Share Capital of the Company” on pages 107 to 108, inclusive, and “Risk Factors Related to the Principal Shareholders” on page 110 of the Prospectus. The risk factors outlined in the subheading “Risk Factors Related to the Principal Shareholders” on page 110 of the Prospectus are hereby revised for the purposes of this AIF to state that as of the date hereof, G. Scott Paterson owns 10.77% of the issued and outstanding common shares of JumpTV.

## **5. DIVIDEND RECORD AND 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.

## **6. GENERAL DESCRIPTION OF CAPITAL STRUCTURE**

The authorized capital of JumpTV consists of an unlimited number of Common Shares, of which 48,465,185 are issued and outstanding as of the date hereof, an unlimited number of Class 1 preference shares, issuable in series, and an unlimited number of Class 2 preference shares, issuable in series. No Class 1 or Class 2 preference shares have been issued as of the date hereof. 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 the JumpTV, whether voluntary or involuntary, or any other distribution of the assets of the 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.

## **7. MARKET FOR SECURITIES**

### **7.1 Trading Price and Volume**

The Common Shares trade on the Toronto Stock Exchange (the "TSX") and the London Stock Exchange's Alternative Investment Market (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:

<b><u>Month</u></b>	<b><u>Open</u></b> <b><u>(pence)</u></b>	<b><u>High</u></b> <b><u>(pence)</u></b>	<b><u>AIM</u></b>			<b><u>Volume</u></b> <b><u>Traded</u></b> <b><u>(#)</u></b>	<b><u>TSX</u></b>				
			<b><u>Low</u></b> <b><u>(pence)</u></b>	<b><u>Close</u></b> <b><u>(pence)</u></b>	<b><u>Open</u></b> <b><u>(\$)</u></b>		<b><u>High</u></b> <b><u>(\$)</u></b>	<b><u>Low</u></b> <b><u>(\$)</u></b>	<b><u>Close</u></b> <b><u>(\$)</u></b>	<b><u>Volume</u></b> <b><u>Traded</u></b> <b><u>(#)</u></b>	
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	

## **8. DIRECTORS AND OFFICERS**

### **8.1 Name, Occupation an Security Holding**

The following table sets forth the names, ages, municipalities of residence, positions held with JumpTV and principal occupations of the Directors and executive officers of JumpTV and, if a Director, the year in which they became a Director. The Directors will hold office until the next annual meeting of the shareholders of JumpTV.

<b><u>Name and Municipality of Residence</u></b>	<b><u>Position with JumpTV</u></b>	<b><u>Principal Occupation</u></b>	<b><u>Director Since</u></b>
Mr. G. Scott Paterson Toronto, Ontario	Chairman of the Board and Chief Executive Officer, JumpTV	Chairman of the Board and Chief Executive Officer, JumpTV	January 30, 2002
Mr. Lorne Abony <sup>(1)(2)</sup> Toronto, Ontario	Director and Vice Chairman of the Board	Chief Executive Officer, FUN Technologies Inc.	September 30, 2005
Mr. Mark Amin <sup>(2)(3)(4)</sup> Los Angeles, California	Director and Chairman of the Compensation Committee	Film Producer, Sobini Films, Inc.	September 30, 2005
Mr. Curt Marvis <sup>(1)(2)</sup> Los Angeles, California	Director and Chairman of the Audit Committee	Chief Executive Officer, CinemaNow, Inc.	September 30, 2005
Mr. James McNamara <sup>(1)</sup> Key Biscayne, Florida	Director	Chairman of Panamax Films, LLC	July 20, 2006
Mr. Kaleil Isaza Tuzman Dubai, UAE <sup>(5)</sup>	Director, President and Chief Operating Officer	President and Chief Operating Officer of the Company and President and Chief Executive Officer of JumpTV International FZ-LLC	September 30, 2005
Mr. Kriss Bush Oakville, Ontario	Chief Financial Officer, JumpTV	Chief Financial Officer, JumpTV	n/a
Mr. Mark David London, UK	Managing Director, JumpTV Limited	Managing Director, JumpTV Limited	n/a

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Mr. Amin is Chair of the Compensation Committee
- (4) Mr. Amin resigned from the Audit Committee on February 16, 2007.
- (5) The Company announced on January 5, 2007 that Mr. Alex Blum had resigned from the position of President and Chief Operating Officer. Mr. Isaza Tuzman was appointed President and Chief Operating Officer of the Company upon the resignation of Mr. Blum.

At December 31, 2006, the Directors and executive officers of JumpTV, as a group, will own or control, directly or indirectly, an aggregate of 5,835,711 Common Shares, representing approximately 16.8% of the outstanding Common Shares of JumpTV.

## **8.2 Biographies of Directors and Officers**

A description of the biographies of the directors and officers, which includes their principal occupations during the preceding five years, has been incorporated by reference in this AIF from the subheading “Biographies of Directors and Officers” on pages 68-72, inclusive, of the Prospectus.

## **8.3 Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

A description of a settlement agreement between the Ontario Securities Commission and G. Scott Paterson has been incorporated by reference in this AIF from the subheading “Biographies of Directors and Officers” on page 69 of the Prospectus.

## **9. LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

The Corporation and its properties are not party to or the subject of any legal proceeding, nor was the Corporation or any of its subsidiaries a party to or the subject of any proceeding during the fiscal year ended December 31, 2006.

## **10. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

On May 20, 2005, JumpTV entered into the Miller Bandwidth Agreement. Pursuant to the Miller Bandwidth Agreement, JumpTV paid Daniel Sean LLC (a company controlled by a former director and principal shareholder of JumpTV) an aggregate of \$950,000 in fees for the provision by Daniel Sean LLC of past Internet bandwidth services to JumpTV which was expensed in full during the nine months period ended December 31, 2005.

On May 20, 2005, JumpTV entered into a consulting agreement with Farrel Miller for a term of four years ending May 20, 2009, with consulting fees of \$150,000 per year and an annual bonus payable in cash and/or options at the sole discretion of JumpTV (the “Miller Consulting Agreement”). The Miller Consulting Agreement was subsequently terminated on January 24, 2006 upon payment to Mr. Miller of \$162,000.

JumpTV incurred legal fees during the fiscal year ended December 31, 2005 in the amount of \$38,337 to a firm of which a former director is a partner.

JumpTV has paid fees to Patstar Inc., an entity controlled by G. Scott Paterson, in respect of Mr. Paterson’s consulting services, expense reimbursements and JumpTV’s license of its former business space at 161 Bay Street, Suite 3840. JumpTV has paid fees to KIT Capital, LLC and currently pays fees to KIT Capital Limited, which are entities that are owned and controlled by Kaleil Isaza Tuzman, in respect of Mr. Isaza Tuzman’s consulting services and expense reimbursements. In addition, KIT Capital, LLC had previously entered into an agreement with Teleglobe America Inc. (“Teleglobe”) in respect of the network services that Teleglobe provides to JumpTV (the “Teleglobe Agreement”). Payments under the Teleglobe Agreement were made directly by JumpTV to Teleglobe. The Teleglobe Agreement has been assigned to JumpTV pursuant to an assignment and assumption agreement between KIT Capital, LLC, JumpTV and Teleglobe, effective as of February 2, 2006.

JumpTV pays fees to each of Windsor Mountain International and Danara Software Systems Inc. (entities that are controlled by Tom Herman and Dan O’Hara, respectively) in respect of Mr. Herman’s and Mr. O’Hara’s consulting services and expense reimbursements.

Pursuant to an agreement between JumpTV, Farrel Miller and G. Scott Paterson, effective as of January 24, 2006, Mr. Miller agreed to grant to Mr. Paterson, or persons substituted for Mr. Paterson, an irrevocable right to purchase from Mr. Miller: (i) 1,174,460 Common Shares; (ii) 1,260,000 vested options; and (iii) 300,000 non-vested options that were subject to acceleration. The Board approved the transaction and the acceleration of the options on January 23, 2006. All of such Common Shares and vested and non-vested options were subsequently sold by Mr. Miller to such substituted persons. As part of this transaction, 300,000 of Mr. Miller’s non-vested options were cancelled.

On or about June 10, 2005, JumpTV issued Common Shares to G. Scott Paterson in satisfaction of a \$20,000 promissory note from JumpTV in favour of Mr. Paterson. Certain of JumpTV's Colombian channel partner agreements have been entered into solely by or also with a related entity, Jump TV Colombia. Jump TV Colombia is a Colombian corporation that is owned and operated by each of JumpTV's Managing Director and Vice President Sales, Latin America and the Caribbean. In addition, JumpTV has entered into a service agreement with Jump TV Colombia relating to, among other things, the rights and obligations of each of JumpTV and Jump TV Colombia in respect of the applicable Colombian channel agreements. See "Corporate and Share Capital Information – Jump TV Colombia".

Other than the foregoing, no director, executive officer or shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares or known associate or affiliate of any such person, has or had any material interest, direct or indirect, in any transaction within the last three years or in any proposed transaction, that has materially affected or will materially affect JumpTV.

## **11. REGISTRAR AND TRANSFER AGENT**

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

## **12. MATERIAL CONTRACTS**

The only material contracts entered into by JumpTV or any of its subsidiaries other than in the ordinary course of business, are:

- (a) the Underwriting Agreement with Cannacord Adams Limited and Morgan Stanley Securities Limited dated August 1, 2006;
- (b) the Nominated Advisor and Broker Agreement Agreement with Cannacord Adams Limited dated August 1, 2006; and
- (c) the Underwriting Agreement with Canaccord Capital Corporation, Morgan Stanley Canada Limited, Paradigm Capital Inc., Loewen, Ondaatje, McCutcheon Limited and GMP Securities L.P. dated February 13, 2007.

Copies of the foregoing contracts may be examined during normal business hours at JumpTV's office located at 463 King Street West, 3<sup>rd</sup> Floor, Toronto, Ontario, Canada.

## **13. INTEREST OF EXPERTS**

### *Names of Experts*

The Corporation's auditors are Ernst & Young LLP, Chartered Accountants. The Company's consolidated financial statements as of December 31, 2006, and for the year then ended have been filed under National Instrument 51-102 in reliance on the report of Ernst & Young LLP, Chartered Accountants given on their authority as experts in auditing and accounting.

### *Interest of Experts*

To the knowledge of the Corporation, JumpTV's auditors referred to above have not received or will not receive any direct or indirect interests in the property of the Corporation or have any beneficial ownership, direct or indirect, of securities of the Corporation.

## **14. AUDIT COMMITTEE INFORMATION**

Under Multilateral Instrument 52-110 — Audit Committees ("MI 52-110"), 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 as Exhibit "A".

### *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, 2006</u>	<u>Fiscal Year Ended December 31, 2005</u>
Audit Fees .....	\$211,850	\$89,200
Audit Related Fees.....	\$902,975	nil
Tax Fees.....	\$31,577	nil
All Other Fees.....	\$192,964	nil

**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** — Fees were paid for professional services relating to the filing of Canadian and U.K. prospectuses.

**Tax Fees** — Tax fees were paid in respect of tax compliance, tax advice and tax planning professional services.

**All Other Fees** — All other fees were paid for professional services relating to assistance with MI 52-109 compliance.

## **15. ADDITIONAL INFORMATION**

Additional Information on the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

In addition to the information available on SEDAR, JumpTV will provide to any person or company, upon request to the Corporate Secretary of the Company at the registered office of the Company:

- (a) when the securities of JumpTV are in the course of distribution pursuant to a short form prospectus or a preliminary short form prospectus has been filed in respect of the proposed distribution of its securities,
  - (i) one copy of the current AIF of the Company, together with one copy of any document, or the pertinent pages of any document, incorporated therein by reference into the AIF;
  - (ii) one copy of the comparative financial statements of JumpTV for the Company's most recently completed financial year for which financial statements had been issued, together with the report of the auditors thereon, and one copy of any interim financial statements of JumpTV for any period after its most recently completed financial year;
  - (iii) one copy of the information circular of the Company in respect of its most recent annual meeting of the shareholders which involves the election of directors or one copy of any annual filing prepared in lieu of that information circular;
  - (iv) one copy of any other documents that are incorporated by reference into a preliminary short form prospectus or a short form prospectus and not required to be provided under (i) and (iii) above; or

- (b) at any time, one copy of any of the documents referred to in (a)(i), (a)(ii) and (a)(iii) above, provided the Company may require the payment of a reasonable charge if the request is made by a person or company that is not a security holder of the Company.

Additional financial information is provided in the Company's audited consolidated financial statements for the year ended December 31, 2006 and its annual MD&A for the year ended December 31, 2006. A copy of the foregoing documents may be obtained by shareholders upon request from the Corporate Secretary of the Company.

## EXHIBIT "A"

### 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 TSX and the AIM. 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 TSX and AIM 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 CICA Handbook Section 5751, 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.
  6. The Committee shall discuss with the outside auditor the matters described in CICA Handbook Sections 5135, 5136, 5220 and 5751, 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 term are defined by the TSX and AIM), as part of the process of preparing their certifications to be included in the Corporation's Annual Report and Quarterly Reports 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 TSX and AIM, 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, TSX and AIM 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.