



CANAM GROUP INC.

ANNUAL INFORMATION FORM

Fiscal year ended December 31, 2006

March 28, 2007

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ITEM 1 - INCORPORATION

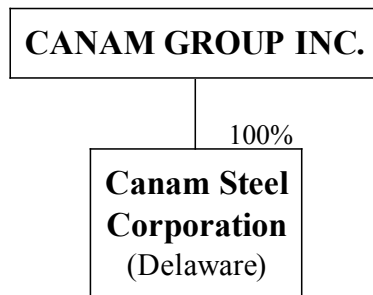
1.1 The Company

Canam Group Inc. is the result of the amalgamation, on January 1, 1997, of The Canam Manac Group Inc. and its subsidiary, Gestion 11535 Inc., under Part IA of the *Companies Act* (Quebec). On January 1, 2005, The Canam Manac Group Inc. changed its name to Canam Group Inc. (the “Company”).

The head office of the Company is located at 11535 – 1st Avenue, Suite 500, Ville de St. Georges, Quebec, G5Y 7H5.

1.2 Subsidiaries

The following organizational chart describes the Company as well as its principal subsidiary, Canam Steel Corporation, its only subsidiary whose assets represent 10% or more of the Company’s consolidated assets as at December 31, 2006, or whose operating revenue represents more than 10% of the Company’s consolidated operating revenue. The organizational chart presents the jurisdiction of incorporation of Canam Steel Corporation and the percentage of voting rights held as at December 31, 2006.



ITEM 2 - GENERAL BUSINESS DEVELOPMENT

Unless the context or wording indicates otherwise, (i) Canam Group Inc. and its subsidiaries are collectively designated below as the “Company”, and (ii) all dollar amounts referred to in this document are in Canadian dollars.

2.1 General Profile

Overview

The Company conducts its operations in the sector of the design, manufacture and sale of construction products and services for the multi-residential, commercial, industrial and institutional construction industry. The Company operates 11 plants, including six in Canada and five in the United States, and employed 2,809 people as at December 31, 2006. Revenues are generated from a variety of customers found mainly in North America.

Summary Description of Operations

The Company carries out its business directly or through its subsidiaries. The Company's sector of activity is subdivided into a number of business units, each one accounting for a different set of products or services, except for CANAM INTERNATIONAL which groups all the fabricating operations outside Canada and the United States: CANAM CANADA – Joists and Steel Deck, CANAM UNITED STATES – Joists and Steel Deck, STRUCTAL – Heavy Steel Construction, STRUCTAL – Bridges, HAMBRO – Concrete Floor System, MUROX – Industrial Building Systems, TECHNYX – Technical Outsourcing Services, and CANAM INTERNATIONAL. The business of the Company is carried out in Canada by the Company and in the United States by Canam Steel Corporation ("Canam Steel"). In the United States, Canam Steel also operates SUN Building Systems and VERTISPACE – Mezzanine Systems.

CANAM is the largest manufacturer of steel joists in Canada, with a market share estimated to be approximately 74%, and one of the largest manufacturers of steel joists in North America, with an estimated market share of approximately 13%. Canam is an important manufacturer of steel joists in the United States, with an estimated market share of approximately 8%. Canam supplies the North American market with an extensive range of construction products and services, including steel joists and steel deck, under the name Canam. The Company's products and services are used extensively by structural steel manufacturers in industrial, institutional, commercial and residential construction.

STRUCTAL – HEAVY STEEL CONSTRUCTION designs and fabricates heavy structural steel and is a supplier of structural steel components to many major North American construction projects, including sports complexes, industrial complexes, airport facilities and office towers.

STRUCTAL – BRIDGES fabricates bridges and welded beams for the North American market.

HAMBRO designs, manufactures and markets a concrete floor system for the residential and multi-residential markets in North America.

MUROX designs, fabricates and markets prefabricated building shells for the industrial and commercial construction markets. These products are sold mainly in northeastern North America, generally to contractors, developers and building owners.

TECHNYX provides, from its offices in Canada, Romania and India, drafting services to the Company's business units and outsources drafting services to third parties needing such services (mainly North American and French steel product fabricators).

CANAM INTERNATIONAL groups the Company's investments outside Canada and the United States, that is, minority interests in steel product fabrication companies in Saudi Arabia, the United Arab Emirates, France, Mexico and Russia. These interests enable the Company to export its know-how by partnering with local entrepreneurs who already have expertise in the construction product sector. Besides the opportunity to obtain a share of these companies' earnings, the Company is entitled to receive royalties for the transfer of its technology and know-how.

SUN Building Systems fabricates rigid-frame buildings for the commercial, industrial and institutional markets. VERTISPACE fabricates mezzanine systems for the commercial, industrial and institutional markets.

2.2 Developments Over the Last Three Fiscal Years

The following events and conditions have affected the general development of the business over the last three fiscal years.

With a view to consolidating its joist and steel deck sales and fabrication activities in Canada, where it is a dominant player, the Company announced in 2003 the offering for sale of its joist and steel deck production operations in the United States and Mexico. This decision targeted all the steel joist and deck production operations located in those two countries. After evaluating the offers to purchase its American plants, the Company decided in the spring of 2004 to continue their operation and to take advantage of the increased selling price of steel products in the United States, announcing first, however, the restructuring of its U.S. activities through the closure in June 2004 of its Columbus, Ohio plant. The closure of the Columbus plant was preceded in April 2003 by the closure of the Lafayette, Indiana plant. Having trimmed its size and its costs, Canam Steel refocused its steel joist and structural steel fabrication activities on complex projects requiring more work hours per ton of steel. The Company nonetheless maintained its decision to leave Mexico.

In April 2004, the Company announced the adoption of a new strategic plan to concentrate its activities in the construction products and services sector.

One of the major phases of the Company's restructuring was the sale of its operations in the semitrailer industry. On April 25, 2004, the Company completed the sale of the assets of its Manac division and of its shares in Manac Trailers USA, Inc., a wholly-owned American subsidiary of the Company, to Manac Inc., a company whose shareholders on that date were the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (40%), Société Financière Bourgie (1996) Inc. and Montreal Partners Limited Partnership (40%), and Litud Inc. (20%), a company controlled by Mr. Charles Dutil, president of the Manac division and son of Mr. Marcel Dutil, majority shareholder of the Company on that date. The sales price of the transaction was \$66,511,000, of which \$58,541,635 was paid in cash and the remaining amount by the issuance by Manac Inc. to the Company of 5,000,000 Class "C" shares and 2,969,365 Class "D" shares of Manac Inc.'s share capital. This transaction excluded the equipment, land and building of the Orangeville, Ontario plant that closed in the summer of 2003 and a property in St. Nicolas, Quebec, which assets were sold in 2005 for a consideration totaling \$7,500,000. This transaction is described at greater length in Item 9 of this Information Form, – "Interest of Management and Others in Material Transactions".

The decision to refocus the Company's activities on the construction products sector also implied the eventual disposal by the Company of its forestry equipment fabrication and distribution operations, managed by its Tanguay Industries division. After a number of unsuccessful attempts to regroup the operations of Tanguay Industries with those of a third party, the Company discontinued its forestry equipment fabrication operations in September 2006.

On August 15, 2005, in accordance with its strategy to dispose of its operations in Mexico, the Company sold the assets of its steel joist plant in Ciudad Juárez, Mexico, to CMC Commercial Metals de Mexico, S. de R.L. de C.V., a subsidiary of CMC Steel Fabricators, Inc., a U.S. steel joist fabricator. This sale was concluded for a consideration of US\$6,400,000 (\$7,700,000), plus US\$2,400,000 (\$2,800,000) for inventories. Of the sale price, US\$1,500,000 (\$1,700,000) was placed in escrow for a maximum period of two years to meet any eventual claims by the purchaser. In August 2006, a first tranche of US\$750,000 of the amount placed in escrow was paid to the Company with the balance due in August 2007. As at the date of this Information Form, no claims had been made by the purchaser. The Company agreed with the purchaser, subject to certain exceptions, not to fabricate or deliver steel joists for a period of three years following the transaction in certain regions of the southwestern U.S. covered by the Ciudad Juárez plant. The Company still owns a vacant lot in Ciudad Juárez, which is up for sale.

On October 1, 2005, the Company sold the assets of Steel Plus Network (the “Network”) to Steel Plus Network, LLC (“SPN LLC”), a U.S. company grouping more than 70 Canadian and U.S. entities that had previously been part of the Network. The sale of these assets was made for a consideration of US\$2,400,000 (\$2,800,000) as well as a balance of the selling price to be determined at the beginning of 2008 and representing four times the average EBITDA (earnings before interest, taxes, depreciation and amortization) for fiscal years 2006 and 2007 in excess of US\$2,400,000. The consideration of US\$2,400,000 was paid to the Company through the issue of Class “B” units in SPN LLC, representing 44.4% of its equity and 45% of its voting rights. The Company’s interest in SPN LLC must at no time exceed 45% of SPN LLC’s units. Launched by the Company in 1995, the Network groups North American structural steel fabricators and suppliers. It promotes the use of steel for construction by offering its members products and services they need to enhance their competitiveness, improve their product and service quality, and further their individual success.

On June 24, 2006, the Company completed its withdrawal from Mexico by selling its 65% interest, in the form of voting and participating shares, in Canam Romsa de Mexico, S.A. de C.V. (“Romsa”), which operates a steel joist and structural steel plant in Monterrey, Mexico. The purchaser was Steelmax, S.A. de C.V., a Mexican company controlled by local investors involved in the steel joist and structural steel sector. The sale of the 65% interest was for a consideration of US\$1,000,000. In addition to the purchase of shares, Romsa converted advances from the Company of US\$2,500,000 into Class “C” preferred shares of Romsa, redeemable within a seven-year period. As well, Romsa will redeem, within ten years, Class “C” preferred shares of Romsa totaling US\$4,000,000 held by the Company and a wholly-owned indirect subsidiary. Romsa agreed to pay the Company a monthly management fee equivalent to the prime rate prevailing in the United States, based on the unredeemed balance of US\$4,000,000 in Class “C” preferred shares. The Company also retains a note receivable of US\$2,000,000 secured by a mortgage on the Monterrey plant, which note bears interest at the prime rate prevailing in the United States. Interest is payable on a monthly basis. The note receivable falls due in 2016.

On August 24, 2006, Placements CMI inc. and its wholly-owned subsidiary, 9085-6063 Québec inc., two companies beneficially owned, directly or indirectly, by Mr. Marcel Dutil, Chairman of the Board and Chief Executive Officer of the Company and until that date its majority shareholder, converted 7,000,000 Class “C” multiple voting shares (five (5) votes per share) held

by the Company into 1,850,030 Class "A" subordinate voting shares, representing a conversion ratio of 0.26429 Class "A" share to one Class "C" share. Following the conversion of all Class "C" shares, the rights, privileges, restrictions and conditions conferred by the Class "C" shares were cancelled, and consequently the Company's share capital no longer provides for multiple voting shares. Following the share conversion, the percentage of voting rights held directly or indirectly by Mr. Marcel Dutil was 20.66%.

On September 22, 2006, the Company announced the termination of business at the St. Joseph de Beauce, Quebec plant specialized in the fabrication of wall panels for the multi-residential construction market. The closure is attributable to the sharp drop in demand in the apartment and condominium housing market in Quebec and Ontario and the poor prospects for recovery in this market. This decision signaled Murox's withdrawal from the multi-residential construction market. Murox will focus on the commercial, industrial and institutional buildings sector.

On November 27, 2006, the Company announced that it had concluded the acquisition of the majority of the assets of two Quebec-based firms, Goodco Limited and Z-Tech/Geogard Inc., involved in the fabrication of structural bearings and expansion joints for the bridge and highway infrastructures market. These two businesses have annual sales of nearly \$10,000,000. These acquisitions allow Structural-Bridges to broaden its product offerings and thus strengthen its presence with its customer base and existing markets.

In January 2007, the Company, through a wholly-owned subsidiary, signed an agreement with Havens Steel Company ("Havens") for the purchase of 49% of the share capital of United Steel Structures Limited ("USSL"), a company that operates a heavy structural steel and bridge plant in Guangzhou, China. The other shareholder of USSL is Guangzhou Shipyard International Co. Ltd. ("GSI"), a Chinese company. USSL serves the international markets for heavy structural steel and bridges. USSL has an annual production capacity of 40,000 tons. The Company's 49% interest was acquired at an auction held under the supervision of the U.S. bankruptcy court in connection with Havens Steel's bankruptcy proposal under Chapter 11 of Section 11 (Bankruptcy) of the United States Code and at which the Company was the highest bidder at US\$9,200,000. The transaction remains subject to the approval of Chinese authorities. Within the scope of the transaction, the Company agreed to sell a 9.8% interest in USSL to Universal Steel Structures Limited ("Universal Steel"), a Chinese company, in return for US\$1,500,000 and Universal Steel's waiver of its right of first refusal for the purchase of Haven's interest in USSL, which right of first refusal Universal Steel had acquired under a prior agreement with GSI. Following the sale to Universal Steel, the Company will have a 39.2% stake in USSL. This transaction will provide the Company with a venue for additional production capacity, allowing it to take greater advantage of economic activity in North America, and may eventually give the Company's value-added products access to the Chinese market.

2.3 Strategy and New Directions

The Company has divided its activities dedicated to the design, fabrication and sale of construction products and services into eight business units: (a) CANAM CANADA – Joists and Steel Deck; (b) CANAM UNITED STATES – Joists and Steel Deck; (c) STRUCTAL – Heavy Steel Construction; (d) STRUCTAL – Bridges; (e) HAMBRO – Concrete Floor System; (f) MUROX – Industrial Building Systems; (g) TECHNYX – Technical Outsourcing Services; and (h) CANAM INTERNATIONAL.

The Company's strategy consists in:

- (i) maintaining and strengthening its position in the markets it dominates by pursuing a dynamic policy of customer satisfaction and continuous product development;
- (ii) using its design, fabrication and marketing expertise for the North American construction market in order to grow and profitably develop Canam, Structural, Hambro and Murox brand products;
- (iii) penetrate new markets by introducing value-added products and services and thereby reduce the Company's dependence on its existing products while increasing its revenues and profitability; and
- (iv) pursue its positioning in emerging international markets by securing interests in companies involved in the fabrication of construction products.

Canam Canada and Canam United States aim to be recognized as the best designers and fabricators of steel joists and structural steel components in the North American construction industry through their flexibility, the quality of their products and their exceptional service. These business units aim to provide the best products, solutions and services in all of Canam's joists markets. In Canada, Canam's coverage of a broad territory, its speedy delivery and its technical expertise led to the signing of agreements on a national scale with companies operating in the retail business. In the United States, Canam is now trying to focus its activities on complex projects requiring a greater number of work hours per ton of steel. Canam believes that this will set it apart from its main competitors, which are integrated fabricators.

In the heavy steel construction sector, Structural's business strategy is to focus on complex, highly engineered projects such as sports complexes, convention centers, office towers, industrial complexes and airport facilities. The Company's ability to provide these specialized products has made it a supplier of choice for several major construction projects throughout North America.

In the steel bridges sector, Structural intends to remain the leader in Canada and increase its presence in the United States.

Hambro enjoys an excellent reputation with real estate developers in some of its markets. The Company intends to take advantage of the product's reputation to expand its use throughout North America.

Like Hambro products, Murox building systems are value-added products that complement the Company's other construction products. They enable the Company to offer its products and services to builders of industrial, commercial and institutional buildings. Within the next few years, the Company intends to expand its sales coverage outside the Province of Quebec, and to develop new uses and new exterior finishes for its products. By combining Murox building systems with Canam's other construction products, such as the Hambro system, the Company is able to offer a complete structural and building shell solution.

Technyx draws on its highly educated and specialized workforce, trained by the Company in its offices in Romania and India, to offer technical outsourcing services to the commercial, residential and industrial construction sectors as well as to the mechanical engineering sector in the Company's traditional geographic markets.

Through Canam International, the Company exports its know-how by acquiring interests in companies involved in the fabrication of construction products outside Canada and the United States. The Company's investment strategy consists in (i) limiting its participation in any company to a minority interest in terms of equity and voting rights; (ii) limiting the amount of money invested in each country the Company invests in; (iii) recovering the capital invested within a relatively short timeframe; and (iv) obtaining royalties in return for the transfer of its know-how.

ITEM 3 - DESCRIPTION OF OPERATIONS

3.1 General Profile

Overview

The Company operates in the sector dedicated to the design, fabrication and sale of construction products and services for the multi-residential, commercial, industrial and institutional construction industry. The Company's activities are divided into the following business units: (i) CANAM CANADA – Joists and Steel Deck; (ii) CANAM UNITED STATES – Joists and Steel Deck; (iii) STRUCTAL – Heavy Steel Construction; (iv) STRUCTAL – Bridges; (v) HAMBRO – Concrete Floor System; (vi) MUROX – Industrial Building Systems; (vii) TECHNIX – Technical Outsourcing Services; and (viii) CANAM INTERNATIONAL. For the purposes of this item, CANAM CANADA and CANAM UNITED STATES are collectively called Canam. The business of the Company is carried out in Canada by the Company and in the United States by Canam Steel Corporation ("Canam Steel"). In the United States, Canam Steel also operates SUN Building Systems and VERTISPACE – Mezzanine Systems.

Products and Services

The Company designs, fabricates and markets a wide range of steel components and steel construction products under the Canam brand name. These products include joists, roof trusses, beams, columns, steel deck and cold-formed sections.

The Company designs and fabricates heavy structural steel components for bridges and major construction projects under the name Structural.

The Company designs and fabricates specialized construction product systems that complement its range of steel products. These specialized products are offered under different brands: Murox Industrial Building Systems, Hambro Concrete Floor System, Sun Building Systems and VertiSpace Mezzanine Systems. Each of these products represents less than 10% of all the Company's sales

The products are distributed mainly through the Company's sales and distribution network, which serves all of Canada and the United States.

The construction products market is subject to the same cycles as non-residential construction. However, a product like Hambro, which is used in residential construction, is subject to the same cycles as residential construction. GDP and population growth tend to be leading indicators of demand for construction products.

Plants

The Company operates 11 plants in Canada and the United States. These plants are operated by the Company and its subsidiary Canam Steel.

The following table lists the location of each plant operated by the Company, the products fabricated in each plant and their respective production capacities.

PLANT LOCATION	PRODUCTS/PURPOSE	CAPACITY (TONS)
<u>Construction Products Sector</u>		
Boucherville, Quebec	Cold-formed sections and steel deck	65,000
Calgary, Alberta	Steel joists, roof girders and steel deck Hambro system	40,000
Jacksonville, Florida	Steel joists and steel deck Hambro system and VertiSpace Mezzanine systems	85,000
Laval, Quebec	Structural bearings and expansion joints for bridge and highway infrastructure	
Mississauga, Ontario	Steel joists, roof girders and steel deck	60,000
Point of Rocks, Maryland	Steel joists and steel deck VertiSpace Mezzanine systems	75,000
Quebec City, Quebec	Structural steel, bridges and welded beams	25,000
St. Gédéon de Beauce, Quebec	Steel joists, roof girders Hambro and Murox systems	115,000
Sunnyside, Washington	Structural steel and bridges	
(two plants)	Steel joists and steel deck Sun Building Systems and VertiSpace Mezzanine systems	40,000 40,000
Washington, Missouri	Steel joists and VertiSpace Mezzanine systems	47,000

Raw Material

Raw material represents approximately 66% of the cost of sales for Canam, Structural – Heavy Steel Construction and Structural – Bridges. Steel is the main raw material used and its cost is based on supply and demand in the international market. Since the implementation of the Canada-U.S. Free Trade Agreement, steel prices have been harmonized on both sides of the border. The significant tonnage of steel utilized by the Company allows Canam to purchase raw material at competitive rates. The Company relies on several suppliers for its steel requirements; the Company is not dependent on one specific supplier. When possible, the Company protects itself against possible steel price increases in the course of fulfilling contracts for the projects it undertakes by including price adjustment clauses in its bids and contracts. It also offers the customers of Structural – Heavy Steel Construction and Structural – Bridges the possibility of paying for the steel as the Company buys it.

Recent Performance

After 2003, a year marked by difficult economic conditions in the non-residential construction sector in North America, including a significant drop in selling prices, the increase in steel joist and steel deck prices that began at the end of 2003 continued into 2005. While steel joist prices stabilized in 2006, steel deck prices dropped. Higher prices for steel joists and steel deck enabled the Company to gradually improve its gross profit margins until the end of 2005. These profit margins dropped slightly in certain geographic markets in 2006.

After experiencing a slowdown in heavy steel construction from 2001 to 2005, the Company saw the value of its order backlog increase significantly during the second half of 2006 due to the major contracts it secured for the fabrication of steel structures for the New York Mets' and New York Yankees' respective baseball stadiums as well as for the New York Giants' and New York Jets' football stadium. The Company's business units, except for the two traditional sectors mentioned above, continued to progress in 2006, contributing to the success of the Company. These business units accounted for approximately 30% of the Company's operating revenue in 2006.

The 11 plants produced approximately 337,000 tons of steel products in 2006, compared with approximately 332,000 tons in 2005. As at December 31, 2006, the Company's order backlog totaled approximately \$287,000,000, compared with approximately \$209,000,000 on the same date in 2005.

In fiscal year 2006, steel joist and deck products alone generated sales accounting for at least 15% of consolidated revenues. Steel joist and deck product sales totaled \$427,700,000 in 2006, compared with \$441,900,000 in 2005.

3.1.1 CANAM – Joists and Steel Deck

Steel joists are key components that support the roof and floor of commercial and industrial buildings. They are typically used in the construction of one and two-storey buildings such as stores, warehouses, shopping malls, schools and churches. Joists are manufactured in a variety of

shapes, sizes and extensions and customized to meet builders' requirements. Large steel joist fabricators such as Canam sometimes supply steel deck used as complementary roofing and flooring components installed on top of the joists.

Steel joists are usually delivered by truck. Because of their low value-to-weight ratio, shipping joists beyond a distance of 500-800 kilometers is usually not economical. Competition for joists therefore takes place at the regional level. In order to be successful, steel joist fabricators must not only offer good quality and a competitive price, but also on-time delivery.

Geographic Coverage

Since on-time delivery is a critical customer requirement and since the cost of shipping joists is high, Canam serves the North American market through a large number of small and medium-sized plants located near markets rather than through a small number of large, remote facilities. The geographic distribution of Canam's plants gives it good coverage of North America.

Customers

Steel joists and steel deck are mainly sold to structural steel fabricators. In Canada, steel deck is also sold to erectors. Canam has for several years been developing national accounts in Canada. Hence, major real estate developers as well as store and restaurant chain owners buy directly from Canam. National accounts represent more than 10% of Canam's sales in Canada. Moreover, having close ties with its clientele allows the Company to promote the benefits of its other construction products. All work is custom-built. All sales contracts are firm, fixed-price contracts and are usually awarded following competitive bids for a project.

The general contractor who is awarded the contract selects a fabricator to supply the structural steel components required for the project.

For the year ended December 31, 2006, no single customer accounted for more than 5% of Canam's sales in the steel joist and steel deck sector.

Competition

The Company is the largest manufacturer of steel joists in Canada, with an estimated market share of approximately 74%, and an important manufacturer in the United States, with an estimated market share of approximately 8%, for an estimated market share of the North American market of approximately 13%. There are approximately 50 joist fabrication plants in North America, with the Company's main competitors in the U.S. being Nucor (Vulcraft), Commercial Metals Company (SMI Joists), Steel Dynamics (New Millennium), Schuff Steel (Quincy Joist), EBSCO Industries (Valley Joist) and Bouras Industries (New Columbia Joist). Nucor, Commercial Metals Company and Steel Dynamics are integrated businesses which operate steel mills. During lows in the economic cycle, integrated companies may be tempted to lower their selling prices for joists and steel deck in order to maintain their steel mill production levels. This is part of the reason for Canam Steel's decision to focus on complex projects requiring more work hours per ton of steel. In Canada, Canam is the only national player serving the country coast to coast. At the regional level, Canam competes with Delta Joists in Quebec, Omega Joists in Western Canada and MBS Steel in Ontario. No Canadian fabricator owns a steel

mill. The Canadian market represents approximately 10% of the total North American market. The Company believes that the differences between the Canadian and U.S. markets, including the requirements associated with harsher weather conditions in Canada, the Canadian Building Code and the metric system, have had the effect of limiting sales in Canada of steel components fabricated in the U.S. The Company cannot foresee whether the appreciation of the Canadian dollar against the U.S. dollar since 2004 will encourage American companies to increase their sales of U.S.-made steel components in Canada.

3.1.2 STRUCTAL – Heavy Steel Construction

The Company fabricates and sells heavy steel construction products under the Structal name. Structal provides specially designed structural steel components for projects such as sports complexes, industrial complexes, airport facilities and office towers.

Geographic Coverage

Structal's structural steel fabrication plant is located in the Province of Quebec. Given this location, the Company has concentrated its sales efforts primarily in Eastern Canada and the northeastern United States. As in the joist sector, the cost of shipping steel products is high and represents a determining factor in product price. The projects undertaken by the Company are generally located within a radius of up to 1,100 kilometers of the steel construction fabrication plant.

Besides the fabrication distance factor, knowledge of a territory is a determining element in penetrating a market. Although the Company may not operate a plant in a given region, its knowledge of the territory and the companies that operate there provide it with opportunities to bid on projects. Therefore, the Company can obtain its steel products from local structural steel construction fabricators.

Customers

Structal focuses on more complex and high-tonnage projects that make greater use of its engineering and construction expertise. On the strength of its expertise, Structal assists its customers in improving their designs by optimizing the quantity of steel required for a project, thereby allowing for substantial savings. For large-scale projects, the Company offers design, fabrication, supervision and installation services on the project site. The customers of Structal – Heavy Steel Construction are mainly general contractors that retain the services of Structal as a sub-contractor. In turn, Structal retains the services of a steel erector if the contract stipulates that it is responsible for installing the steel on the job site. On average, a third of the costs associated with a contract are paid by Structal to the steel erector.

The Company has acquired extensive experience in the supply of steel construction components for large-scale construction projects such as sports complexes, industrial complexes, airport facilities and office towers. Structal's most recent projects include the Cira Centre in Philadelphia, Pennsylvania; the Newseum in Washington, D.C.; the Niagara Falls Casino in Ontario; the Eagles' football stadium in Philadelphia, Pennsylvania; the New England Patriots's

stadium in Foxborough, Massachusetts; the Boston Convention & Exhibition Center in Massachusetts; the Lester B. Pearson International Airport in Toronto, Ontario; and the Pierre-Elliott-Trudeau International Airport in Montreal, Quebec. In addition, the Company secured contracts in the summer of 2006 to fabricate the steel structures for the New York Mets' and New York Yankees' baseball stadiums; these contracts are to be delivered in 2007. In March 2007, the Company was awarded a contract for the fabrication of the steel structure for the football stadium to be shared by the New York Giants and New York Jets. The steel structure must be delivered by late 2008.

Competition

The heavy steel construction sector is very fragmented. In North America, this sector accounts for over 3,000 active fabricators. Among the major fabricators, Walters is Structural's main competitor in Canada. In New England, Cives is Structural's main competitor.

Concrete also competes with steel. Because it is more economical, concrete is the material of choice for certain real estate projects.

3.1.3 STRUCTAL – Bridges

The Company fabricates and sells highway, railway and forestry bridges made of steel as well as welded beams under the name Structural. These are specialized, oversized products that require complex fabrication. Since November 2006, following the purchase of assets of Goodco Limited and Z-Tech/Geogard Inc., Structural-Bridges has been fabricating structural bearings and expansion joints for bridge and highway infrastructure.

Geographic Coverage

Structal's bridge and welded beam fabrication plant is located in Quebec City, Quebec, and its structural bearing and expansion joint fabrication plant is located in Laval, Quebec. Structural serves the Canadian bridge fabrication market. Components are transported by trailer or by train. Since rail transportation is known to be less expensive than road transportation, Structural is able to offer its products over a larger territory, including Western Canada, the Yukon and the Northwest Territories. Structural has also penetrated the U.S. market, with sales representing approximately 15% of Structural's sales revenue. Structural intends to pursue its sales efforts in the United States.

Customers

Structal estimates that a great number of bridges across North America will need to be repaired or replaced in the coming years. Statements made by transportation department officials about advanced bridge deterioration are frequently reported in the media. Structural serves general contractors, provincial governments and rail and forestry companies. Structural concluded an agreement with a bridge constructor based in Western Canada to better serve the market in this region. The two companies partner on high-tonnage projects.

Competition

The Company believes that Structal is the main steel bridge fabricator in Canada. Competition comes mainly from fabricators of smaller steel bridges or fabricators of concrete bridges, whether they are made of concrete poured on site or made from pre-stressed concrete beams. The Company believes the safety, feasibility and cost of steel make it the construction material of choice for longspan and railway bridges. Steel price increases since 2004 generated an increase in competition in the shortspan bridge sector, where more concrete bridges are found. However, growth in the railway bridge market and the construction of a greater number of longspan bridges have contributed to Structal Bridges' sustained growth since 2005.

3.1.4 HAMBRO – Concrete Floor System

The Hambro concrete floor system is a combination of Hambro steel joists and a concrete slab in compression. The system forms composite beams with a continuous slab. Use of a temporary formwork system eliminates the need for support columns under the floors when concrete is being poured. Spans can be as long as 13 meters. The system is used for the framework of buildings made of masonry, steel and concrete, wood or concrete. It is used for single-family dwellings, multi-story residential condominiums and commercial buildings. The Company holds a patent for the Hambro system, and several patent applications have been filed in Canada and the U.S. for this system. These patents belong to the Company. The system also features a fire-resistant factor recognized by Underwriters Laboratories, Inc. (UL) in the United States and by ULC in Canada. The Hambro system is sold throughout North America. Competitors use wood, concrete and steel-based construction.

3.1.5 MUROX – Industrial Building Systems

Murox provides building structures and shells that complement the Company's range of construction products. By combining its steel joists and deck, the Company is able to design the entire structure and shell of a building.

Murox engineers, manufactures and erects buildings for industrial, commercial and institutional applications. These buildings use Murox insulated, load-bearing wall panels. These load-bearing wall panels measure three meters wide and can reach close to 14 meters high. They are shop-assembled. They considerably reduce on-site installation time as well as site management and supervision by reducing the number of trades required for erection. Murox applies the exterior finishes of its wall panels in its plants and offers several finishes, including brick and roll-formed galvanized steel.

Murox intends to increase its product offerings by introducing new products such as cold-storage panels, fire-resistant panels and solar panels and by partnering with other companies to develop the energy-efficient building market. Murox offers turnkey solutions combining a high-performance building envelope system with energy-saving and renewable energy technologies that generate substantial savings in terms of heating and air-conditioning costs. Under the MuroxEnergy banner, Murox sold its first energy-efficient buildings in 2006.

3.1.6 TECHNIX – Technical Outsourcing Services

Steel Plus Limited ("SPL"), a wholly-owned Cyprus-based subsidiary of the Company with a place of business in Kolkata, India, and Technix Euro Services s.r.l., a wholly-owned Romanian subsidiary of the Company with a place of business in Brasov, Romania, doing business under the Technix International name, provide drafting outsourcing services to the Company's business units and any third parties requiring such services. The latter tend mainly to be North American and French steel product fabricators. From its Canadian offices, the Company also provides heavy steel construction drafting services to other business units.

Technix relies on a specialized workforce in its overseas offices, where it employed approximately 350 people as at December 31, 2006. These offices were opened several years ago to mitigate the shortage of specialized industrial drafting personnel in North America and to gain a competitive edge in terms of steel construction project bids. The Company believes that manpower in countries such as Romania and India is more readily available at a lower cost than in North America, enabling the Company and others who use these outsourcing services to be more competitive. Technix's external customer base accounts for nearly 40% of its revenues.

Technix offers its technical outsourcing services to commercial, residential and industrial construction markets as well as to users of CAD 3D products. Among its customers are several North American companies that are shareholder members of SPN LLC, some European companies and the Company's business units. The sale of outsourcing services is done through outsourcing contracts for a specific period, during which the customer assumes full responsibility for the drafter's work. In the current global context, all communications between the customer and the drafter may take place online. Technix uses technologically-advanced office equipment and communications tools. To the Company's knowledge, there is no other company using this outsourcing model, although there are firms that offer similar services in other parts of the world, but on a flat-rate basis per project. Customers benefit from less costly services than those they would normally get in North America, a second shift due to the time difference, access to a pool of qualified and motivated personnel, use of the latest technology and the Company's expertise in personnel supervision.

3.1.7 CANAM INTERNATIONAL

Over the years, the Company has developed know-how that is acknowledged by the steel product fabrication industry. To increase its revenues and profitability, the Company has opted to export its know-how by acquiring interests in steel product fabrication companies outside Canada and the U.S. To date, the investment strategy consists in: (i) limiting the investment to a minority equity and voting interest in the company in which the Company invests; (ii) limiting the dollar amount of the investment per country in which the Company invests; (iii) recovering the capital investment within a relatively short timeframe; and (iv) obtaining royalties in return for the transfer of its know-how. In choosing partners, the Company looks for companies active in the construction product sector, well established in their markets, and equipped with the experience necessary to take on fabrication and marketing operations in their region. This was the strategy

followed with two of the Company's investments, that is, the acquisition of interests in Canam Asia Limited ("Canam Asia") in Saudi Arabia and the United Arab Emirates and Canam Russia Limited ("Canam Russia"). As well, the Company's partners in the operation of the Monterrey, Mexico plant have solid experience in the steel product fabrication sector.

In 2003, Steel Plus Limited ("Steel Plus"), a wholly-owned subsidiary of the Company, and Zamil Industrial Investment Company ("Zamil"), a Saudi company, established Canam Asia, a Saudi company in which Steel Plus holds a 35% interest. Canam Asia operates two steel joist plants, one in Dammam, Saudi Arabia, and the other in Ras Al Kaimah (RAK) in the United Arab Emirates, with an annual production capacity of 12,000 tons and 24,000 tons respectively. Their products are intended for the Middle East market. The RAK facility began production in December 2006. Canam Asia does not own these plants, but rather leases the buildings in which its fabrication operations take place.

In 2005, Steel Plus and KMAproeyektghilstroy, a Russian company, established Canam Russia in which Steel Plus holds a 35% interest. Canam Russia, which set up a plant with an annual production capacity of 18,000 tons in Stary Oskol, Russia, began producing steel joists and structural steel components in the summer of 2006. The products are intended for the Russian market. Canam Russia does not own the plant, but rather leases the building in which the fabrication operations take place from KMAproeyektghilstroy.

Canam International also includes the Company's 34% interest in Canam S.A., a French company that operates a steel joist and structural steel plant with an annual production capacity of 25,000 tons in Niort, France, as well as the Company's 35% interest in Canam Romsa S.A. de C.V., a Mexican company that operates a steel joist and structural steel plant with an annual production capacity of 45,000 tons in Monterrey, Mexico. (See paragraph 2.2 of this Information Form – "Developments over the Last Three Fiscal Years").

Finally, control over the construction-related operations of Canam Steel Romania s.r.l., a wholly-owned indirect subsidiary of the Company located in Brasov, Romania, is also assumed by Canam International.

3.2 Other Activities

As disclosed in its audited consolidated annual financial statements, the Company owns a portfolio of investments (the "Investments") in a number of private and public companies with a book value of \$72,270,000 as at December 31, 2006. Certain companies in which the Company invests provide such services to the Company as chartering planes and leasing real estate. The Company guaranteed a number of loans and other commitments made by such firms for an aggregate amount of \$9,931,000 as at December 31, 2006, compared with \$55,364,000 as at December 31, 2005.

The Company's most important investment consists of preferred shares of Finloc Inc. ("Finloc") with a redemption value of approximately \$53,952,000, as at December 31, 2006. Mr. Marcel Dutil indirectly owns all of the voting securities of Finloc. As at December 31, 2006, Finloc had consolidated assets with a book value of approximately \$60,300,000 spread over the following

types of activities: approximately \$26,100,000 for financing, \$26,800,000 for investments, \$2,200,000 for real estate and \$5,200,000 for other assets. As at December 31, 2006, Finloc had liabilities of approximately \$35,400,000 (excluding the preferred shares held by the Company).

Prior to June 2001, the Company had a 49.5% interest in the voting shares of Finloc and also held preferred shares in the share capital of Finloc, the balance of the shares being held indirectly by Mr. Marcel Dutil. In June 2001, with a view to implementing a plan designed to focus on its industrial activities and production assets, the Company completed the restructuring of its investments in Finloc. Following this restructuring, the Company no longer held any voting shares in Finloc and retained only an investment in the form of preferred shares. Also in June 2001, the Company, Placements CMI Inc. ("Placements CMI"), a company whose voting shares are beneficially owned, directly or indirectly, by Mr. Marcel Dutil, and Finloc entered into a shareholders' agreement (the "Shareholders' Agreement") which provides, among other things, that such preferred shares are redeemable in cash over a period of 15 years and entitles the Company to cumulative dividends that are payable semi-annually and that vary according to prevailing interest rates. The Shareholders' Agreement further provides that the Company shall not grant any additional security for loans or other commitments of Finloc. Since the June 2001 restructuring, Finloc (i) has paid out dividends totaling \$10,021,655 on the preferred shares owned by the Company and (ii) has redeemed from the Company \$16,079,305 in preferred shares.

In June 2005, as part of a series of transactions concluded on that date (see paragraphs 9.2 and 9.3 of Item 9 of this Information Form – "Interest of Management and Others in Material Transactions"), including the redemption by Finloc of preferred shares of its share capital held by the Company for an amount of \$10,079,305, the Company, Placements CMI and Finloc modified the Shareholders' Agreement. More specifically, it was agreed to change the terms and conditions of redemption of the preferred shares held by the Company as follows:

- The year 2008 was set as the fiscal year when Finloc's obligation would begin anew to annually redeem a minimum amount in value of preferred shares.
- The value of the preferred shares held in Finloc by the Company was indexed as of January 1, 2005 at an annual rate of 3.77%, to create a redemption premium. This redemption premium replaces the previously existing dividend, which was eliminated on the same date.
- The redemption amount for Finloc's preferred shares was set at \$6,000,000 for each of the years 2008, 2009 and 2010 less:
 - for 2008, any redemption occurring between June 30, 2005 and January 1, 2008;
 - for 2009, any redemption occurring between June 30, 2005 and January 1, 2009 in excess of \$6,000,000; and
 - for 2010, any redemption occurring between June 30, 2005 and January 1, 2010 in excess of \$12,000,000.
- The minimum redemption amount for each of the years 2011 to 2015 inclusive was set at \$4,500,000.
- The date of June 30, 2016 was maintained as the date by which all redemption of preferred shares must be completed.

A committee of the Board of Directors of the Company (the Investment Monitoring Committee), composed of independent directors, meets on a regular basis to analyze all the Company's undertakings with its affiliates, including those with Finloc. This committee recommended that the Board approve certain transactions. (See paragraphs 9.2 and 9.3 of Item 9 of this Information Form – "Interest of Management and Others in Material Transactions").

In the course of performing their operations, Placements CMI, its subsidiaries and the Company entered into related-party transactions. For the year ended December 31, 2006, income and expenses from these transactions amounted to \$10,273,000 and \$10,158,000 respectively.

3.3 Environmental Policies and Considerations

Respect for and protection of the environment represent important values for the Company, whose policy is to comply with all applicable environmental laws and regulations in all its operations. The Company does not foresee making any expenditures outside the normal course of business to comply with environmental requirements and standards.

The core business of the Company is the transformation of steel through cutting, bending and welding. The finished products are generally covered with a primer coat.

Steel, the raw material, poses little risk to the environment and is easily recyclable.

Operations that pose a potential environmental impact are welding, which creates smoke (emitted in the form of particles in suspension), and painting, which results in the emission of volatile organic compounds (VOC) and generates dangerous residual materials. The Company has implemented appropriate measures to minimize the impact that storing and disposing of its dangerous residual materials might have on the environment.

3.4 Human Resources

As at December 31, 2006, the Company employed 2,809 people. The following table lists the number of employees by country.

**CANAM GROUP INC.
TOTAL NUMBER OF EMPLOYEES
AS AT DECEMBER 31, 2006**

<u>Country</u>	<u>Number of employees</u>
Canada	1,669
United States	778
Romania	306
India	<u>56</u>
Total	<u>2,809</u>

The majority of plant employees are unionized. The Company has 11 collective agreements with its employees. In Canada, two collective agreements were renewed in 2006. The Company believes that its business units and subsidiaries enjoy good labour relations.

3.5 Risk Factors

The item "Risk Factors Relating to the Company's Business" under Management's Discussion and Analysis in the 2006 Annual Report is incorporated herein by reference.

ITEM 4 - CAPITAL STRUCTURE

4.1 General Description of the Capital Structure

The authorized share capital of the Company is comprised of an unlimited number of common shares ("common shares"), an unlimited number of Class "D" shares without par value, an unlimited number of Class "E" shares without par value and an unlimited number of Class "F" shares without par value. Class "D", Class "E" and Class "F" shares may be issued in one or more series, and the Board of Directors may determine the conditions attached to said shares at the time of issuance. If such shares are voting shares, they only confer one (1) vote per share upon their holder.

As at March 6, 2007, 49,082,806 common shares of the Company were issued and outstanding.

The following is a brief description of the attributes of the common shares. This description does not purport to be complete, and is subject to, and qualified in its entirety by reference to, the Company's articles.

Common Shares

Voting Rights

Subject to the *Companies Act* (Quebec), the holders of common shares are entitled to receive notices of, and to be present and to vote at, all of the Company's shareholders' meetings. Each common share entitles the holder thereof to one vote per share which may be exercised in person or by proxy.

Dividends

The holders of common shares are entitled to receive dividends, if, as and when declared by the directors, from the Company funds duly set aside therefore, which dividends shall be declared and paid in equal amounts per share on all issued and outstanding common shares of the Company, without preference, priority or distinction.

Winding-up

In the event of the winding-up or dissolution of the Company, whether voluntary or forced, or for any other distribution of company assets among shareholders for the purpose of winding-up its affairs, the holders of common shares shall be entitled to receive, for each common share, the amounts due to them upon the winding-up of the business as follows: (i) an amount equal to the average per share of the amounts paid into the issued and paid-up share capital account that is held for common shares, and (ii) all dividends declared on the common shares that remain unpaid. Moreover, the holders of common shares shall be entitled to share in the remaining assets of the Company's property without preference or distinction and in proportion to the number of shares they hold.

ITEM 5 - DIVIDENDS

The Company's ability to declare dividends is subject to contractual restrictions found in its credit facility. Considering the economic situation in the Company's sectors of activity in 2004 and in order to honour its loan covenants, the Company did not declare dividends on its subordinate voting shares (thereafter renamed "common shares") for fiscal year 2004. Despite a more favourable economic climate in 2005, the Company did not reintroduce the payment of a quarterly dividend on its common shares during fiscal year 2005. As of the first quarter of 2006, the Company reintroduced the payment of a quarterly dividend of \$0.04 on its common shares. Both the declaration and the amount of the dividend are reviewed on a quarterly basis by the Board of Directors of the Company.

The Company's articles previously gave holders of multiple voting shares the right to receive an annual, preferential, fixed, non-cumulative dividend of \$0.02666 per share, payable in four quarterly installments of \$0.00665. For fiscal years 2004 and 2005, the Company did not pay dividends to the holders of multiple voting shares. For the first quarter of 2006, the Company declared an annual dividend on its multiple voting shares. Quarterly payments were made only for the first two quarters of 2006 since multiple voting shares were cancelled in August of 2006.

ITEM 6 - MARKET FOR SECURITIES

The Company's common shares are listed on the Toronto Stock Exchange and are identified by the symbol "CAM".

The following table indicates, for each month of fiscal year 2006, the price range and volume of the Company's common shares traded on the Toronto Stock Exchange.

Month	High (\$)	Low (\$)	Close (\$)	Volume
January 2006	8.28	6.80	8.20	3,689,562
February 2006	8.93	8.15	8.68	1,422,632
March 2006	10.80	8.51	10.60	3,517,855
April 2006	11.66	10.06	10.75	4,228,179
May 2006	11.23	10.06	10.70	2,880,768
June 2006	10.90	9.65	9.99	1,212,603
July 2006	11.19	9.80	11.00	1,081,969
August 2006	11.05	9.31	10.25	1,845,034
September 2006	10.49	8.90	9.00	766,884
October 2006	9.40	8.30	9.17	2,091,296
November 2006	9.29	8.15	9.29	1,071,657
December 2006	9.39	8.72	9.26	<u>3,785,449</u>
Total				<u>27,593,888</u>

The closing prices of the Company's common shares as at December 31, 2005 and December 31, 2006 were \$7.06 and \$9.26 respectively.

ITEM 7 - DIRECTORS AND OFFICERS

7.1 Directors

The following table lists the name, municipality and province of residence of each director of the Company, his/her position and principal occupation and the year in which he/she became a director.

Name and municipality of residence	Position and principal occupation	Director since
Élaine Beaudoin Westmount, Quebec ⁽¹⁾ ⁽⁴⁾	Corporate Director	2000
Anne-Marie Dutil Blatchford Westmount, Quebec	Corporate Director	1998
Marcel Dutil, C.M. Montreal, Quebec	Chairman of the Board and Chief Executive Officer Canam Group Inc.	1972
Marc Dutil Ville de St. Georges, Quebec	President and Chief Operating Officer Canam Group Inc.	2002

Paul Gobeil Ottawa, Ontario ⁽²⁾⁽³⁾	Vice Chairman of the Board Metro Inc. (food retailer)	1992
Pierre Lortie, C.M. St. Lambert, Quebec ⁽¹⁾⁽³⁾⁽⁴⁾	Senior Advisor, Business Fraser Milner Casgrain LLP (law firm)	2004
Normand Morin Montreal, Quebec ⁽²⁾⁽³⁾	Corporate Director	2005
Robert Parizeau Montreal, Quebec ⁽¹⁾⁽²⁾⁽⁴⁾	Corporate Director	1990
Pierre Thabet Ville de St. Georges, Quebec ⁽²⁾	President Boa-Franc GP (wood flooring manufacturer)	2006
Jean-Marie Toulouse Town of Mount Royal, Quebec ⁽¹⁾⁽⁴⁾	Professor École des Hautes Études Commerciales de Montréal (HEC) (university)	2006
Jean Turmel Montreal, Quebec ⁽¹⁾	President Perseus Capital Inc. (fund management company)	2006

(1) Member of Audit Committee

(2) Member of Human Resources Committee

(3) Member of Corporate Governance Committee

(4) Member of Investment Monitoring Committee (*non-standing committee*)

All members of the Board of Directors are Canadian residents. All of these people will continue in office until the Company's next annual general meeting of shareholders. During the past five years, they have all held their current positions or another position within the company indicated opposite their name or a predecessor of that company, with the exception of: (i) Mr. Pierre Lortie, who was Chairman of the Transition Committee of the Agglomeration of Montreal from June 2004 to December 2005 and who, prior to June 2004, held various management positions with Bombardier Inc. until December 2003, the last being President and Chief Operating Officer of Bombardier Transport. Mr. Lortie had also been a director of the Company prior to January 12, 2003; (ii) Mr. Normand Morin, who was Executive Vice President of SNC-Lavalin Group Inc. until December 2004; (iii) Mr. Jean-Marie Toulouse, who was Director of the École des Hautes Études Commerciales de Montréal until August 2006; (iv) Mr. Jean Turmel, who was President, Financial Markets, Treasury and Investment Banking, for National Bank of Canada until December 2004; and (v) Mr. Paul Gobeil, who was Chairman of the Board of Export Development Canada (EDC) until March 28, 2007.

7.2 Executive Officers

The following table lists the name, municipality, province of residence, position and principal occupation of each executive officer of the Company.

Name and municipality of residence	Position within the Company
Marcel Dutil Montreal, Quebec	Chairman of the Board and Chief Executive Officer
Pierre Arcand Sherbrooke, Quebec	President, Murox
Mario Bernard Ville de St. Georges, Quebec	President, Canam Canada and Structural
Sam Blatchford Westmount, Quebec	President, Canam Steel Corporation and Hambro
John Bradley St. Julie, Quebec	Vice President, Credit
Mihran Cicek Montreal, Quebec	Vice President, Analysis and Research
Marc Dutil Ville de St. Georges, Quebec	President and Chief Operating Officer
Robert Dutil Quebec City, Quebec	Vice President, Structal-Bridges
Michael D. Gallant Oakville, Ontario	Vice President and General Manager, Ontario, and Supervisor of the Calgary, AB plant Canam Canada
Jasmin Gosselin St. Bruno, Quebec	Vice President, Communications
Louis Guertin Kirkland, Quebec	Vice President, Legal Affairs, and Secretary
René Guizzetti Laval, Quebec	Vice President, Corporate Control and Taxation
Georges Hage-Chahine Town of Mount Royal, Quebec	President, Canam International
Richard Moisan Mont St. Hilaire, Quebec	Vice President, Internal Control and Audit

Joël Nadeau St. Gédéon de Beauce, Quebec	Vice President Canam Canada
Luc Pelland Beaconsfield, Quebec	President, Structural-Heavy Steel Construction, and Vice President, Purchasing
Charles Pinel Ville de St. Georges, Quebec	Vice President and Chief Financial Officer
Raymond Pomerleau Longueuil, Quebec	Treasurer
Claude Provost Ville de St. Georges, Quebec	Vice President, Human Resources
Jean Thibodeau Laval, Quebec	President, Technyx, and Vice President, MIS
Pierre Turgeon Ville de St. Georges, Quebec	Vice President, Finance, Manufacturing Sector
Richard Vincent Westmount, Quebec	Vice President, Research

During the past five years, the executive officers have all held their current positions or another position within the Company indicated with the exception of: (i) Mr. Charles Pinel, who, prior to March 2005, was Vice President, Finance of Victor Woollen Products Ltd.; and (ii) Mr. Luc Pelland, who, prior to April 2002, was General Manager of Westburne Quebec, Electrical Division.

7.3 Security Holdings

As at December 31, 2006, directors and officers collectively owned, directly or indirectly, 8,942,345 common shares, representing 18.23% of the total number of voting shares.

7.4 Cease-Trading Order, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company is, as at the date of this Annual Information Form, nor was over the last 10 fiscal years, a director or executive officer of another company (including the Company) that, while that person was acting in that capacity, (i) was the subject of a cease-trading order or similar order or was denied an application for an exemption under securities legislation, for a period of more than 30 consecutive days, including after the director or executive officer ceased to be a director or executive officer, or (ii) became bankrupt, made a proposal to its creditors under any legislation relating to bankruptcy or insolvency or had proceedings brought against it by creditors, concluded an arrangement or compromise with them, instituted proceedings against them or took steps for the purpose of concluding an arrangement or compromise with them or for which a receiver,

receiver manager or trustee was appointed to hold its assets, including during the fiscal year of that person ceasing to act in that capacity, with the exception of: (i) Mr. Marcel Dutil, who sat on the Board of Directors of Total Containment, Inc. when that corporation filed for bankruptcy under Chapter 11 (Bankruptcy) of the *United States Code* on March 4, 2004; and (ii) Mr. Paul Gobeil, a director of the Company who sat on the Board of Directors of BridgePoint International Inc. and its wholly-owned subsidiary, BridgePoint International (Canada) Inc., until November 12, 2001. On January 25, 2002 BridgePoint International (Canada) Inc. filed a proposal in bankruptcy with its creditors and on January 31, 2002 the Toronto Stock Exchange advised BridgePoint International Inc. that it would halt the trading of its shares.

7.5 Conflicts of Interest

Paragraph 3.2 of Item 3 – “Description of Operations - General Profile” of this Information Form describes the Company’s investment in Finloc Inc., a company whose voting shares are beneficially owned, directly or indirectly, by Mr. Marcel Dutil. Finloc Inc., and certain other companies whose voting shares are beneficially owned, directly or indirectly, by Mr. Marcel Dutil, provide such services as the financing of specialized equipment and leasing of immovable property to the Company. These transactions are conducted in the normal course of business or, where applicable, have been authorized by the Board of Directors of the Company. In the opinion of the Company’s management, these transactions were conducted under market conditions as though negotiated at arm’s length. The Audit Committee is responsible for reviewing these transactions once a year.

ITEM 8 - LEGAL PROCEEDINGS

There are several legal proceedings and claims currently filed against the Company. Such proceedings arise in the course of the Company’s activities. While it may be impossible to predict the outcome of such proceedings, management believes that all of these suits, taken together, will not result in pecuniary damages likely to interfere materially with the Company’s activities.

ITEM 9 - INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

9.1 Sale of Manac

On June 28, 2004, the Company completed the sale of the assets of its Manac division and the shares of Manac Trailers USA, Inc., a wholly-owned U.S. subsidiary of the Company, to Manac Inc., a company whose shareholders on that date were Litud Inc. (20%), Fonds de solidarité des travailleurs du Québec (F.T.Q.) (40%), as well as Société Financière Bourgie (1996) Inc. and Montreal Partners Limited Partnership (40%).

Litud Inc. is a company whose sole shareholder is Mr. Charles Dutil, who was President of the Manac division and of Manac Trailers USA, Inc. at the time of the sale. Mr. Charles Dutil is the son of Mr. Marcel Dutil, Chairman and Chief Executive Officer of the Company. As at March 6,

2007, Mr. Charles Dutil beneficially owned, directly or indirectly, 17,200 common shares of the Company.

At the time of the sale, Messrs. Marcel Dutil and Robert Parizeau, directors of the Company, each beneficially owned, directly or indirectly, 1.96% of the shares held by the special partners of Montreal Partners. As at March 6, 2007, Messrs. Marcel Dutil and Robert Parizeau beneficially owned, directly or indirectly, 8,018,541 and 40,000 common shares of the Company respectively.

The effective date of the sale was April 25, 2004. The sales price of the transaction was \$66,511,000, of which \$58,541,635 was paid in cash and the remaining amount through the issuance by Manac Inc. to the Company of 5,000,000 Class "C" shares and 2,969,365 Class "D" shares of the share capital of Manac Inc. The transaction amount excluded the property, plant and equipment of the Orangeville, Ontario plant that closed in the summer of 2003. These excluded assets have since been sold by the Company. An independent committee of the Board of Directors of the Company ruled that the consideration offered for this transaction was fair to the Company from a financial point of view. The independent committee relied on, among other things, a fairness opinion prepared by BMO Nesbitt Burns Inc.

The Company acquired Manac Trailers USA, Inc.'s assets in August of 2002 at the purchase price of US\$4,500,000. The price of these assets was set at \$5,529,760 in the allocation of the sales price of the assets of the Manac division and the shares of Manac Trailers USA, Inc. to Manac Inc.

The Class "C" shares of Manac Inc., the value of which stood at \$5,000,000 on the transaction date, were exchanged on September 29, 2006 for an unsecured debenture in the capital amount of \$5,000,000 bearing interest at 6% per annum. The debenture will be fully refundable in February 2013, as soon as a debenture in the amount of \$21,800,000 held by the Fonds de solidarité des travailleurs du Québec (F.T.Q.) has been repaid by Manac Inc. The Class "D" shares were valued at \$2,969,365 at the time of the transaction, carry no dividends and may be redeemed by Manac Inc. for an amount equal to the monies disbursed thereby to honour the reserves set aside for manufacturer guarantees and the financing of semitrailers taken on by the Company upon closing of the transaction. As at December 31, 2006, the Company held the equivalent of \$235,342 in Class "D" shares of Manac Inc.

In addition to this transaction, the Company undertook, in favor of GE Canada Equipment Financing G.P., to guarantee a term loan for an initial amount of \$25,000,000 granted to Manac Inc. This guarantee ended on March 24, 2006. The addresses of the individuals listed in the description entitled "Sale of Manac" are:

Charles Dutil	Manac Inc. 2275 - 107 ^e Rue Ville de Saint-Georges (Québec) G5Y 8G6
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Marcel Dutil	Groupe Canam Inc. 270, chemin Du Tremblay Boucherville (Québec) J4B 5X9
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Robert Parizeau

Aon Parizeau Inc.
1801, av. McGill College, bureau 550
Montréal (Québec) H3A 3P3

9.2 Investment in Finloc Inc.

See paragraph 7.5 of Item 7 of this Information Form – “Directors and Officers”. What follows supplements the contents of that paragraph. On June 23, 2005, Finloc Inc. (“Finloc”) sold to the Company a debt of \$11,920,500 owed to Finloc by Les Édifices Canam Manac inc. (“Édifices”), a wholly-owned subsidiary of Finloc which owns buildings leased by the Company for its activities. The consideration for this transaction was \$11,920,500 plus the assumption of a hypothec. The debt is secured by a second rank hypothec on all the buildings owned by Édifices and bears interest. Within that transaction, Finloc also granted the Company an option to purchase all the shares of Édifices for a consideration of \$100, which option could be exercised as of November 25, 2006. Based on independent valuations, the Company’s Board of Directors agreed that the fair market value of Édifices’ buildings should be fixed at \$19,500,000. On exercise of the option, the balance of the hypothec on the buildings of Édifices was not to exceed the difference between the agreed upon value of the buildings and the purchase price of the debt.

Following the transfer of the debt, Finloc used the proceeds of the sale to redeem preferred shares of its share capital held by the Company for a value of \$10,079,305 and to pay the Company accrued dividends amounting to \$1,841,195.

Also, as part of the June 23, 2005 transactions, the Company, Placements CMI inc. (“Placements CMI”) and Finloc modified the Shareholders’ Agreement with respect to the holding of shares in Finloc by the Company and Placements CMI. See paragraph 3.2 of this Information Form – “Other Activities”, for information on the changes to the Shareholders’ Agreement.

Through an agreement concluded September 29, 2006, between the Company, Placements CMI, Finloc and Édifices, Édifices repaid the Company \$8,400,000 of the above-mentioned \$11,920,500 debt on November 16, 2006. Immediately prior to the date of repayment, the principal and interest owing stood at \$12,656,147; the balance was reduced to \$4,256,147 following the repayment. Édifices and the Company agreed that the debt shall be paid back in full by December 31, 2010. On September 29, 2006 and under the above-mentioned agreement, the Company assigned its option to purchase all the shares of Édifices to Placements CMI for a consideration of \$10.

Mr. Marcel Dutil, Chairman of the Board and Chief Executive Officer of the Company, beneficially owns, directly or indirectly, the voting shares of Placements CMI, Finloc and Édifices.

9.3 Sums receivable from related parties

On March 26, 2005, Canam Steel transferred the following debts to the Company: (i) US\$4,200,000 (\$5,103,544) receivable from Marsan Investment, LLC (“Marsan”) and (ii) US\$2,744,651 (\$3,335,574) receivable from Placements CMI. The sum receivable from Marsan is guaranteed by Placements CMI and secured by liens on all the assets of Marsan and its subsidiaries. The sum receivable of US\$2,744,651 comprises US\$2,000,000 paid to Bank of America on November 1, 2004 by Canam Steel as guarantor of a Bank of America loan to Finloc US, Inc. (“Finloc US”) and US\$744,651 in interest charges and legal fees. Until December 2, 2004, Mr. Marcel Dutil beneficially owned, directly or indirectly, the voting shares of Finloc US.

In refinancing its U.S. credit facilities in March 2005, Canam Steel repaid the balance on the loans granted by Bank of America to Total Containment, Inc. (US\$4,050,000) and Finloc US (US\$6,000,000), both of which Canam Steel had guaranteed. Placements CMI had acted as guarantor for Canam Steel. Until December 2, 2004, Mr. Marcel Dutil beneficially owned, directly or indirectly, a majority of the voting shares in Total Containment, Inc. Canam Steel subsequently transferred the two abovementioned receivables to the Company.

As of the second quarter of 2005, the sums recorded as guarantees (except for the sum receivable from Marsan) were restated in the Company’s books as accounts receivable. To that effect, Placements CMI signed an acknowledgement of debt. As at December 31, 2006, the balance owed by Placements CMI Inc. amounted to \$6,000,000, compared with \$15,388,000 as at December 31, 2005. Such amount is payable on demand and bears interest at the same rate as the Company pays its Canadian banks.

Mr. Marcel Dutil, Chairman of the Board and Chief Executive Officer of the Company, beneficially owns, directly or indirectly, the voting shares of Placements CMI.

9.4 Conversion of multiple voting shares into common shares

On August 24, 2006, Placements CMI and its wholly-owned subsidiary, 9085-6063 Québec inc., two companies beneficially owned, directly or indirectly, by Mr. Marcel Dutil, Chairman of the Board and Chief Executive Officer of the Company and until that date the majority shareholder of the Company, converted 7,000,000 Class “C” multiple voting shares (conferring five (5) votes per share) in the Company into 1,850,030 Class “A” subordinate voting shares (one vote per share) in the Company, representing a conversion ratio of 0.26429 Class “A” subordinate voting share to one Class “C” multiple voting share. Following the conversion of all Class “C” shares, the rights, privileges, restrictions and conditions conferred by these shares were cancelled, and consequently the Company’s share capital no longer provides for multiple voting shares. Immediately following this share conversion, the percentage of voting rights held directly or indirectly by Mr. Marcel Dutil went from 52.68% to 20.66%. On August 28, 2006, Class “A” subordinate shares were renamed common shares.

This share transaction followed the adoption on March 10, 2006 by the Company’s Board of Directors of a by-law regarding the amendment to the articles of the Company in order to provide

for the conversion right conferred by Class “C” shares at the conversion rate mentioned above. The by-law was confirmed by the shareholders of the Company at the Company’s Annual General and Special Shareholders Meeting held April 26, 2006. The Board of Directors of the Company determined that this transaction was fair to shareholders from a financial standpoint and that it was in their best interest. The Board’s determination was based on the recommendation of a committee of independent directors set up to review the transaction and on a fairness opinion issued on March 9, 2006, by Ernst & Young Orenda Corporate Finance Inc.

The Class “C” shares were redeemable at the holder’s discretion, at (i) an amount equal to the average, per multiple voting share, of the amounts deposited into the issued and paid share capital account maintained for multiple voting shares, plus (ii) an amount equal to all the dividends declared on the multiple voting shares and which remained unpaid on the redemption date. The redemption value of all Class “C” shares was \$3,775,990 or \$0.54 per share. The closing price of the Class “A” subordinate shares on the Toronto Stock Exchange was \$9.05 on March 13, 2006, the day prior to the date of publishing a press release announcing the adoption by the Board of Directors of the Company of the by-law regarding the amendment to the articles of the Company in order to provide for the conversion right conferred by Class “C” shares.

Mr. Marcel Dutil, Chairman of the Board and Chief Executive Officer of the Company, beneficially owns, directly or indirectly, the voting shares in Placements CMI. and 9085-6063 Québec Inc.

ITEM 10 - TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the common shares of the Company is Computershare Investor Company Services Inc. located at 1500 University Street, Suite 700, Montreal, Quebec, H3A 3S8. Computershare Investor Company Services Inc. also has offices in Toronto, Ontario.

ITEM 11 - MATERIAL CONTRACTS

11.1 Sale of Manac

See Item 9 – “Interest of Management and Others in Material Transactions” of this Information Form for a description of the transaction involving the sale of the Manac division of the Company and the shares of Manac Trailers USA, Inc. to Manac Inc.

11.2 Investment in Finloc Inc.

See paragraph 7.5 of Item 7 – “Directors and Officers” and paragraph 9.2 under Item 9 – “Interest of Management and Others in Material Transactions” of this Information Form.

ITEM 12 - INTERESTS OF EXPERTS

With respect to the preparation of a fairness opinion by Ernst & Young Orenda Corporate Finance Inc. in connection with the proposal by the Company to convert its multiple voting shares into subordinate voting shares that was confirmed by the shareholders of the Company at the Company's Annual General and Special Shareholders Meeting held on April 26, 2006 (see paragraph 9.4 of Item 9 – "Interest of Management and Others in Material Transactions" in this Information Form), Ernst & Young Orenda Corporate Finance Inc., at the time of handing down its opinion, beneficially owned, directly or indirectly, less than 1% of the outstanding subordinate voting shares and convertible debentures of the Company.

ITEM 13 - INFORMATION ON THE AUDIT COMMITTEE

Composition

The Audit Committee is composed of Ms. Éline Beaudoin and Messrs. Pierre Lortie, Robert Parizeau, Jean-Marie Toulouse and Jean Turmel. Each member of the Committee is independent and financially literate within the meaning of *Regulation 52-110 respecting audit committees*.

Financial Literacy

Each member of the Company's Audit Committee has a good grasp of generally accepted accounting principles and has the ability to understand financial statements that present a degree of complexity generally comparable to that of the accounting issues which may reasonably be raised in the Company's financial statements. This section describes at greater length how these members acquired such financial literacy.

Éline Beaudoin. Ms. Beaudoin is a corporate director. She holds a Bachelor's degree in Accounting from the Université du Québec à Montréal and a Bachelor of Commerce from McGill University in Montreal. She is a member of the Ordre des comptables agréés du Québec.

In addition to her university education, Ms. Beaudoin acquired auditing skills as a corporate auditor with Coopers & Lybrand. Ms. Beaudoin was also President and General Manager of the manufacturer Unifix Inc. for more than nine years.

She has several years of experience as a corporate director with LMS Medical Systems Ltd., Hebdo-Litho Inc. and Lower Canada College. She is a member of the audit committee of LMS Medical Systems Ltd.

Pierre Lortie. Mr. Lortie is Senior Advisor, Business, with Fraser Milner Casgrain LLP. He also serves as Executive Director, CHUM and MUHC Hospital Redevelopment Projects, for the Agence des partenariats public-privé du Québec (PPP Québec). He holds an MBA from the University of Chicago.

During his career of over twelve years at Bombardier Inc., Mr. Lortie held a variety of positions, including that of President and Chief Operating Officer of Bombardier Capital and Bombardier Transport. At Bombardier Capital, he was responsible, among other things, for overseeing

internal controls and monitoring the accuracy of the financial reporting and of the information and disclosures required by regulatory agencies such as the U.S. Securities and Exchange Commission, as Bombardier Capital was a reporting issuer on the American and Canadian markets.

He also served as President and Chief Executive Officer of Provigo Inc. and as President of the Montreal Stock Exchange. In this capacity, he was responsible for the financial audit of several securities brokers and compliance with financial reports and other disclosures necessary to conform to securities legislation and the requirements for listing on the Montreal Stock Exchange.

Mr. Lortie is Chairman of the Board of Lyrtech Inc. and Country Style Food Services Inc. As well, he is a director of Altair Nanotechnologies, Inc. and Dynaplas Ltd. and sits on the advisory committee of CAI Capital Partners Corporation. Mr. Lortie is a member of the Lyrtech Inc. audit committee.

Robert Parizeau. Mr. Parizeau is Chairman of the Board of Aon Parizeau Inc. He holds a diploma from the HEC Montréal.

Mr. Parizeau acquired his auditing skills while working with public and private corporations. He was the Chief Executive Officer of Sodarcac Inc. He has more than 15 years of experience as an audit committee member. Mr. Parizeau currently sits on the audit committees of Power Corporation of Canada and Van Houtte Inc. He is chairman of the audit committees of National Bank Life Insurance Company and the SCOR Reinsurance Company of Canada. He previously sat on the audit committees of Gaz Métro, National Bank of Canada and National Bank Financial.

Jean-Marie Toulouse. Mr. Toulouse is a professor at HEC Montréal. He holds a Doctorate in Social Psychology from the Université de Montréal.

Mr. Toulouse was the Director of HEC Montréal between 1995 and 2006. In this capacity, Mr. Toulouse annually managed an operating budget of over \$100,000,000, a research budget of \$5,000,000 and a capital budget that varied between \$5,000,000 and \$60,000,000. As a result, he gained a good understanding of generally accepted accounting principles (GAAP) and of their application. Mr. Toulouse also has more than 30 years' experience as a university professor of entrepreneurship and corporate strategy at the HEC.

Jean Turmel. Mr. Turmel is President of Perseus Capital Inc., a fund management company. He holds a Bachelor's degree in Commerce and a Master's degree in Administration from Laval University in Quebec City.

Mr. Turmel held a variety of positions with National Bank of Canada between 1981 and 2004, most notably that of President, Financial Markets, Treasury and Investment Banking, from 1998 to 2004. With more than 35 years' experience in the financial sector, Mr. Turmel has often been called upon to analyze financial statements either in a managerial role or as head of financial markets, particularly in connection with the issuance of debt or equity.

Mr. Turmel is a director of Alimentation Couche-Tard inc., the Montreal Stock Exchange, Maple Financial Group Inc., the Ontario Teachers' Pension Plan Board and Canada Post Corporation.

He is a member of the audit committee of Canada Post Corporation and Chairman of the Board of the Montreal Stock Exchange.

Audit Committee Charter

The Audit Committee Charter sets out the roles and responsibilities of the Audit Committee of the Company. A copy of the charter is attached hereto as Schedule A.

Pre-approval Policies and Procedures for Audit Services

The Audit Committee adopted a policy regarding the range of services provided by external auditors. This policy forbids the Company from hiring external auditors to provide certain non-auditing services, such as bookkeeping and other services related to accounting records or financial statements, financial information systems design and implementation, valuation services, fairness opinions on prices offered or contribution-in-kind reports, actuarial services, internal audit outsourcing services, management functions, human resources, brokerage, investment or investment banking services, as well as legal services or expert services unrelated to auditing. In certain cases, the policy allows the Company to retain the services of external auditors for the purpose of rendering non-audit services, provided that such services are not prohibited and that they have been approved by the Audit Committee beforehand.

A copy of the policy regarding the range of services offered by external auditors can be obtained free of charge, upon request, from the Company's Corporate Secretary at 270, chemin Du Tremblay, Boucherville, Quebec, J4B 5X9.

External Auditor Service Fees (by Category)

The following table sets out the fees billed by the external auditors of the Company, PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l. ("PricewaterhouseCoopers"), for the fiscal years ended December 31, 2005 and 2006. These numbers include fees billed by PricewaterhouseCoopers for services rendered to the Company's subsidiaries.

Fee Category	2005	2006
Audit fees	\$552,798	\$654,622
Audit-related fees	\$195,055	\$137,784
Tax-related fees	\$128,420	\$98,178
All other fees	\$122,376	\$39,256
Total	\$998,649	\$929,840

“**Audit fees**” include total fees paid to PricewaterhouseCoopers for the audit of the annual consolidated financial statements and other audits and statutory filings.

“**Audit-related fees**” include total fees paid to PricewaterhouseCoopers for audit-related services such as the retirement plan audit and advice on accounting standards and financial reporting.

“**Tax-related fees**” include total fees paid to PricewaterhouseCoopers for services related to tax compliance, tax advice, and tax consultation and planning services related to the preparation of the Company’s income tax returns, capital taxes and sales taxes.

“**All other fees**” include total fees paid to PricewaterhouseCoopers for all services other than those described above, such as due diligence services as part of acquisitions.

ITEM 14 - ADDITIONAL INFORMATION

Additional information on the Company is available on the Internet, on the SEDAR (System for Electronic Document Analysis and Retrieval) web site at www.sedar.com, as well as on the Company’s web site (www.canamgroup.ws).

The Company will provide copies of the following documents to any person or company who makes such a request to the Communications Department or to the Company’s Corporate Secretary at 270, chemin Du Tremblay, Boucherville, Quebec J4B 5X9:

- (a) when the securities of the Company are in the course of a distribution under a short form prospectus, or a preliminary short form prospectus, (i) a copy of the annual information form (“AIF”) of the Company and a copy of any document, or the relevant pages of any document, incorporated by reference in the AIF, (ii) a copy of the comparative financial statements of the Company for its most recently completed fiscal year and any auditors’ report thereon as well as a copy of the most recent quarterly financial statements of the Company that have been filed, if any, for any period after the end of its most recently completed fiscal year, (iii) a copy of the management proxy circular of the Company in respect of its most recent annual general meeting of shareholders during which directors were elected or a copy of any documents prepared in the place and stead of such circular, if any, and (iv) a copy of any other document incorporated by reference in the preliminary short form prospectus or the short form prospectus which has not been provided pursuant to (i) to (iii) hereinabove; or
- (b) at any other time, a copy of any document to which reference is made in (a) (i) to (iii) above, provided that the Company may require the payment of a reasonable charge if the request is made by a person or company who is not a holder of securities of the Company.

Additional information, including directors’ and officers’ remuneration as well as loans that have been granted to them, if any, the principal holders of the Company’s securities, securities authorized for issuance under equity compensation plans, indebtedness of principal holders of securities of the Company, and interests of insiders in material transactions, if applicable, is presented for the 2006 fiscal year in the Management Proxy Circular of the Company relating to the annual general and special meeting of shareholders scheduled for April 25, 2007, which circular will be filed separately by the Company through SEDAR in March 2007. Additional financial information, in particular the audited consolidated financial statements for the fiscal year ended December 31, 2006 and the related Management Discussion and Analysis, were filed separately by the Company through SEDAR.

SCHEDULE A

CANAM GROUP INC.

Audit Committee Charter

This Charter sets out the roles and responsibilities of the Audit Committee of Canam Group Inc. (the "Company"). The roles and responsibilities described in this Charter must at all times be exercised in accordance with the requirements of the legislation and regulations governing the Company and its subsidiaries.

COMPOSITION:

The Audit Committee is composed of at least three directors of the Company, all of whom are independent of the Company and financially literate. The quorum necessary to constitute a meeting of the Audit Committee is set at three directors.

"Independent" refers to an individual who has no direct or indirect material relationship with the Company. A material relationship refers to a relationship which could, in the view of the Company's Board of Directors, reasonably interfere with the exercise of a member's independent judgment.

"Financial literacy" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

The Audit Committee's responsibilities extend to the Company and its subsidiaries.

OBJECTIVES:

The audit committee's objectives are as follows:

- to assist the Board of Directors in performing its duties and in particular to ensure that the Company's management assumes its responsibilities with respect to:
 - the production of reliable financial information;
 - the identification of the Company's principal risks and the implementation of the appropriate systems to manage those risks;
 - the integrity of the Company's internal controls and management information systems;
 - the Company's compliance with the requirements of the stock exchanges, government agencies, laws and regulations; and

- a communications policy targeting the shareholders and the general public;
- to establish effective lines of communication between the Board of Directors, management and the external and internal auditors;
- to reinforce the independent status of the external and internal auditors;
- to ensure the integrity of published financial reports.

ROLES AND RESPONSIBILITIES:

1. REPORTS TO THE BOARD OF DIRECTORS

The Audit Committee (the "Committee") must periodically report on the results of the review services rendered and make recommendations to the Board of Directors.

2. FINANCIAL INFORMATION

- 2.1 The Committee reviews the Company's annual audited financial statements and annual Management Discussion and Analysis and recommends their adoption by the Board of Directors.
- 2.2 The Committee reviews the Company's interim financial statements and Management Discussion and Analysis and recommends their adoption by the Board of Directors.
- 2.3 The Committee reviews the press releases concerning the Company's annual and interim earnings and recommends their adoption by the Board of Directors.
- 2.4 In addition to the annual and interim financial statements and management's interim and annual Management Discussion and Analysis, the Committee reviews all the documents containing financial information, audited or not, notably the prospectuses and the Annual Information Form, and approves them or recommends their approval by the Board of Directors, as the case may be, before their publication.
- 2.5 The Committee must be satisfied that adequate procedures are in place to review the Company's public disclosure of financial information extracted or derived from its financial statements, other than the financial information referred to in subsections 2.1, 2.2 and 2.3 above, and periodically assesses the adequacy of those procedures.
- 2.6 The Committee reviews the external auditor's reports.
- 2.7 The Committee reviews, together with the Company's management and the external auditor, the different accounting policies and the changes proposed to those policies, as well as the different estimates performed by management that could have a significant impact on the financial information.

- 2.8 The Committee reviews, together with the Company's management and the external auditor, all major decisions regarding the evaluation or presentation of the financial information.
- 2.9 The Committee reviews the accounting treatment of material operations outside the ordinary course of business of the Company.
- 2.10 The Committee ensures coordination between the Company's management and the stock exchanges, the government agencies and the external auditor.

3. INTERNAL CONTROLS

- 3.1 The Committee, through communications with the external and internal auditors, ensures the effectiveness of the internal controls and the reliability of the published financial information.
- 3.2 The Committee keeps informed, through the external and internal auditors, of any weaknesses in the systems that could cause errors or deficiencies in financial reporting or deviations from the accounting policies of the Company or from applicable laws and regulations.
- 3.3 The Committee ensures the effectiveness of the coordination between the internal auditor and the external auditor.
- 3.4 The Committee periodically reviews financial management's organization chart, the circumstances surrounding the departure of the management member in charge of finance and of any other senior finance employee involved in procedures for financial reporting, as well as the appointment of individuals in these functions.
- 3.5 The Committee reviews the financial and accounting aspects of transactions between related parties.

4. INTERNAL AUDIT

- 4.1 The Committee reviews and approves the internal auditor's mandate.
- 4.2 The Committee assesses the internal auditor's degree of independence from management and other employees of the finance department of the Company and its subsidiaries. The internal auditor reports to the Company's Chief Executive Officer. He is independent of the other officers of the Company. At least once a year, a meeting is held between the Committee and the internal auditor in the absence of the Company's management.
- 4.3 The Committee reviews the annual internal audit plan and suggests mandates or studies as it deems necessary.

- 4.4 The Committee reviews the internal auditor's recommendations, including management's comments, and reviews the corrective measures taken by the Company's management.

5. EXTERNAL AUDIT

- 5.1 The external auditor is independent of the Company and its directors, management and employees. He reports directly to the Committee. The Committee may, at any time, communicate directly with the external auditor. At least once a year, a meeting is held between the Committee and the external auditor in the absence of the Company's management.
- 5.2 The Committee reviews the mandate and budget regarding the external auditor's service fees and recommends their approval by the Board of Directors.
- 5.3 The Committee recommends to the Board of Directors the external auditor or auditors to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or certification services for the Company.
- 5.4 The Committee approves the non-audit services that the external auditor may provide to the Company and its subsidiaries, in accordance with the policy and procedures for the services of the external auditor.
- 5.5 The Committee oversees and reviews the work of the external auditor and his audit plans, service fees and audit results as well as the special mandates entrusted to him.
- 5.6 The Committee must be informed of cases where the Company's management requested the opinion of an accounting firm other than the firm appointed as external auditor on matters that would otherwise fall within the mandate of the external auditor.
- 5.7 The Committee ensures that the external auditor obtained the cooperation of the Company's employees and management. In this regard, the Committee resolves disagreements between the Company's management and the external auditor regarding financial reporting.
- 5.8 The Committee reviews the post-audit letter or letter of recommendation issued by the external auditors as well as management's reactions to them and the actions taken by management in response to observed deficiencies.
- 5.9 The Committee discusses the acceptability and quality of the Company's accounting principles with the external auditor.
- 5.10 The Committee must be satisfied that the external auditor meets the standard of satisfactory performance.

- 5.11 The Committee reviews questions related to the nomination of a new external auditor, when applicable.
- 5.12 The Committee reviews and approves the Company's hiring or retention of services policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

6. COMPLAINTS

- 6.1 The Committee establishes a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters.
- 6.2 The Committee establishes a procedure for the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters.

7. GENERAL

- 7.1 The Committee may, at the Company's expense, hire independent counsel and any other advisors it deems necessary to carry out its duties. The Committee may set the compensation to be paid to these individuals.

Adopted: February 24, 2005 / Modified and effective as of December 5, 2006