

CERVUS EQUIPMENT CORPORATION

ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2010

March 9, 2011

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INTERPRETATION

Certain words and terms that are used in this Annual Information Form are defined below:

- (a) “**Agriturf**” means Agriturf Limited;
- (b) “**A.R. Williams**” means A.R. Williams Materials Handling Ltd.;
- (c) “**Board**” means the board of directors of Cervus;
- (d) “**Bobcat**” means Bobcat Equipment Ltd.;
- (e) “**CBCA**” means the *Canada Business Corporations Act*, as amended;
- (f) “**Cervus**” means Cervus Equipment Corporation and, as the context requires, its subsidiaries considered on a consolidated basis;
- (g) “**Clark**” means Clark Materials Handling Company;
- (h) “**Common Share**” means a common share in the capital of Cervus;
- (i) “**Conversion**” means the conversion of the LP into a corporation, i.e. Cervus, pursuant to a court-approved plan of arrangement under section 192 of the CBCA that became effective on October 22, 2009;
- (j) “**Doosan**” means Doosan Infracor America Corporation;
- (k) “**Farm & Garden Centre**” means Farm & Garden Centre of Saskatoon Ltd.;
- (l) “**GP**” means Cervus GP Ltd.;
- (m) “**Greenline Equipment**” means Greenline Equipment Sales Ltd. and its related holding entities;
- (n) “**JCB**” means JCB Excavators Ltd.;
- (o) “**JLG**” means JLG Industries, Inc.;
- (p) “**John Deere**” means John Deere Limited;
- (q) “**LP**” means Cervus LP;
- (r) “**Maple Farm**” means Maple Farm Equipment Partnership;
- (s) “**NI 52-110**” means National Instrument 52-110 *Audit Committees*;
- (t) “**Nissan**” means Nissan Forklift Corporation;
- (u) “**Preferred Share**” means a preferred share in the capital of Cervus;
- (v) “**Proventure**” means Proventure Income Fund;
- (w) “**Ranchers**” means Ranchers Supply Inc.
- (x) “**Sellick**” means Sellick Equipment Limited;
- (y) “**Series 1 Preferred Share**” means a series 1 preferred share in the capital of Cervus;

- (z) “**Shareholder**” means a holder from time to time of Common Shares;
- (aa) “**TSX**” means The Toronto Stock Exchange;
- (bb) “**TSX-V**” means the TSX Venture Exchange;
- (cc) “**Unit**” means a partnership unit of the LP; and
- (dd) “**Unitholder**” means a holder from time to time of Units.

In addition, the personal pronouns “we”, “us” and “our” in this Annual Information Form refer to Cervus.

DATE OF INFORMATION

Unless otherwise specified, information in this Annual Information Form is given as of December 31, 2010, which is the last day of the most recently completed financial year of Cervus.

CORPORATE STRUCTURE

Articles of Arrangement

Cervus Equipment Corporation (i.e. the corporate entity formerly named Vasogen Inc. but renamed Cervus Equipment Corporation on October 22, 2009 upon the filing of Articles of Arrangement under the CBCA giving effect to the Conversion discussed below) was incorporated under the *Business Corporations Act* (Ontario) and was continued under the CBCA by certificate and articles of continuance dated August 9, 1999.

Address

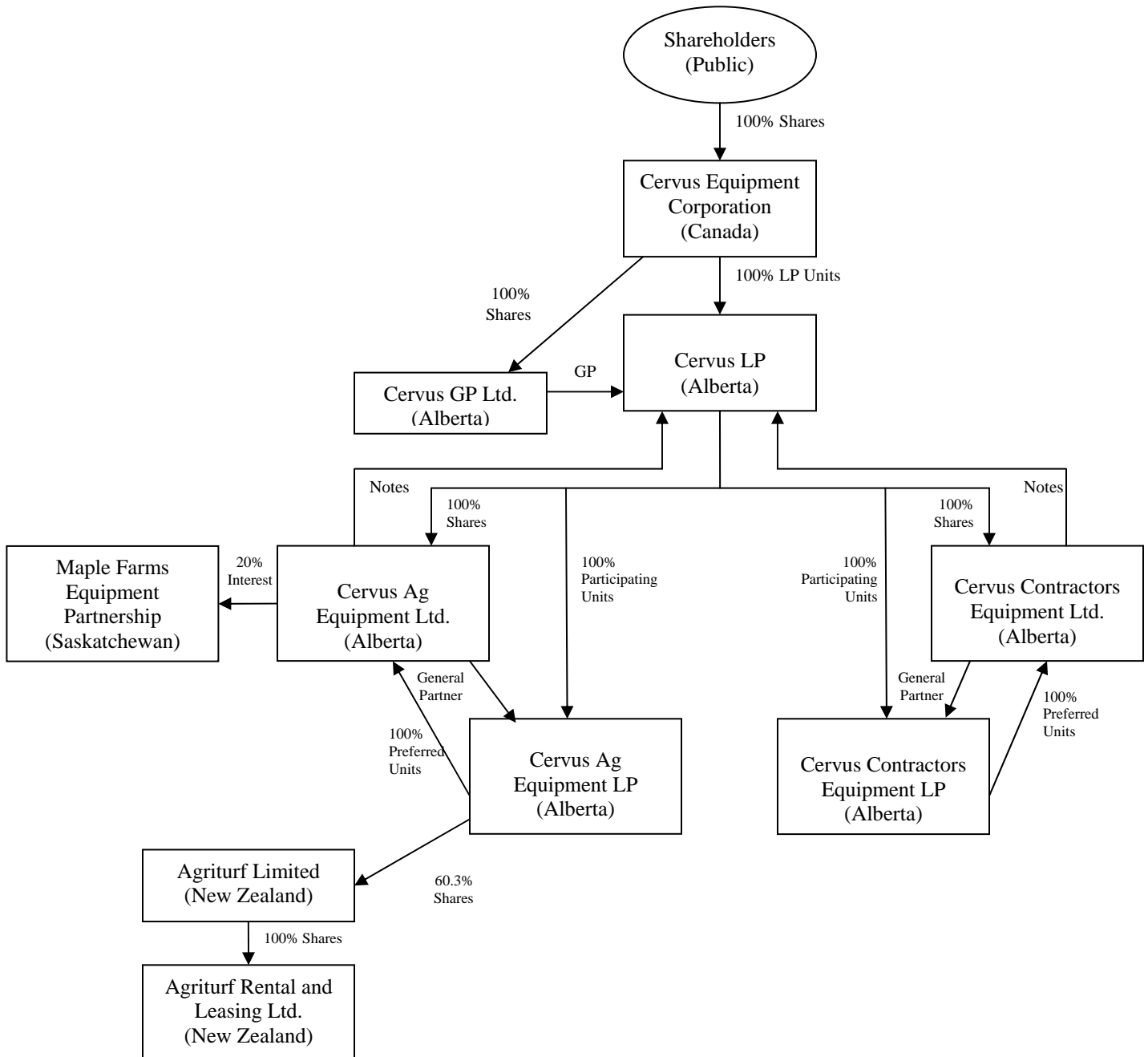
The head office of Cervus is located at Harvest Hills Business Park, 5201, 333 - 96 Avenue NE, Calgary, AB T3K 0S3 and its registered office is located at 2800, 715 – 5th Avenue S.W., Calgary, Alberta T2P 2X6.

Conversion from an LP into a Corporation

The LP was formed under the *Partnership Act* (Alberta) pursuant to a limited partnership agreement originally dated as of March 14, 2003. On October 22, 2009, the LP completed a court-approved plan of arrangement under section 192 of the CBCA with Vasogen Inc. which resulted in the Conversion. Pursuant to the Conversion, the LP and the GP became wholly-owned subsidiaries of Cervus (formerly named Vasogen Inc.) and former Unitholders exchanged their Units for Common Shares on the basis of three Common Shares for each two Units held. Unitholders did not retain any interest in the business of Vasogen Inc. and shareholders of Vasogen Inc. did not retain any interest in the businesses of the LP and its subsidiaries. The Conversion was accounted for as a continuity of interests of the LP since there was no change of control and since Cervus continued to operate the business of the LP.

Organizational Structure and Inter-corporate Relationships

The following diagram sets forth the organizational structure of Cervus as at December 31, 2010:



The following table lists the material subsidiaries of Cervus as at December 31, 2010, and for each such subsidiary, (a) the percentage of securities of the subsidiary beneficially owned, or controlled or directed, directly or indirectly, by Cervus and (b) its jurisdiction of incorporation, continuance, formation or organization.

Name of Subsidiary	Jurisdiction of Incorporation, Continuance, Formation or Organization	Percentage of Securities Owned, Controlled or Directed, Directly and Indirectly, by Cervus
Cervus LP	Alberta	100%
Cervus GP Ltd.	Alberta	100%
Cervus Ag Equipment LP	Alberta	100%
Cervus Ag Equipment Ltd.	Alberta	100%
Cervus Contractors Equipment Ltd.	Alberta	100%
Cervus Contractors Equipment LP	Alberta	100%
Agriturf Limited	New Zealand	60.3%
Maple Farm Equipment Partnership	Saskatchewan	20%

SIGNIFICANT EVENTS IN PAST THREE YEARS

2008

On July 10, 2008, the LP completed a private placement of 1,000,000 Units at \$25.00 per Unit for aggregate gross proceeds of \$25,000,000. Each Unit issued pursuant to the private placement was also accompanied by one-half of one warrant. Each whole warrant entitled the holder to purchase one additional Unit at any time on or before July 10, 2009 at an exercise price of \$27.50 per Unit. The net proceeds from the private placement were to be used to fund further capital expenditures and business acquisitions and for general corporate purposes.

On September 5, 2008, the LP acquired, through its wholly-owned subsidiary Cervus Ag Equipment LP, all of the operating assets of Northeast Ag Equipment Ltd., the authorized John Deere dealership for Melfort, Saskatchewan, and Prince Albert, Saskatchewan, and surrounding trade areas at the time. The purchase price for Northeast Ag Equipment Ltd. was approximately \$8,302,374 and was paid in cash.

On October 14, 2008, the LP commenced a normal course issuer bid to purchase for cancellation, from time to time, as the LP considered advisable, up to 5% of the issued and outstanding Units. The normal course issuer bid ended on October 13, 2009. A total of 117,000 Units were purchased for cancellation at an aggregate cost of \$1,091,124.

2009

On September 10, 2009, the LP concluded the purchase, through its wholly-owned subsidiary Cervus Ag Equipment LP, of substantially all of the net assets of Ranchers, the owner of the John Deere dealerships located in Pincher Creek and Claresholm, Alberta and Cranbrook, British Columbia, for \$5,376,595.30 in cash, subject to standard post closing adjustments. Concurrently with the asset purchase, Cervus Ag Equipment Ltd. purchased of all of the issued and outstanding shares of 520781 Alberta Ltd., owner of the lands and buildings from which Ranchers operated, for consideration of \$3,484,000 in cash. These lands and buildings were subsequently sold to Proventure.

On October 22, 2009, the LP completed a court-approved plan of arrangement under section 192 of the CBCA which resulted in the Conversion. Pursuant to the Conversion, the LP and the GP became wholly-owned subsidiaries of Cervus (formerly named Vasogen Inc.) and former Unitholders exchanged their Units for Common Shares on the basis of three Common Shares for each two Units held. Unitholders did not retain any interest in the business of Vasogen Inc. and shareholders of Vasogen Inc. did not retain any interest in the businesses of the LP and its

subsidiaries. The Conversion was accounted for as a continuity of interests of the LP since there was no change of control and since Cervus continued to operate the business of the LP.

On October 22, 2009, Cervus announced that it had acquired a 33.3% interest in a newly formed New Zealand company, Agriturf, for the purposes of consolidating John Deere dealerships on the North Island of New Zealand. The cost of the investment in Agriturf was \$100 NZ (or approximately \$78 CDN). Cervus has also advanced \$1,150,000 NZ (or approximately \$903,470 CDN) to Agriturf to be used for the proposed acquisition of the net assets of John Deere dealerships in Foxton and Rotorua, New Zealand.

On December 22, 2009, Cervus commenced a normal course issuer bid to purchase for cancellation, from time to time, as Cervus considered advisable, up to 5% of its issued and outstanding Common Shares. The bid ended on December 21, 2010. No Common Shares were purchased for cancellation through the bid.

On October 29, 2009, Cervus announced that it had entered into a letter agreement to acquire all of the issued and outstanding shares of A.R. Williams, which sold, rented and serviced industrial products and equipment from 10 different locations in Alberta, Saskatchewan and Manitoba. Cervus completed the acquisition on January 1, 2010. Under the terms of the agreement, Cervus indirectly acquired all of assets of A.R. Williams through its wholly-owned subsidiary Cervus Contractors Equipment LP and directly all of the shares of A.R. Williams for an aggregate purchase price of \$22,700,000, plus an amount equal to 70% of the pre-tax earnings of A.R. Williams for the period beginning September 1, 2009 and ending December 31, 2009. Cervus and A.R. Williams amalgamated on January 4, 2010.

On November 2, 2009 Cervus announced that it had entered into a non-binding letter of intent to acquire a 20% partnership interest in Maple Farm, which carries on the business, through its subsidiaries, of offering official John Deere equipment, parts and service in the Province of Saskatchewan. Cervus completed the acquisition, through its wholly-owned subsidiary Cervus Ag Equipment LP, on January 20, 2010. The value of the acquisition was approximately \$3.3 million. As consideration for the partnership interest, Cervus Ag Equipment LP sold the business and assets of its Moosomin, Saskatchewan and Russell, Manitoba dealerships to Maple Farm.

2010

On July 13, 2010, Cervus announced that it had acquired, an approximate 60% equity interest in Agriturf, a New Zealand corporation, for an approximate purchase price of CDN \$2,740,000, subject to certain post-closing adjustments. Agriturf carries on business on the north island of New Zealand, offering authorized John Deere agricultural equipment, parts and service in six locations in the Manawatu, Rotorua, Hawke's Bay and Taranaki regions.

DESCRIPTION OF THE BUSINESS

Overview of Cervus

Cervus is a diversified corporation and has historically operated in two separate business segments, an agricultural equipment segment and a construction and industrial equipment segment. These segments are managed separately and strategic decisions are made on the basis of their respective operating results. The agricultural equipment segment consists primarily of 21 John Deere dealerships with 15 in Alberta, Saskatchewan and British Columbia and 6 in New Zealand. The construction and industrial equipment segment consists primarily of 15 dealerships; 5 Bobcat and JCB dealerships operating in Alberta and 10 Clark, Sellick, Nissan and Doosan material handling equipment dealerships operating in Alberta, Saskatchewan and Manitoba.

Cervus owns, directly or indirectly, 100% of Cervus LP, Cervus AG Equipment LP and Cervus Contractors Equipment LP, together with 100% of the outstanding and issued shares of their respective general partners, Cervus GP Ltd., Cervus AG Equipment Ltd. and Cervus Construction Equipment Ltd. and 60.3% of Agriturf Limited, a New Zealand company which has a 100% interest in its subsidiary, Agriturf Rental and Leasing Limited. The investment in Agriturf has been consolidated in the results of Cervus and a minority interest has been reported for the 39.7% ownership interest of unrelated parties. In addition to the aforementioned subsidiaries, Cervus owns a 20% interest in Maple Farm Equipment Partnership in Saskatchewan and Manitoba that is comprised of 7 John

Deere agricultural dealerships. The cash flow of Cervus is primarily dependent on the results of the underlying limited partnerships and is derived from the flow through of income of those subsidiary limited partnerships to Cervus by means of partnership allocations.

Business Segments

Agricultural Equipment Segment

The agricultural equipment segment sells and services new and pre-owned agricultural, commercial and residential products that are manufactured by John Deere. This segment consists of 21 dealerships at 21 locations in Western Canada and New Zealand and operates through three main dealership groups: (a) Agro Equipment; (b) Farm & Garden Centre; and (c) Agriturf. Agro Equipment has 10 dealerships located in Alberta and British Columbia, Farm and Garden Centre has 5 dealerships located in Saskatchewan and Agriturf has 6 dealerships located in New Zealand.

In addition, Cervus holds a 20% partnership interest in Maple Farm, which carries on the business, through its subsidiaries, of offering official John Deere equipment, parts and service in the Province of Saskatchewan.

The locations of each of Cervus' dealerships within the agricultural equipment segment, excluding those owned and operated by Maple Farm, are summarized below, together with a brief description of the products they sell and the services they provide.

Dealership Group	Dealership Location	Product Manufacturers	Product Type
Agro Equipment	Calgary, Alberta	John Deere	Agricultural
	Calgary, Alberta	John Deere	Commercial and residential
	Claresholm, Alberta	John Deere	Agricultural, commercial and residential
	Coronation, Alberta	John Deere	Agricultural, commercial and residential
	Cranbrook, British Columbia	John Deere, Bobcat	Agricultural, commercial and residential
	Olds, Alberta	John Deere	Agricultural, commercial and residential
	Pincher Creek, Alberta	John Deere	Agricultural, commercial and residential
	Ponoka, Alberta	John Deere	Agricultural, commercial and residential
	Stettler, Alberta	John Deere	Agricultural, commercial and residential
	Trochu, Alberta	John Deere	Agricultural, commercial and residential
Farm & Garden Centre	Melfort, Saskatchewan	John Deere	Agricultural, commercial and residential
	Prince Albert, Saskatchewan	John Deere	Agricultural, commercial and residential
	Rosthern, Saskatchewan	John Deere	Agricultural, commercial and residential
	Saskatoon, Saskatchewan	John Deere	Agricultural, commercial and residential

Dealership Group	Dealership Location	Product Manufacturers	Product Type
Agriturf	Watrous, Saskatchewan	John Deere	Agricultural, commercial and residential
	Rotorua	John Deere	Agricultural, commercial and residential, golf and turf
	Hastings	John Deere	Agricultural, commercial and residential, golf and turf
	Wipawa	John Deere	Agricultural, commercial and residential, golf and turf
	Foxton	John Deere	Agricultural, commercial and residential, golf and turf
	Waipukurau	John Deere	Agricultural, commercial and residential, golf and turf
	Stratford	John Deere	Agricultural, commercial and residential, golf and turf

The John Deere products that we sell include: agricultural equipment, commercial equipment and residential equipment.

John Deere agricultural equipment includes a full line of farm equipment and related service parts, including tractors, combine harvesting equipment, tillage, seeding, nutrient management and soil preparation machinery, sprayers, hay and forage equipment, material handling equipment, integrated agricultural systems technology, and precision agricultural irrigation equipment and supplies.

John Deere turf and sports equipment includes lawn and garden tractors, compact utility tractors, zero-turn radius mowers, front mowers, and utility vehicles. A broad line of associated implements for mowing, tilling, snow and debris handling, aerating, and many other residential and commercial applications are also included. The product line also includes walk-behind mowers and other outdoor power products.

Construction and Industrial Equipment Segment

Our construction and industrial equipment segment sells and services construction equipment and sells, rents and services industrial products and equipment, including forklifts, aerial platforms, telescopic handlers and sweepers. This segment consists primarily of 15 dealerships; 5 Bobcat and JCB dealerships operating in Alberta and 10 Clark, Sellick, Nissan and Doosan material handling equipment dealerships operating in Alberta, Saskatchewan and Manitoba.

The name and location of the dealerships through which our construction and industrial equipment segment operates are set forth below, together with a brief description of the products that each such dealership sells and services.

Dealership Name	Dealership Location	Main Product Manufacturers	Product Type
Bobcat of Calgary	Calgary, Alberta	Bobcat, JCB and JLG	Medium and light construction equipment

Dealership Name	Dealership Location	Main Product Manufacturers	Product Type
Bobcat of Edmonton	Edmonton, Alberta	Bobcat	Medium and light construction equipment
Bobcat of Fort McMurray	Fort McMurray, Alberta	Bobcat, JCB and JLG	Medium and light construction equipment
Bobcat of Red Deer	Red Deer, Alberta	Bobcat, JCB and JLG	Medium and light construction equipment
Cervus Contractors Equipment	Edmonton, Alberta	JCB and JLG	Medium and light construction equipment
A.R. Williams Materials Handling Ltd.	Calgary, Alberta	Sellick, Doosan, Clark	Material handling equipment
A.R. Williams Materials Handling Ltd.	Edmonton, Alberta	Sellick, Doosan, Clark	Material handling equipment
A.R. Williams Materials Handling Ltd.	Grand Prairie, Alberta	Sellick, Doosan, Clark	Material handling equipment
A.R. Williams Materials Handling Ltd.	Lethbridge, Alberta	Sellick, Doosan, Clark and JCB	Material handling equipment
A.R. Williams Materials Handling Ltd.	Lloydminster, Alberta	Sellick, Doosan, Clark	Material handling equipment
A.R. Williams Materials Handling Ltd.	Medicine Hat, Alberta	Sellick, Doosan, Clark	Material handling equipment
A.R. Williams Materials Handling Ltd.	Red Deer, Alberta	Sellick, Doosan, Clark	Material handling equipment
A.R. Williams Materials Handling Ltd.	Regina, Saskatchewan	Sellick, Doosan, Nissan, Clark	Material handling equipment
A.R. Williams Materials Handling Ltd.	Saskatoon, Saskatchewan	Sellick, Doosan, Nissan, Clark	Material handling equipment
A.R. Williams Materials Handling Ltd.	Winnipeg, Manitoba	Sellick, Nissan, Clark	Material handling equipment

The products that we sell at our Bobcat and Cervus Contractors Equipment dealerships include Bobcat light construction equipment, JCB medium construction equipment and JLG medium and light construction equipment.

The Bobcat light construction equipment includes all-wheel steer loaders, utility products, Toolcat utility work machines, skid-steer loaders, mini track loaders, light construction equipment, compact tractors, compact track loaders and compact excavators and attachments. In addition to these products, this segment also provides parts, rentals, new and used sales, service, and after-market care.

The JCB medium construction equipment includes articulated dump trucks, backhoe loaders, excavators, mini excavators, rough terrain forklifts, skid steer loaders, telescopic handlers, track loaders, wheel loaders and industrial forklifts. In addition, this segment provides a wide selection of used construction equipment, attachments, and supplies such as pre-owned and used telescopic handlers, compactors, wheel loaders, mulchers and tools.

The JLG medium and light construction equipment includes a range of telehandlers and aerial work platforms (mast booms, scissor lifts, vertical masts, electric vertical masts, boom lifts, towable & trailer mounted booms) with ranges from 10 to 150 feet.

The products that we sell at our A.R. Williams dealerships include cushion tire forklifts, electric forklifts, multi directional forklifts, narrow aisle forklifts, pneumatic tire forklifts, power workers and stackers, rough terrain forklifts, heavy forklifts, sweepers and scrubbers, telescopic handlers, aerial work platforms and drop deck trailers from brands such as JLG, Sellick, Nissan, Bendi, Powerboss, Clark and Combilift.

Revenue By Operating Segment

The following table sets forth our revenue by operating segment for the last two completed fiscal years.

Operating Segment	Year Ended December 31, 2010	Year Ended December 31, 2009
Agriculture Division	\$356,114,291	\$317,875,562,
Construction Division	\$113,016,266	\$59,599,201
Total	\$469,130,557	\$377,474,763

Production and Services

The success of our business depends on the timely supply of equipment and parts from our manufacturers to ensure the timely delivery of products and services to our customers. We also depend on our suppliers to provide competitive prices and quality products.

Sources, Availability and Pricing of Products and Equipment

The availability of the products and equipment that we sell is determined to a significant extent by the dealership agreements to which we are a party.

Our dealership agreements provide that our suppliers will generally accept an order placed by us for products and equipment, specifically orders for products and equipment that have been presold to our customers, subject to certain exceptions (e.g. such as a determination by a supplier that our financial condition does not justify the extension of additional credit or the addition of inventory, that we have consistently failed to perform our obligations under a dealership agreement, or that our inventory is excessive or would become excessive with additional shipments). In particular, John Deere has a formula for providing new equipment that is based upon previous sales.

Certain products and equipment may be delivered to us on a consignment basis for sale, lease or rental by us on behalf of the supplier. In such cases, the supplier retains title to the consigned product or equipment and we hold such product or equipment as the property of the supplier unless or until they are leased or sold. Other products and equipment may be delivered to us on terms that require us to pay for them by a specified date. Title to such products and equipment remains with the supplier until such products and equipment are paid for in full.

The price of the products and equipment that we sell is, in most cases, determined at our discretion, taking into account prevailing market conditions. Each of our suppliers provides us with price lists for the sale of products and equipment to the public. We are under no obligation to sell, offer to sell or advertise the products and equipment at the prices contained in the price lists, as such list prices are suggested retail prices only and we are permitted, under our dealership agreements, to sell products and equipment at higher or lower prices.

Intangible Properties

We believe that the John Deere name and brand is one of our biggest competitive advantages. John Deere is among North America's oldest and most respected brands. It is the world's leading manufacturer of farm equipment and offers a complete line of farming services and solutions with products primarily sold and serviced through the agricultural industry's largest dealer network. In addition, John Deere produces and markets North America's broadest line of lawn and garden tractors, mowers and other outdoor power products.

We believe that the Bobcat, JCB and JLG names and brands are also a big competitive advantage for us. Bobcat has established itself as a leader in North America in the manufacture and delivery of light construction equipment. In addition, Bobcat has the largest share of the light equipment market in Alberta. JCB and JLG are also well-regarded global brands.

With the acquisition of A.R. Williams, we have added several established and well-known brands that specialize in industrial products and equipment, such as JLG, Sellick, Nissan, Bendi, Powerboss, Clark and Combilift.

Cycles

Sales activity for the agricultural equipment segment is normally highest between April and September during growing seasons in Canada. The construction and industrial equipment segment is not as volatile but does see slower sales activity in the winter months.

Economic Dependence

Our business is substantially dependent on dealership agreements we currently have in place with John Deere, Bobcat and JCB, as well as the manufacturers of products and equipment sold through our A.R. Williams dealerships.

John Deere

We have dealership agreements in place with John Deere. These dealership agreements provide that we are responsible for the marketing, selling, leasing, renting, servicing and overall support of John Deere products and equipment in the geographic regions to which the agreements pertain. To that end, we are required to maintain: (i) inventories for products and equipment available for demonstration, sale, lease, and rental; (ii) sales and parts and service facilities; (iii) highly qualified management and sales personnel; and (iv) sales training and personnel development programs.

John Deere conducts reviews of our business, operations and financial condition from time to time. During these reviews, we and John Deere agree upon expected levels of performance and identify objectives for each dealership. We are required by the dealership agreements to achieve these objectives. We are also required by the dealership agreements to maintain certain levels of equity, based on our equity to assets percentage and determined by John Deere.

The dealership agreements may be terminated by the mutual consent of the parties. We can terminate a dealership agreement upon at least 180 days prior written notice to John Deere. John Deere can terminate a dealership agreement if we fail to achieve our performance objectives, we fail to maintain the required levels of equity or in certain other circumstances.

Bobcat

We have dealership agreements in place with Bobcat. The dealership agreements in place with Bobcat, pursuant to which we act as an authorized dealer for Bobcat, are one year agreements; however the agreements are normally renewed on a year by year basis.

Under the Bobcat agreements, we are responsible for the marketing, selling, leasing, renting, servicing and overall support of Bobcat products and equipment in the geographic regions to which the agreements pertain and are authorized to make use of the Bobcat trademark and trade names when identifying ourselves to the public as a dealer of products and parts merchandized by Bobcat. To that end, we are required to maintain: (i) inventories for products and equipment available for demonstration, sale, lease, and rental; (ii) sales and parts and service facilities; (iii) highly qualified management and sales personnel; and (iv) sales training and personnel development programs.

Bobcat has the right to conduct reviews of our business, operations and financial condition from time to time. During these reviews, expected levels of performance and identify objectives for each dealership are agreed upon.

We are required by the dealership agreements to achieve these objectives. We are also required to maintain in place floor plan and rental financing adequate to support our performance obligations. We may select any source for such financing but, at all time, must be qualified and approved to obtain adequate levels of such financing from the supplier with which Bobcat has made arrangements for the provision of same.

Bobcat has reserved the right to alter, change or reduce geographic regions to which the agreements pertain should we fail to meet our performance obligations. Upon termination of each agreement, Bobcat will repurchase at our net cost, and we will sell, all of our inventory of new and unused Bobcat products and parts not previously sold or rented by us which are in good and usable condition and not obsolete. Each agreement also provides that, in the event we receive an offer to purchase our business from a party who sells or intends to sell goods which compete with Bobcat's products, and we are willing to accept such offer, Bobcat will have the right of first refusal to purchase the business at the same price and on such terms.

JCB

We have dealership agreements in place with JCB. The dealership agreements in place with JCB, pursuant to which we act as an authorized dealer for JCB, are one year agreements; however the agreements are normally renewed on a year by year basis.

We have agreed to grant JCB a security interest in any and all present and after acquired items of our inventory of JCB products which were/are acquired on credit from JCB, together with all proceeds resulting from the sale of such items of inventory. We have been granted the right and license to use the trade-mark "JCB" solely for the purpose of carrying on our business as a JCB dealer, subject to the terms and conditions set out in the JCB agreements.

Upon complete termination of each agreement, neither party will be released from any payment then owing to the other. All indebtedness and other obligations of us to JCB will immediately become due and payable.

Clark

We have a dealership agreement in place with Clark. The dealership agreement in place with Clark, pursuant to which we act as an authorized dealer for Clark, is a two year agreement; however the agreement may be renewed or extended at the end of the two year term.

We have been granted the right to use the trade-mark "Clark" solely for the purpose of identifying ourselves to the public as an authorized Clark dealer, subject to the terms and conditions set out in the Clark agreement.

Upon complete termination of the dealership agreement, neither party will be released from any payment then owing to the other. All indebtedness and other obligations of us to Clark will immediately become due and payable.

Sellick

We have a dealership agreement in place with Sellick. The dealership agreement in place with Sellick, pursuant to which we act as an authorized dealer for Sellick, is a two year agreement, which agreement may not be extended or renewed.

We have been granted the right to use the trade-mark "Sellick" solely for the purpose of identifying ourselves to the public as an authorized Sellick dealer, subject to the terms and conditions set out in the Sellick agreement.

Upon termination of the dealership agreement, neither party will be released from any payment then owing to the other. All indebtedness and other obligations of us to Sellick will immediately become due and payable.

Doosan

We have a dealership agreement in place with Doosan. The dealership agreement in place with Doosan, pursuant to which we act as an authorized dealer for Doosan, is a one year agreement; however, the agreement is normally renewed on a year to year basis.

We have agreed to grant Doosan a security interest in any and all present and after acquired items of our inventory of Doosan products which were/are acquired on loan or credit from Doosan, together with all proceeds resulting from the sale or other disposition of such items of inventory. We have granted the right and license to use the trade-mark "Doosan" solely for the purpose of carrying on our business as a Doosan dealer, subject to the terms and conditions set out in the Doosan agreement.

Upon termination of the dealership agreement, neither party will be released from any payment then owing to the other. All indebtedness and other obligations of us to Doosan will immediately become due and payable.

Nissan

We have a dealership agreement in place with Nissan. The dealership agreement in place with Nissan, pursuant to which we act as an authorized dealer for Nissan, shall terminate upon the happening of any of the events provided for in Section 15 thereof.

We have been granted the privilege to use the Nissan trade-marks and trade names solely for the purpose of carrying on our business as a Nissan dealer, subject to the terms and conditions set out in the Nissan agreement.

Upon termination of the dealership agreement, neither party will be released from any payment then owing to the other.

Environmental Protection

We are subject to a wide range of environmental laws and regulations, including those governing discharges into the air and water, the storage of petroleum substances and chemicals, the handling and disposal of wastes and the remediation of contamination. As with dealerships generally, and service and parts and repair centre operations in particular, our business involves the generation, use, handling and disposal of hazardous or toxic substances and wastes. Pursuant to these laws, provincial environmental agencies have established approved methods for the handling, storage, treatment, transportation and disposal of regulated substances and wastes with which we must comply. We are also subject to laws and regulations governing remediation of contamination at or from our facilities or those facilities to which we send hazardous or toxic substances or wastes for treatment, recycling or disposal.

Despite being subject to a wide range of environmental laws and regulations, we do not consider the financial and operational effects of environmental protection requirements on our capital expenditures, earnings and competitive position in the current financial year or in future years to be material.

Financing

Pursuant to a lending agreement we have in place with the Toronto-Dominion Bank, we have an operating bank line of credit available to a maximum amount of \$15,000,000.00. The operating line of credit bears interest at rates ranging from prime plus 0.25% to prime plus 0.75% based on certain financial covenants and is secured by a general security agreement, a priority agreement; trade accounts receivable, unencumbered inventories, assignment of fire insurance and guarantees from our subsidiaries.

We currently have floor plan financing in place for our equipment inventories and rental fleet. Our floor plan payables fluctuate significantly from quarter to quarter based on the timing between the receipt of equipment inventories and their actual payment so that we may take advantage of any programs made available to us by our key suppliers. Our floor plan facilities are provided by our equipment manufacturers directly or through partnering arrangements that they have with third party lenders. We currently have financing arrangements for the Company's inventories and rental equipment financing with John Deere Limited, John Deere Financial, GE Canada Equipment Financing G.P., General Electric Canada Equipment Financing G.P., GE Commercial Distribution Finance Canada, Textron Financial, US Bank and Royal Bank in the aggregate amount of approximately \$181 million.

Employees

As at December 31, 2010, we had approximately 638 full-time and 28 part-time employees.

RISK FACTORS

An investment in securities of Cervus involves a number of risks and uncertainties. This section describes the general material risks that management of Cervus believes may impact security holders and/or Cervus. If any of the following risks actually occur, Cervus' business, results of operations and financial conditions, and the amount of cash available for distribution to Cervus' Shareholders as dividends, could suffer. Further, the risks described below are not the only risks that Cervus and its security holders may face. Additional risks not currently known to Cervus' management or that are currently considered immaterial also may have a negative impact on Cervus and its security holders.

Risks Relating to the Common Shares

Ability to Pay Dividends

The ability of Cervus to pay dividends and the actual amount of such dividends will be dependent upon, among other things, the performance of the Cervus' equipment dealerships, its working capital requirements, its future capital requirements, its debt covenants and obligations and its ability to refinance its debt obligations on similar terms and at similar interest rates. Dividend payments may be reviewed and adjusted from time to time by the board of directors of Cervus to reflect current business conditions. The Common Shares are not a source of guaranteed income and Shareholders should be aware that they bear the risk that the frequency and amounts of distributions may fluctuate or be interrupted.

It is important for a person making an investment in securities of Cervus to consider the particular risk factors that may affect both Cervus and the industries in which Cervus and its subsidiaries operate. See other risk factors set out in this section which describes Cervus' assessment of those risk factors, as well as potential consequences to a security holder if a risk should occur.

Cervus May Issue Additional Common Shares Diluting Existing Shareholders' Interests

The articles of Cervus authorize Cervus to issue an unlimited number of Common Shares. Cervus may issue additional Common Shares to raise funds. Cervus cannot predict the number of Common Shares it may issue, or the effect, if any, that an issue will have on the market price of the Common Shares. However, additional Common Shares issued by Cervus may be dilutive to Shareholders and such dilution could be significant.

Ability to Issue Preferred Shares

The articles of the Corporation authorize the Corporation to issue from time to time in one or more series an unlimited number of Preferred Shares. The Corporation may issue one or more series of Preferred Shares to raise funds. The Corporation cannot predict the number of Preferred Shares it may issue, or the effect, if any, that an issue will have on the market price of the Common Shares.

Control of Common Shares by Management

At of February 28, 2011, Peter Lacey beneficially owned or controlled, together with his associates and affiliates, Common Shares representing approximately 27.2% of the outstanding Common Shares. If Peter Lacey and his associates and affiliates sell substantial amounts of Common Shares in the public market, the market price of the Common Shares could fall. The perception among the public that these sales will occur could also produce such effect.

As a result of his ownership and control interest in Cervus, Peter Lacey may be able to exert significant influence over matters that are to be determined by votes of the Shareholders.

And the timing and receipt of any takeover or control premium by Shareholders could depend on the determination of Peter Lacey and his associates and affiliates as to when to sell Common Shares. This could delay or prevent a change of control that would be attractive to, and provide liquidity for, Shareholders and could limit the price that investors are willing to pay in the future for Common Shares.

Price Volatility of Common Shares

In recent years, the securities markets in Canada and the United States have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance continual fluctuations in price will not occur. Cervus believes any quoted market for the Common Shares will, to a certain degree, be subject to market trends generally, notwithstanding the success of Cervus in creating revenues, cash flows or earnings. The value of the Common Shares will be affected by such volatility.

Structural Subordination of Common Shares

In the event of a bankruptcy, liquidation or reorganization of Cervus or its subsidiaries, holders of certain of their indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of Cervus or its subsidiaries before any assets are made available for distribution to Cervus and/or its shareholders. The Common Shares will be effectively subordinated to most of the indebtedness and other liabilities of Cervus and its subsidiaries. Neither Cervus nor its subsidiaries will be limited in their ability to incur secured or unsecured indebtedness.

Risks Related to the Business

Reliance on our Key Manufacturers and Dealership Arrangements

Cervus' primary source of income is from the sale of farm and construction and industrial products and services pursuant to agreements to act as an authorized dealer. The agreement with John Deere provides a framework under which John Deere can terminate a John Deere dealership if such dealership fails to maintain certain performance and equity covenants. Each contract also provides a one-year remedy period whereby Cervus has one year to restore any deficiencies.

Cervus also has dealership agreements in place with Bobcat, JCB, Clark, Sellick, Nissan, and Doosan. These agreements are one or two year agreements and are normally renewed at the end of their respective terms, except for unusual situations such as bankruptcy or fraud.

The success of our dealerships depends on the timely supply of equipment and parts from our manufacturers to ensure the timely delivery of products and services to our customers. We also depend on our suppliers to provide competitive prices and quality products. Currently all of our dealership contracts are in good standing with our suppliers. There can be no guarantee that circumstances will not arise which gives these equipment manufacturers the right to terminate their dealership agreements.

Dependence on Industry Sectors and Competition

Authorized John Deere agricultural dealerships sell John Deere agricultural and lawn and garden products and equipment. The majority of sales are derived from the agricultural sector. Consequently, grain and livestock prices, weather conditions, Canadian vs. U.S. currency exchange rates, interest rates, disease, Canadian and U.S. government trade policies and customer confidence have an impact on demand for equipment, parts and service.

The retail farm equipment industry is very competitive. Cervus faces a number of competitors, including other "in-line" John Deere dealerships and other competitors including authorized Agco, Case, Kubota and New Holland dealerships that may be located in and around communities where Cervus' dealerships are located. Presently, Deere & Company, the parent company of John Deere, has a reputation for the manufacture and delivery of high quality, competitively priced products. John Deere has the largest market share of manufacturing and sales of farm

equipment in North America. There can be no assurance that John Deere will continue to manufacture high quality, competitively priced products or maintain its market share in the future.

We have mitigated these risks by geographical diversification in Western Canada within the agricultural sector and industry diversification into the construction sector in Alberta.

The construction and industrial group sells light and medium construction and industrial and is comprised of several lines of equipment from two major manufacturers, Bobcat and JCB. The major competitors are Caterpillar, Komatsu, CNH (Case), John Deere, Volvo, Hitachi and Liebherr. The light and medium construction and industrial market is very much dependent upon residential construction of new housing.

The industrial equipment group sells material handling equipment from several manufacturers, Clark, Sellick, Nissan, and Doosan being the major suppliers. Their major competitors are Toyota, Hyster, Crown, Yale and Caterpillar. The materials handling equipment is primarily sold to oilfield supply companies, building supply companies, warehousing, food processors, and the grocery industry. This customer diversity mitigates to some degree the risks inherent in any one of these customer segments. However, this group has been impacted negatively by the general slowdown in the oil and gas and building sectors.

Presently the majority of the construction and industrial equipment division's revenue is derived from the sale of Bobcat, JCB, Doosan, Nissan, Clark and Sellick equipment and products. All these equipment manufacturers have established themselves as industry leaders in the Western Canada market for the manufacture and delivery of light construction and industrial equipment. There can be no assurance however that these suppliers will continue to manufacture high quality, competitively priced products or maintain its market share in the future.

Conversion Risks

Although we have conducted investigations of, and engaged legal counsel to review, the corporate, legal, financial and business records of Vasogen Inc. (i.e. the entity used by the LP to complete the Conversion), there may be liabilities and risks that we did not uncover in our due diligence investigation and these liabilities and risks could have individually or in the aggregate, a material adverse effect on the business, financial condition and results of operations of Cervus.

Further, the steps under the plan of arrangement, pursuant to which the Conversion was completed, were structured to be tax-deferred to the LP and the LP's unitholders based on certain rules under the *Income Tax Act* (Canada). There is a risk that the tax consequences contemplated by us or the tax consequences of the plan of arrangement to the LP and its unitholders may be materially different from the tax consequences anticipated by us in undertaking the Conversion. While we are confident in our current position, there is a risk that the Canada Revenue Agency could successfully challenge the tax consequences of the plan of arrangement or prior transactions of Vasogen Inc.. Such a challenge could potentially affect the availability or amount of the tax basis or other tax accounts of Cervus.

Seasonal and Cyclical Nature of Our Business

Weather has a direct impact on our customers' earnings, which in turn affects their need and ability to purchase equipment. The construction and agriculture business are also cyclical in nature and can fluctuate based on market factors beyond our control.

Workforce Availability

Our ability to provide high quality services to our customers depends on our ability to attract and retain well trained, experienced employees. The industry in which we operate is again beginning to experience a very high demand for and corresponding shortage of quality employees. We need to attract and retain quality employees, or our long-term success and ability to take advantage of growth opportunities could be threatened. We have established a number of human resource initiatives and compensation strategies to address this risk.

Failure to Realize Anticipated Benefits from Acquisitions

Achieving the benefits of business acquisitions depends, in part, on successfully consolidating functions and integrating operations, equipment and procedures in a timely and efficient manner. Failure to successfully integrate acquisitions in the future may have an adverse effect on our earnings.

Environmental Compliance

Environmental laws and regulations are very complex and it has become difficult for businesses that routinely handle hazardous and non-hazardous wastes to achieve and maintain full compliance with all applicable environmental laws. Like any business involved in the repair and servicing of vehicles and equipment, from time to time we are involved in, and subject to, incidents and conditions that render us in non-compliance with environmental laws and regulations.

However, none of our dealerships have been subject to any material environmental liabilities in the past and we do not anticipate that any material environmental liabilities will be incurred in the future. We are in the process of establishing an environmental management program that is intended to reduce the risk of non-compliance with environmental laws and regulations. Nevertheless, environmental laws and regulations and their interpretation and enforcement are changed frequently and we believe that the trend of more expansive and stricter environmental legislation and regulations is likely to continue. Hence, there can be no assurance that compliance with environmental laws or regulations or the future discovery of unknown environmental conditions will not require additional expenditures by us, or that such expenditures would not be material.

Interest Rate Fluctuation

Cervus' cash flow is exposed to changes in interest rates on its floor plan arrangements and certain term debt which bear interest at variable rates. The cash flows required to service these financial liabilities will fluctuate as a result of changes in market interest rates. Based on Cervus' outstanding long-term debt and obligations under capital lease at December 31, 2010, a 1% increase or decrease in market interest rates would impact Cervus' annual interest expense by approximately \$550 thousand. Cervus' other financial instruments are not exposed to interest rate risk.

Foreign Currency Fluctuations

Other than Cervus' exposure to foreign currency fluctuations on its translation of its foreign subsidiary, Agriturf, Cervus is not exposed to fluctuations in foreign currency in its sales and expenditures as they are incurred in Canadian dollars. Many of our products, including equipment and parts are based on a U.S. dollar price as they are supplied primarily by U.S. manufacturers but are settled in Canadian dollars as they are received. However, this may cause fluctuations in the sales values assigned to equipment and parts inventories as Cervus' price structure is to maintain consistent gross margins. Both sales revenues and gross margins may fluctuate based on the foreign exchange rate in effect at the time of purchase. Certain of Cervus' manufacturers also have programs in place to facilitate and/or reduce the effect of foreign currency fluctuations, primarily on new equipment inventory purchases.

Credit Risk

By granting credit sales to customers, it is possible these entities, to which Cervus provides services, may experience financial difficulty and be unable to fulfill their obligations. A substantial amount of Cervus' revenue is generated from customers in the farming, construction and industrial industries. This results in a concentration of credit risk from customers in these industries. A significant decline in economic conditions within these industries would increase the risk that customers will experience financial difficulty and be unable to fulfill their obligations to Cervus. Cervus' exposure to credit risk arises from granting credit sales and is limited to the carrying value of accounts receivable and deposits with John Deere. Cervus mitigates its credit risk by assessing the credit worthiness of its customers on an ongoing basis. Cervus closely monitors the amount and age of balances outstanding and establishes a provision for bad debts based on specific customers' credit risk, historical trends, and other economic information.

DESCRIPTION OF CAPITAL STRUCTURE

Cervus is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series. As at December 31, 2010, 14,190,789 Common Shares were issued and outstanding and 425,492 Series 1 Preferred Shares were issued and outstanding. The material characteristics of the Common Shares, Preferred Shares and Series 1 Preferred Shares are described below.

Common Shares

Shareholders are entitled to: (i) dividends if, as and when declared by the Board; (ii) to one vote per share at meetings of the Common Shareholders; and (iii) upon liquidation, dissolution or winding up of Cervus to receive pro rata the remaining property and assets of Cervus, subject to the rights of shares having priority over the Common Shares.

Preferred Shares

The Preferred Shares are issuable in series and each class of Preferred Shares has such rights, restrictions, conditions and limitations as the Board may from time to time determine. The holders of Preferred Shares are entitled, in priority to holders of Common Shares, to be paid rateably with holders of each other series of Preferred Shares the amount of accumulated dividends, if any, specified to be payable preferentially to the holders of such series and upon liquidation, dissolution or winding up of Cervus, to be paid rateably with holders of each other series of Preferred Shares the amount, if any, specified as being payable preferentially to holders of such series.

Series 1 Preferred Shares

Pursuant to the acquisition of A.R. Williams on January 1, 2010, Cervus created a new series of Preferred Shares called the Series 1 Preferred Shares and issued 425,492 Series 1 Preferred Shares with a stated amount of \$10.67 per share (i.e. \$4,540,000 stated amount in aggregate).

The Series 1 Preferred Shares are entitled to a preference over the Common Shares with respect to priority in the payment of dividends. Each Series 1 Preferred Share is entitled to a cumulative dividend at the rate of 7% per annum on the stated amount. It is anticipated that the dividends on the Series 1 Preferred Shares will be paid in cash quarterly concurrently with the payment of cash dividends on the Common Shares. If the 30 day volume weighted average trading price of the Common Shares on any stock exchange recognized for the purposes of the *Income Tax Act* (Canada) upon which the Common Shares are listed and posted for trading is equal to or greater than \$16.00 per Common Share, Cervus shall have the right to redeem the Series 1 Preferred Shares, in whole or in part. Each Series 1 Preferred Share so redeemed by Cervus will be redeemed or purchased by Cervus by delivering one Common Share for each Series 1 Preferred Share so redeemed, together with the payment of any declared but unpaid dividends on such Series 1 Preferred Share. If Cervus redeems any Series 1 Preferred Share prior to the cash payment of all declared but unpaid dividends, all declared but unpaid dividends payable on that Series 1 Preferred Share will be paid in Common Shares, such Common Shares being issued at a deemed price per share equal to \$10.67 per share. The holders of Series 1 Preferred Shares shall be entitled to exchange those shares at any time for Common Shares on the basis of one Common Share for each Series 1 Preferred Share exchanged. If the holder exchanges any Series 1 Preferred Share prior to the payment of all declared but unpaid dividends, all declared but unpaid dividends payable on that Series 1 Preferred Share shall be paid in Common Shares, such Common Shares being issued at a deemed price per share equal to \$10.67 per share.

DIVIDENDS

The Board is responsible for determining the dividend policy of Cervus from time to time. As a CBCA corporation, the dividend policy must comply with the requirements of the CBCA, including satisfying the dividend test applicable to CBCA corporations. (i.e. a CBCA corporation shall not declare or pay a dividend if there are reasonable grounds for believing that (a) the corporation is, or would after the payment by, unable to pay its liabilities as they become due or (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes). Further, the payment of dividends is subject to certain risks relating to the business of Cervus. See "Risk Factors".

The current dividend policy of Cervus is designed to provide for quarterly dividend payments to Shareholders of \$0.18 per Common Share (i.e. \$0.72 per Common Share on an annualized basis) which, after adjustment for the three for two stock split resulting from the Conversion, is equal, on an annualized basis, to the monthly cash distribution per Unit paid by the LP immediately prior to the Conversion). The following table summarizes our dividends declared since the completion of the Conversion (\$ thousands, except per Common Share amounts):

2009 Record Date	Dividend Per Share	Dividend Payable	Distributions Reinvested	Net Distributions Paid
December 31, 2009	0.18	2,545	139	2,406
Total Dividend	0.18	2,545	139	2,406

2010 Record Date	Dividend Per Share	Dividend Payable	Distributions Reinvested	Net Distributions Paid
March 31, 2010	0.18	2,547	162	2,385
June 30, 2010	0.18	2,550	141	2,409
September 30, 2010	0.18	2,552	136	2,416
December 31, 2009	0.18	2,554	155	2,399
Total Dividend	0.72	10,203	594	9,609
Preferred shares		318	-	318
Total dividends		10,521	594	9,927

Distributions

Prior to the Conversion, the LP, in accordance with its limited partnership agreement, was entitled, at the discretion of the board of directors of the GP, to make cash distributions to Unitholders. The following tables summarize the LP's distributions for 2007, 2008 and the period from January 2009 to September 2009 which was the last period in which a distribution was paid prior to completion of the Conversion (\$ thousands, except per Unit amounts):

2009 Record Date	Distribution Per Unit	Distribution Payable	Distributions Reinvested	Net Distributions Paid
January 30, 2009	0.09	842	95	747
February 27, 2009	0.09	843	101	742
March 31, 2009	0.09	844	103	741
April 30, 2009	0.09	845	105	740
May 29, 2009	0.09	846	69	777
June 30, 2009	0.09	846	58	788
July 31, 2009	0.09	847	76	771
August 31, 2009	0.09	847	57	790
September 30, 2009	0.09	848	58	790
	0.81	7,608	722	6,886
General Partner	-	64	-	64
Total Distributions	-	7,672	722	6,950

2008 Record Date	Distribution Per Unit	Distribution Payable	Distributions Reinvested	Net Distributions Paid
January 31, 2008	0.09	728	88	640
February 29, 2008	0.09	731	87	644
March 31, 2008	0.09	733	89	644
April 30, 2008	0.09	740	305	435
May 31, 2008	0.09	742	304	438
June 30, 2008	0.09	743	303	440
July 31, 2008	0.09	845	305	540

2008 Record Date	Distribution Per Unit	Distribution Payable	Distributions Reinvested	Net Distributions Paid
August 31, 2008	0.09	847	311	536
September 30, 2008	0.09	849	313	536
October 31, 2008	0.09	850	95	755
November 30, 2008	0.09	841	99	742
December 31, 2008	0.09	841	90	751
	1.08	9,491	2,389	7,102
General Partner	-	199	-	199
Total Distributions	-	9,690	2,389	7,301

2007 Record Date	Distribution Per Unit	Distribution Payable	Distributions Reinvested	Net Distributions Paid
January 31, 2007	0.09	621	294	327
February 28, 2007	0.09	628	302	326
March 31, 2007	0.09	631	278	353
April 30, 2007	0.09	640	280	360
May 31, 2007	0.09	642	311	331
June 30, 2007	0.09	644	316	328
July 31, 2007	0.09	690	328	362
August 31, 2007	0.09	694	329	365
September 30, 2007	0.09	696	128	568
October 31, 2007	0.09	704	129	575
November 30, 2007	0.09	707	125	582
December 31, 2007	0.09	707	93	614
	1.08	8,004	2,913	5,091
General Partner	-	125	-	125
Preferred Units	-	329	-	329
Total Distributions	-	8,458	2,913	5,545

MARKET FOR SECURITIES

The following table set forth the high, low and closing prices, and the volume, of the Common Shares as traded on the TSX-V and the TSX, as applicable, since the commencement of the most recently completed financial year of Cervus.

	High⁽¹⁾	Low⁽¹⁾	Close⁽¹⁾	Volume⁽¹⁾
2010				
January	\$14.35	\$12.30	\$13.85	861,417
February.....	\$13.95	\$12.50	\$13.70	234,563
March.....	\$14.72	\$13.25	\$13.40	448,293
April.....	\$14.00	\$13.25	\$13.45	192,893
May.....	\$13.55	\$10.50	\$12.00	261,443
June.....	\$12.00	\$10.51	\$10.65	231,072
July.....	\$10.94	\$10.10	\$10.75	209,897
August.....	\$10.79	\$10.30	\$10.35	328,654
September.....	\$11.75	\$10.15	\$11.60	225,408
October.....	\$12.65	\$11.20	\$12.65	254,307
November	\$14.15	\$12.39	\$13.85	378,981
December	\$15.30	\$13.95	\$15.10	314,709
Total for Period				3,941,637

	High ⁽¹⁾	Low ⁽¹⁾	Close ⁽¹⁾	Volume ⁽¹⁾
2011				
January	\$16.25	\$15.00	\$15.75	434,764
February.....	\$17.00	\$15.10	\$16.55	276,428
March 1-8.....	\$16.69	\$16.15	\$16.27	46,542
Total for Period				757,734

Note:

- (1) The Common Shares commenced trading on the TSX on January 31, 2011. Prior thereto the Common Shares traded on the TSX-V.

DIRECTORS AND OFFICERS OF CERVUS

The following table and notes thereto sets forth the name, province or state, and country of residence of each director and executive officer of Cervus and their respective positions and offices held with Cervus and their respective principal occupations during the five preceding financial years. Directors will hold office until the next annual general meeting of the shareholders of Cervus unless re-elected at that meeting.

Name and Jurisdiction of Residence	Office	Director of Cervus Since	Principal Occupation During Five Preceding Years
Peter Lacey ⁽²⁾ Alberta, Canada	President, Chief Executive Officer and Director	October 2009	<p>Mr. Lacey has been the President, Chief Executive Officer and a Director of Cervus since October 2009. Prior thereto, Mr. Lacey was President, Chief Executive Officer and a director of the general partner of the LP, the predecessor of Cervus, from May 2003 until its conversion into Cervus in October 2009.</p> <p>Mr. Lacey has also been the President, Chief Executive Officer and a trustee of Proventure Income Fund, a public real estate investment trust listed on the TSX-V, and its predecessors, since November 1998. .</p> <p>Since September 24, 2010, Mr. Lacey has also been the President and Chief Executive Officer of Prodev Trust, a private income trust created to own assets that were transferred out of Proventure Income Fund pursuant to certain restructuring transactions of Proventure Income Fund completed on December 31, 2010.</p>
Graham Drake ⁽²⁾ Alberta, Canada	Vice President and Director	October 2009	<p>Mr. Drake has been the Vice President, Operations of the Agricultural Division and a Director of Cervus since October 2009. Mr. Drake was also the Vice President, Operations of the Agricultural Division of the general partner of the LP, the predecessor of Cervus, from 2005 until its conversion into Cervus in October 2009 and a director of the general partner of the LP from May 2003 to October 2009. Prior thereto, Mr. Drake was the manager of the John Deere farm implement dealership in Stettler, Alberta since 1996. Mr. Drake also owned that dealership from 1996 until its acquisition by the predecessor to the LP in 2000.</p> <p>Mr. Drake has been the Secretary of Proventure Income Fund, a public real estate investment trust listed on the TSX-V, and its predecessors, since November 1998.</p>

Name and Jurisdiction of Residence	Office	Director of Cervus Since	Principal Occupation During Five Preceding Years
			<p>Since September 24, 2010, Mr. Drake has also been the Secretary of Prodev Trust, a private income trust created to own assets that were transferred out of Proventure Income Fund pursuant to certain restructuring transactions of Proventure Income Fund completed on December 31, 2010.</p>
<p>Steven M. Collicutt⁽¹⁾⁽³⁾ Alberta, Canada</p>	<p>Director</p>	<p>October 2009</p>	<p>Mr. Collicutt has been the President of Collicutt Compression Solutions Ltd., a private company involved in the sales, parts and service business for gas compression and power generation units in Western Canada and the Western U.S. region, since June 2003.</p> <p>Mr. Collicutt was the President and Chief Executive Officer of Collicutt Energy Services Ltd., a public company listed on the Toronto Stock Exchange involved in the fabrication and service of natural gas compression packages and power generation units, from April 1986 until its acquisition by Finning International Inc. in January 2008. Collicutt Energy Services Ltd. had been providing maintenance services, equipment design, engineering and fabrication to western Canada's energy industry since 1986.</p> <p>Mr. Collicutt has been a Director of Cervus since October 2009. Prior thereto, Mr. Collicutt was a director of the general partner of the LP, the predecessor of Cervus, from May 2003 until its conversion into Cervus in October 2009.</p>
<p>Gary Wayne Harris⁽¹⁾⁽³⁾ Alberta, Canada</p>	<p>Director</p>	<p>October 2009</p>	<p>Mr. Harris has been the President and CEO of Westward Parts Services Ltd., a private wholesale distributor of all makes of agricultural parts and small sprayer, grounds maintenance and recreational equipment, and Westward Products Ltd, a private manufacturer of farm equipment and other equipment, since 1988. Mr. Harris is also a member of the Law Society of Alberta.</p> <p>Mr. Harris has been a Director of Cervus since October 2009. Prior thereto, Mr. Harris was a director of the general partner of the LP, the predecessor of Cervus, from May 2003 until its conversion into Cervus in October 2009.</p>
<p>David Heide⁽³⁾ Saskatchewan, Canada</p>	<p>Director</p>	<p>October 2009</p>	<p>Mr. Heide operated a 7,500 acre grain farm with his family located near Moosomin, Saskatchewan until its sale in 2008.</p> <p>Mr. Heide has been a Director of Cervus since October 2009. Prior thereto, Mr. Heide was a director of the general partner of the LP, the predecessor of Cervus, from April 2004 until its conversion into Cervus in October 2009.</p>

Name and Jurisdiction of Residence	Office	Director of Cervus Since	Principal Occupation During Five Preceding Years
Don Bell ⁽¹⁾⁽²⁾ Alberta, Canada	Director	October 2009	<p>Mr. Bell was one of the founders of WestJet Airlines Ltd. and occupied several positions within that organization, including Executive Vice-President, Culture and Executive Vice-President, Customer Service until his retirement in July 2007. Mr. Bell also held the role of Chairman of the Air Transport Association of Canada until his retirement in July 2007.</p> <p>Mr. Bell has been a Director of Cervus since October 2009. Prior thereto, Mr. Bell was a director of the general partner of the LP, the predecessor of Cervus, from August 2008 until its conversion into Cervus in October 2009.</p>
Randall Muth Alberta, Canada	Chief Financial Officer	N/A	<p>Mr. Muth has been the Chief Financial Officer of Cervus since October 2009. Prior thereto, he was the Chief Financial Officer of the general partner of the LP, the predecessor of Cervus, from 2005 until its conversion into Cervus in October 2009.</p> <p>Prior to joining the predecessor to Cervus, Mr. Muth held financial and operational roles at a number of different companies in Canada and the U.S. He is a Chartered Accountant and a Certified Public Accountant.</p> <p>Mr. Muth has also been the Chief Financial Officer of Proventure Income Fund, a public real estate investment trust listed on the TSX-V, since May 2006.</p> <p>Since September 24, 2010, Mr. Muth has also been the Chief Financial Officer of Prodev Trust, a private income trust created to own assets that were transferred out of Proventure Income Fund pursuant to certain restructuring transactions of Proventure Income Fund completed on December 31, 2010.</p>
John Higgins Alberta, Canada	Vice President	N/A	<p>Mr. Higgins has been Vice President of Operations, Industrial/Construction Division of Cervus since October 2009. Prior thereto, he was General Manager of the Construction Division of the general partner of the LP, the predecessor of Cervus, from 2007 until its conversion into Cervus in October 2009.</p> <p>Before joining the predecessor to Cervus, Mr. Higgins was General Manager of Signature Tractor Inc., an agricultural equipment dealer.</p>

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Governance Committee.
- (3) Member of the Compensation Committee.

As at March 9, 2011, the directors and executive officers listed above, as a group, beneficially owned, or controlled or directed, directly or indirectly, 4,786,502 Common Shares (33.7% of the outstanding Common Shares).

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as set forth in the paragraph below, to the best of the knowledge of management of Cervus, no person who is a director or officer of Cervus:

- (a) is, as at the date of this Annual Information Form, or has been, within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including Cervus) that,
 - (i) was subject to an order (as defined below) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) is, as at the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form, a director or executive officer of any company (including Cervus) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director or trustee.

For the purposes of (a) above, “**order**” means: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation; that was in effect for a period of more than 30 consecutive days.

On July 5, 2002 the Alberta Securities Commission issued a final cease trade order for all of the securities of River Valley Energy Services Corporation for failure to file annual audited financial statements for the year ended December 31, 2001 and unaudited interim financial statements for the three month period ended March 31, 2002. Peter Lacey, the President and Chief Executive Officer of Cervus and a director of Cervus, was a director and officer of River Valley Energy Services Corporation at the time the foregoing cease trade order was issued. On September 20, 2002 a revocation order was issued for the aforementioned cease trade order following the filing of the outstanding financial statements by River Valley Energy Services Corporation. At approximately the same times and for the same reasons, similar cease trade orders and revocation orders were issued by the British Columbia Securities Commission.

Conflicts of Interest

Conflicts of interest may arise from time to time. For example, most of the directors and officers of Cervus are also trustees and officers of Proventure, a public real estate investment trust listed on the TSX-V that leases real estate to Cervus. There are significant commercial agreements and transactions which exist between Proventure and Cervus. For more information with respect to the commercial agreements and transactions which exist between Cervus and Proventure see “Interest of Management and Others in Material Transactions”.

The CBCA contains “conflict of interest” provisions that require each director to disclose to Cervus any interest in a material contract or transaction or proposed material contract or transaction with Cervus or the fact that such person

is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with Cervus. Such disclosure is required to be made at the first meeting at which a proposed contract or transaction is considered. In the event that a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by the directors, a director is required to disclose in writing to Cervus or request to have entered into the minutes of the meeting of the directors the nature and extent of his or her interest forthwith after the director becomes aware of the contract or transaction or proposed contract or transaction. In any case, a director who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating primarily to his or her remuneration as a director, officer, employee or agent of Cervus or one for indemnity under the provisions of an indemnity agreement or Cervus' liability insurance.

AUDIT COMMITTEE MATTERS

Mandate

The mandate of the Audit Committee is set forth in Schedule "A" attached hereto.

Composition

The Audit Committee consists of Don Bell, Steven M. Collicutt and Gary Wayne Harris. Mr. Harris is the Chair of the Audit Committee. Each member of the Audit Committee is independent, as such term is defined in National Instrument 52-110 *Audit Committees* ("NI 52-110"). Further, each member of the Audit Committee is financially literate as such term is defined in NI 52-110.

Relevant Education and Experience

Below is a summary of the education and experience of each member of the Audit Committee that is relevant to the performance of such person's duties as a member of the Audit Committee.

Don Bell

Mr. Bell was the President and owner of a private company for 18 years and was the Executive Vice-President, Senior Vice-President Customer Service and Co-Chief Operating Officer of a large publicly traded entity at different times during his 13 years with that entity. During his career, Mr. Bell has actively supervised the preparation of financial statements, as well as the internal controls and procedures for financial reporting. This experience has provided Mr. Bell with the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of accounting issues that can reasonably be expected to be raised by Cervus' financial statements.

Steven M. Collicutt

Mr. Collicutt was the President and Chief Executive Officer of a publicly traded entity for over 22 years and has been the President of a privately held business for almost eight years. During his career, Mr. Collicutt has supervised the preparation of financial statements, as well as the internal controls and procedures for financial reporting. This experience has provided Mr. Collicutt with the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of accounting issues that can reasonably be expected to be raised by Cervus' financial statements.

Gary Wayne Harris

Mr. Harris has been the President and Chief Executive Officer of a privately held business for almost 24 years. During his career, Mr. Harris has supervised the preparation of financial statements. This experience has provided Mr. Harris with the ability to read and understand a set of financial statements that present a breadth and level of

complexity of accounting issues that are generally comparable to the breadth and complexity of accounting issues that can reasonably be expected to be raised by Cervus' financial statements.

Pre-Approval Policies and Procedures

The Audit Committee must pre-approve all non-audit services to be provided to Cervus or its subsidiary entities by its external auditors or the external auditors of the subsidiary entities of Cervus. Prior to engaging the auditor to provide any services over and above the regular audit engagement, management will contact the Chair of the Audit Committee for approval. The Chair of the Audit Committee will assess whether or not he should seek the approval of the entire Audit Committee prior to approving the engagement.

External Auditor Service Fees

The following table sets forth the aggregate fees billed by KPMG LLP, Cervus' auditor, in each of the last two completed fiscal years.

	2009	2010
Audit fees ⁽¹⁾	\$215,500	\$210,000
Audit-related fees ⁽²⁾	\$96,700	\$8,000
Tax fees ⁽³⁾	\$-	\$-
All other fees ⁽⁴⁾	\$-	\$-
Total	\$312,200	\$218,000

Notes:

- (1) "Audit fees" include the aggregate professional fees paid for the audit of the annual consolidated financial statements of Cervus and other regulatory audits and filings.
- (2) "Audit-related fees" include the aggregate fees paid for services related to the audit services, including namely involvement with the Conversion and consultations regarding financial reporting and accounting standards.
- (3) "Tax fees" include the aggregate fees paid for tax compliance, tax advice, tax planning and advisory services.
- (4) "All other fees" include the aggregate fees paid for all other services other than those presented in the categories of audit fees, audit-related fees and tax fees.

The Audit Committee considered and agreed that the above fees are compatible with maintaining the independence of the auditor of Cervus. Further, the Audit Committee determined that, in order to ensure the continued independence of the auditor, only limited non-audit related services will be provided to Cervus by KPMG LLP, the auditor of Cervus, and in such case, only with the prior approval of the Audit Committee.

LEGAL PROCEEDINGS

From time to time Cervus is subject to claims and lawsuits arising in the ordinary course of operations. In the opinion of management, the ultimate resolution of such pending legal proceedings will not have a material adverse effect on Cervus' financial position.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as set forth in notes 5 and 21 of the audited financial statements of the LP for the year ended December 31, 2008, notes 4, 5 and 22 of the audited financial statements of Cervus for the year ended December 31, 2009, and notes 4 and 21 of the audited financial statements of Cervus for the year ended December 31, 2010, which notes are incorporated by reference in this Annual Information Form, no director, executive officer or any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares or any associate or affiliate of any of the foregoing, had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect us.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Common Shares is Computershare Trust Company of Canada, at its principal offices in Calgary, Alberta and Toronto, Ontario.

MATERIAL CONTRACTS

We have entered into the following material contracts within the last financial year or before the last financial year that are still in effect:

1. Dealership Agreement between Bobcat Equipment Ltd. and Cervus Contractors Equipment LP operating as Bobcat of Calgary, effective January 25, 2010 (See “Description of the Business – Economic Dependence”);
2. Dealership Agreement between Bobcat Equipment Ltd. and Cervus Contractors Equipment LP operating as Bobcat of Red Deer, effective January 25, 2010 (See “Description of the Business – Economic Dependence”);
3. Dealership Agreement between Bobcat Equipment Ltd. and Cervus Contractors Equipment LP operating as Bobcat of Edmonton, effective January 25, 2010 (See “Description of the Business – Economic Dependence”);
4. Dealership Agreement between Bobcat Equipment Ltd. and Cervus Contractors Equipment LP operating as Bobcat of Fort McMurray, effective January 25, 2010 (See “Description of the Business – Economic Dependence”);
5. Dealership Agreement between John Deere Limited and Cervus AG Equipment LP operating as Agro Equipment Ltd., dated June 14, 2007 (See “Description of the Business – Economic Dependence”);
6. Dealership Agreement between John Deere Limited and Cervus AG Equipment LP operating as Farm & Garden Centre, dated October 2, 2008 (See “Description of the Business – Economic Dependence”);
7. Lending Agreement between The Toronto-Dominion Bank and Cervus LP by its general partner Cervus GP Ltd., dated October 14, 2008, as amended October 13, 2009 (See “Description of the Business – Financing”);
8. Dealership Agreement between JCB Excavators, Ltd. and Cervus Contractors Equipment LP, by its general partner, Cervus Contractors Equipment Ltd., dated August 12, 2009, which is an amendment to the dealership agreement between JCB Excavators, Ltd. and Cervus Contractors Equipment LP, by its general partner, Cervus Contractors Equipment Ltd., dated March 21, 2009 (See “Description of the Business – Economic Dependence”);
9. Dealership Agreement between Sellick and Cervus Equipment Corporation dated January 25, 2010 (See “Description of the Business – Economic Dependence”);
10. Dealership Amendment Agreement between Clark and Cervus Contractors Equipment LP, by its general partner, Cervus Contractors Equipment Ltd., dated November 23, 2010, which is a part of the Dealership Agreement between Clark and Cervus Contractors Equipment LP, by its general partner, Cervus Contractors Equipment Ltd., dated November 23, 2009 (See “Description of the Business – Economic Dependence”);

11. Dealership Agreement between Doosan and Cervus Contractors Equipment LP, by its general partner, Cervus Contractors Equipment Ltd., dated January 29, 2010 (See “Description of the Business – Economic Dependence”); and
12. Dealership Agreement between Nissan and Cervus Contractors Equipment LP, by its general partner Cervus Contractors Equipment Ltd., dated January 20, 2010, which is an amendment to the dealership agreement between Nissan and A.R. Williams Materials Handling Ltd. originally dated September 26, 2007 (See “Description of the Business – Economic Dependence”).

INTERESTS OF EXPERTS

Our auditor is KPMG LLP, Chartered Accountants. KPMG LLP has confirmed that they are independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information relating to Cervus, including the documents that are incorporated by reference in this Annual Information Form, may be found on SEDAR at www.sedar.com.

Additional information concerning Cervus, including directors’ and officers’ remuneration and indebtedness, principal holders of Cervus’ securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in Cervus’ information circular for its most recent annual meeting of securityholders.

Additional financial information is also provided in Cervus’ consolidated financial statements and management’s discussion and analysis for its most recently completed financial year.

SCHEDULE A

AUDIT COMMITTEE MANDATE

References to the Board

Note that references contained herein to the Board shall mean the Board of Directors (the “**Board**”, each member of the Board a “**Director**”), of Cervus Equipment Corporation (“**Cervus**”).

The Audit Committee

The Board may establish Board committees (the “**Committees**”, each a “**Committee**”) to whom certain duties may be delegated by the Board. The Board has established, among others, the Audit Committee of Cervus, and has approved this mandate, which sets out the objectives, functions and responsibilities of the Audit Committee.

Objectives and Authority

The Audit Committee assists the Board by:

- Monitoring the effectiveness and integrity of Cervus’ financial reporting systems, management information systems and internal control systems, and by monitoring financial reports and other financial matters.
- Monitoring and reviewing the independence and effectiveness of Cervus’ external auditor. The external auditor is ultimately accountable to the shareholders but the shareholders are too dispersed to effectively oversee the external auditor. Therefore, Cervus’ management (“**Management**”) assumes this oversight role. However, the auditing process may be compromised if the external auditor views their responsibility as serving Management rather than the shareholders. The Board therefore assigns this oversight responsibility to the Audit Committee to ensure that the external audit is conducted independently of Management.
- Reviewing the effectiveness of Cervus’ internal audit function; and
- Approving on behalf of the Board certain financial matters as delegated by the Board, including the matters outlined in this mandate.

The Audit Committee does not have decision-making authority, except in the very limited circumstances described herein or where and to the extent that such authority is expressly delegated by the Board. The Audit Committee conveys its findings and recommendations to the Board for consideration and, where required, decision by the Board.

Primary responsibility for Cervus’ financial reporting, accounting systems and internal controls is vested in senior Management and is overseen by the Board. The Audit Committee is a standing Committee of the Board established to assist the Board in fulfilling its responsibilities in this regard. While the Audit Committee has the responsibilities and powers set forth in this mandate, it is not the duty of the Audit Committee to plan or conduct audits or to determine if Cervus’ financial statements are complete and accurate and are in accordance with Canadian generally accepted accounting principles. Management is responsible for preparing Cervus’ financial statements and the external auditor is responsible for auditing those financial statements. The Audit Committee has an oversight responsibility over Management and over the external auditor in these respects.

Constitution

The Terms of Reference of the Board set out requirements for the composition of Committees and the qualifications for Committee membership, and specify that the chair and members of the Committees are determined annually by the Board. Unless otherwise determined by resolution of the Board or in Cervus’ bylaws, a majority of the members of a Committee constitute a quorum for meetings of Committees and, in all other respects, each Committee determines its own rules of procedure.

Functions and Responsibilities

The Audit Committee has the following functions and responsibilities:

Internal Controls

1. Enquire as to the adequacy of Cervus' system of internal controls, and review the evaluation of internal controls by Management and the internal auditors.
2. Review the monitoring of compliance with Cervus' Code of Conduct by Management.
3. Establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by Cervus regarding accounting, internal accounting controls or auditing matters; and
 - (b) the confidential, anonymous submission by employees of concerns regarding questionable accounting, internal control, auditing or Code of Conduct matters;and periodically review a summary of such complaints and concerns and their related resolution.
4. Review the findings of any significant examination by regulatory agencies concerning Cervus' financial matters.
5. Periodically review Management's governance processes for information technology resources to assess their effectiveness in addressing the integrity, the protection and the security of Cervus' electronic information systems and records.
6. Review the management practices in effect over officers' expenses and perquisites.

External and Internal Auditors

7. Recommend to the Board the appointment of the external auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest functions.
8. Review and approve the audit scope and engagement letter of the external auditor.
9. Review and recommend to the Board the compensation of the external auditor.
10. Directly oversee the work of the external auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for Cervus, including the resolution of disagreements between Management and the external auditor regarding financial reporting.
11. Ensure that the external auditor is aware that it is to report directly to the Audit Committee.
12. Receive a written statement not less than annually from the external auditor describing in detail all relationships between the external auditor and Cervus, including Management, that may impact the objectivity and independence of the external auditor. Review annually with the Board the independence of the external auditor and either confirm to the Board that the external auditor is independent or recommend that the Board take appropriate action to satisfy itself of the external auditor's independence.
13. Evaluate the external auditor's qualifications, performance and independence and present the Committee's conclusions with respect to the external auditor to the Board.

14. Review and approve the hiring policies for Cervus' hiring of employees and former partners and employees of the present and former external auditor.
15. Review and pre-approve the provision of all permitted non-audit services (including the fees and terms thereof) in advance of the provision of those services by the external auditor to Cervus or its subsidiary entities (subject to the de minimus exception for non-audit services described in applicable legislation and regulations which are approved by the Audit Committee prior to the completion of the audit).
16. Review the external auditor's quality control procedures including any material issues raised by the most recent quality control review or peer review and any issues raised by a government authority or professional authority investigation of the external auditor, providing details on actions taken by the external auditor to address such issues.
17. Review the plans, activities, organizational structure, qualifications and performance of Management in relation to the external audit process and overall accounting and financial responsibilities.
18. Review the plans, activities, organizational structure, qualifications and performance of the internal auditors, and monitor the internal audit department's performance and independence.
19. Provide an open avenue of communication between Management, the internal auditors or the external auditor, and the Board.

Financial Reporting and other Public Disclosure

20. Review the external auditor's management comment letter and Management's responses thereto, and enquire as to any disagreements between Management and the external auditor or restrictions imposed by Management on the external auditor. Review any unadjusted differences brought to the attention of Management by the external auditor and the resolution of same.
21. Review with Management and the external auditor the financial materials and other disclosure documents referred to in paragraph 22, including any significant financial reporting issues, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of Management that may be material to financial reporting, including alternative treatments and their impacts.
22. Review and make recommendations to the Board on approval of (i) Cervus' interim consolidated financial statements and related Management's discussion and analysis ("MD&A"), (ii) Cervus' audited annual consolidated financial statements and related MD&A, and (iii) annual and interim earnings press releases, in all cases before Cervus publicly discloses this information.
23. Be satisfied that adequate procedures are in place for the review of Cervus' public disclosure of financial information extracted or derived from Cervus' financial statements, other than the public disclosure referred to in paragraph 22, and periodically assess the adequacy of those procedures.
24. Review any change in Cervus' accounting policies.
25. Review with legal counsel any legal matters having a significant impact on Cervus' financial reports.

Risk Management

26. Periodically review the policies and practices of Cervus respecting cash management, financial derivatives, financing, credit, insurance, taxation, commodities trading and related matters.
27. Oversee and monitor Management's identification and management of principal business and financial risks.

Other Functions

28. Conduct any independent investigations into any matters which come under its scope of responsibilities.
29. Review and/or approve other financial matters delegated specifically to it by the Board.

Reporting to the Board

30. Report to the Board on the activities of the Audit Committee with respect to the foregoing matters as required at each Board meeting and at any other time deemed appropriate by the Audit Committee or upon request of the Board.

Engagement of Consultants and Payment of Expenses

31. The Committee has the authority to (i) engage independent counsel and other advisors as it determines necessary to carry out its duties, (ii) set and pay the compensation for any advisors employed by the Committee, and (iii) communicate directly with Management.
32. Cervus shall provide for appropriate funding, as determined by the Committee in its capacity as a Committee of the Board, for payment of (i) compensation to the external auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for Cervus, (ii) compensation to any advisors employed by the Committee, and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Document Control Information

Approved by Board of Directors: Yes
Originally dated: October 22, 2009
Last amended: N/A
Last reviewed: October 22, 2009