DOLLARAMA INC.

ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR

ENDED JANUARY 31, 2010

April 28, 2010

TABLE OF CONTENTS

EXPLANATORY NOTES

The information in this annual information form (the "Annual Information Form") is stated as at January 31, 2010, unless otherwise indicated.

Unless otherwise noted or the context otherwise indicates, "Dollarama", the "Corporation", "we", "us" and "our" refer to Dollarama Inc. and its direct and indirect subsidiary entities and predecessors.

For an explanation of the capitalized terms and expressions and certain defined terms, please refer to the "Glossary of Terms" beginning on page 39 of this Annual Information Form. Unless otherwise indicated, all references to "$" in this Annual Information Form refer to Canadian dollars. References to "U.S.$" in this Annual Information Form refer to United States dollars. The noon exchange rate on April 28, 2010 as reported by the Bank of Canada for the conversion of Canadian dollars into United States dollars was $1.00 to U.S.$0.9874.

Forward-Looking Statements

Certain statements in this Annual Information Form about our current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements within the meaning of applicable securities laws. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. Discussions containing forward-looking statements may be found, among other places, under "Risk Factors". Forward-looking statements are based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct. Certain assumptions in respect of the determination of the impairment of losses, claim liabilities, income taxes, employee future benefits, goodwill and intangibles are material factors made in preparing forward-looking information and management's expectations. Many factors could cause our actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, which are discussed in greater detail in the "Risk Factors" section of this Annual Information Form: future increases in operating and merchandise costs, inability to refresh our merchandise as often as in the past, increase in the cost or a disruption in the flow of imported goods, disruption of distribution infrastructure, current adverse economic conditions, high level of indebtedness, inability to generate sufficient cash to service all the Corporation's indebtedness, ability of the Corporation to incur additional indebtedness, significant operating restrictions imposed by our senior secured credit facility and our senior floating rate deferred interest notes indenture, interest rate risk associated with variable rate indebtedness, no guarantee that our strategy to introduce products between $1.00 and $2.00 will be successfully sustained, market acceptance of our private brands, inability to increase our warehouse and distribution center capacity in a timely manner, weather conditions or seasonal fluctuations, competition in the retail industry, dependence on ability to obtain competitive pricing and other terms from our suppliers, inability to renew store, warehouse and distribution center leases or find other locations on favourable terms, disruption in information technology systems, unsuccessful execution of our growth strategy, inability to achieve the anticipated growth in sales and operating income, inventory shrinkage, compliance with environmental regulations, failure to attract and retain qualified employees, departure of senior executives, fluctuation in the value of the Canadian dollar in relation to the U.S. dollar, litigation, product liability claims and product recalls, unexpected costs associated with our current insurance program, protection of trademarks and other proprietary rights, natural disasters, risks associated with the protection of customers' credit card data, holding company structure, influence by existing shareholders, volatile market price for the common shares of the Corporation, no current plans to pay cash dividends and future sales of Common Shares by existing shareholders. These factors are not intended to represent a complete list of the factors that could affect us; however, these factors should be considered carefully. The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding the Corporation's financial performance and may not be appropriate for other purposes; readers should not place undue reliance on forward-looking statements made herein. Furthermore, unless otherwise stated, the forward-looking statements contained in this Annual Information Form are made as of the date of this Annual Information Form, and we have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement.

Non-GAAP Measures

This Annual Information Form makes reference to certain non-GAAP measures. These non-GAAP measures are not recognized measures under Canadian GAAP, do not have a standardized meaning prescribed by Canadian GAAP and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to assist investors in assessing an investment in the Common Shares and to provide further understanding of the Corporation's results of operations from management's perspective. We use non-GAAP measures including Normalized EBITDA and gross margin to provide investors with a supplemental measure of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on Canadian GAAP financial measures. We also believe that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of issuers. Our management also uses non-GAAP measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess our ability to meet our future debt service, capital expenditure and working capital requirements. Gross margin is defined as reported sales less cost of sales.

Market and Industry Data

We have obtained the market and industry data presented in this Annual Information Form from a combination of internal company surveys and third party information, including data from Statistics Canada for 2008, and the estimates of our management. We know of no third party source that reports on the Canadian dollar discount retail store market and industry data. As such, all Canadian dollar discount retail store market and industry data presented in this Annual Information Form is based on internally generated management estimates, including estimates based on our review of third party Web sites and extrapolations from third party surveys of the U.S. dollar discount retail store market. While we believe our internal surveys, third party information, and estimates of our management are reliable, we have not verified them, nor have they been verified by any independent sources and we have no assurance that the information contained in third party Web sites is current and up-to-date. While we are not aware of any misstatements regarding the market and industry data presented in this Annual Information Form, such data involves risks and uncertainties and are subject to change based on various factors, including those factors discussed under "Forward-Looking Statements" and "Risk Factors".

CORPORATE STRUCTURE

General

The Corporation was incorporated under the *Canada Business Corporations Act* ("CBCA") by articles of incorporation dated October 20, 2004 under the name 4258401 Canada Inc. The Corporation's name was thereafter changed to Dollarama Capital Corporation pursuant to articles of amendment dated November 16, 2004 and its articles were further amended on December 20, 2006 to, among other things, create classes of common and preferred shares, and on September 8, 2009 to change its name to Dollarama Inc. Immediately preceding the closing of its initial public offering on October 16, 2009, the Corporation amalgamated with 4513631 Canada Inc., one of its holding corporations, under the CBCA pursuant to articles of amalgamation dated October 16, 2009.

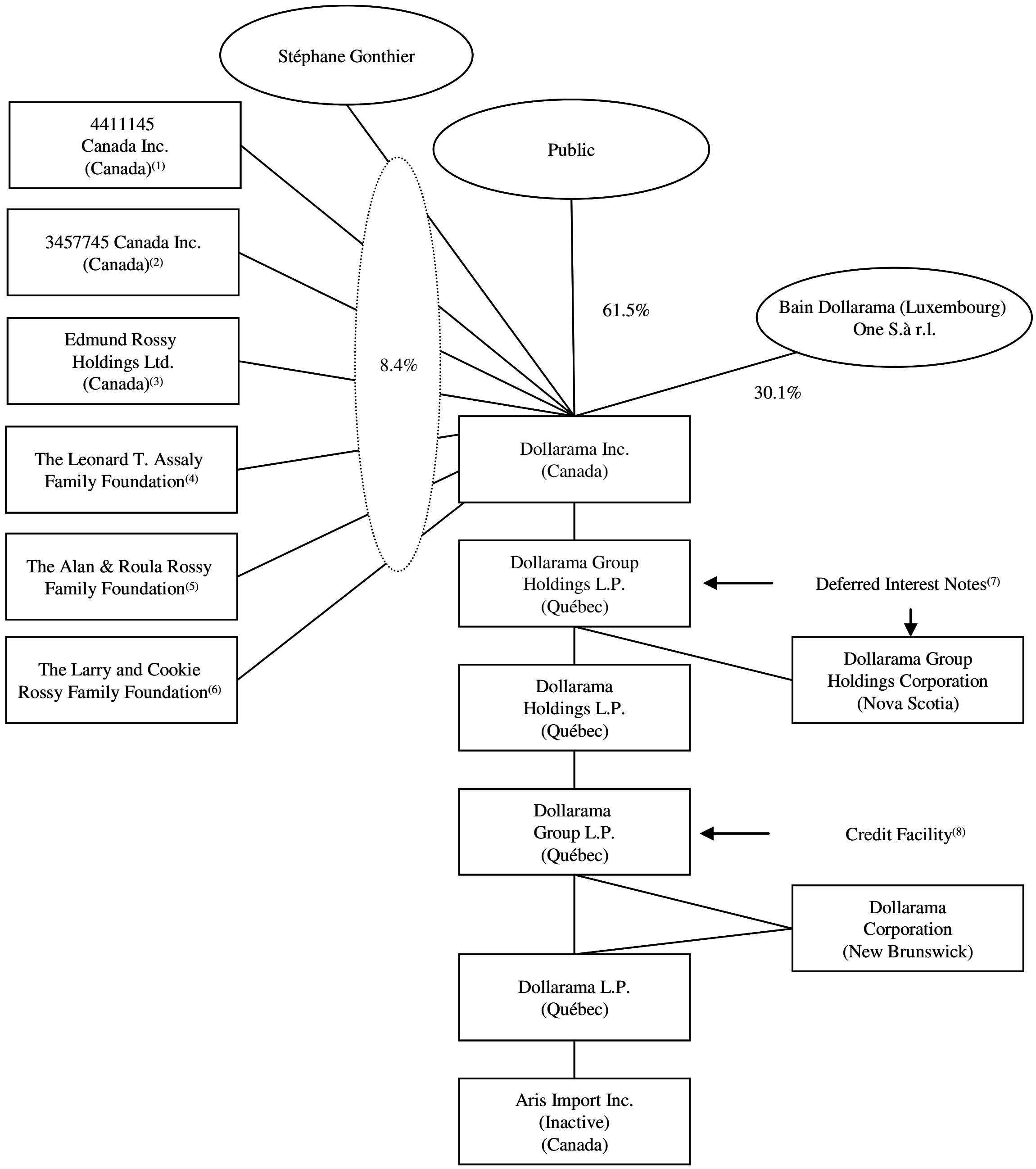
The Corporation's head and registered office is located at 5805 Royalmount Ave., Montreal, Québec, H4P 0A1.

Intercorporate Relationships

The Corporation indirectly owns, through its subsidiaries, all of the equity interests in Dollarama L.P. and Dollarama Corporation, which together operate the Dollarama business.

On November 18, 2004, Dollarama Group L.P. and Aris Import Inc. entered into a senior secured credit facility with a group of lenders. See "Description of Material Indebtedness - Credit Facility". On December 20, 2006, Dollarama Group Holdings L.P. and Dollarama Group Holdings Corporation issued U.S.$200.0 million principal amount of Deferred Interest Notes. See "Description of Material Indebtedness – Deferred Interest Notes".

The following organization chart indicates the intercorporate relationships of the Corporation and its material subsidiary entities as of the date hereof, together with the jurisdiction of incorporation or constitution of each such entity:



(1) An entity controlled by Larry Rossy.
(2) An entity controlled by Leonard Assaly.
(3) An entity controlled by Alan Rossy.
(4) The Leonard T. Assaly Family Foundation is a not-for-profit corporation of which Leonard Assaly is a member and director.
(5) The Alan & Roula Rossy Family Foundation is a not-for-profit corporation of which Alan Rossy is a member and director.
(6) The Larry and Cookie Rossy Family Foundation is a not-for-profit corporation of which Larry Rossy is a member and director.
(7) For a description of the Deferred Interest Notes, see “Description of Material Indebtedness”.
(8) For a description of the Credit Facility, see “Description of Material Indebtedness”.

GENERAL DEVELOPMENT OF THE BUSINESS

History

In 1992, the Dollarama business was founded by our Chief Executive Officer ("CEO"), Larry Rossy, a third generation retailer. Mr. Rossy took the helm of the family retail business in 1973 and transitioned the business from a general merchandise retailer to a single price point dollar store chain. Mr. Rossy led the Dollarama management team to introduce a number of initiatives that have defined our current strategic focus. These included (i) adopting a fixed price point dollar store concept, (ii) pursuing our store network expansion strategy in Canada leading to stronger brand awareness and increased sales and (iii) implementing a program to directly source merchandise from overseas suppliers to lower our merchandise costs and diversify and enhance our product offering. In February 2009, we launched our multiple price point product offering pursuant to which we now sell multiple or single units at select fixed price points between $1.00 and $2.00, with the exception of select candy offered at $0.69.

On November 18, 2004, funds advised by Bain Capital Partners, LLC (“Bain Capital”) acquired approximately 80% of the Corporation’s common equity and Larry Rossy and other members of our current and former management team owned the remaining 20% of the Corporation’s common equity. On October 16, 2009, the Corporation completed an initial public offering (“IPO”) of 17,142,857 Common Shares at a price of $17.50 per share resulting in gross proceeds of $299,999,997.50. As of the date hereof, funds advised by Bain Capital and Larry Rossy and other members of our current management team, as a group, own 30.2% and 8.3% of the Corporation’s Common Shares, respectively.

Recent Developments

As announced by the Corporation on March 18, 2010, Mr. Michael Ross, CA, was appointed as the new Chief Financial Officer ("CFO") and Secretary of the Corporation effective as of April 12, 2010. Mr. Ross replaces Mr. Nicholas Nomicos who resigned from his position as Senior Vice President, Interim CFO and Secretary of the Corporation effective as of April 12, 2010. Mr. Nomicos remains a member of the board of directors of the Corporation (the "Board of Directors").

On February 17, 2010, Mr. Donald Gray Reid was appointed as a director and a member of the audit committee of the Corporation effective as of such date. Mr. Reid replaced Mr. Todd Cook on the Board of Directors and the audit committee of the Corporation.

As at the date hereof, the Board of Directors is composed of Messrs. Larry Rossy (Chair), Joshua Bekenstein, Gregory David, Stephen Gunn (Lead Director), Matthew Levin, Nicholas Nomicos, Donald Gray Reid, Neil Rossy and John J. Swidler and the audit committee is composed of Messrs. Stephen Gunn, Donald Gray Reid and John J. Swidler (Chair).

On April 28, 2010, the Corporation completed a bought deal secondary offering along with the concurrent closing of the over-allotment option pursuant to which certain shareholders sold an aggregate of 11,689,750 Common Shares to the Secondary Offering Underwriters (as defined hereinafter) at a price of $24.60 per share resulting in gross proceeds to the selling shareholders of approximately $287,567,850 in the aggregate (the “Secondary Offering”).

As of the date hereof, there are 73,104,831 Common Shares issued and outstanding.

BUSINESS OF THE CORPORATION

Industry Overview

Value retail is a well-established and growing segment of the overall Canadian retail industry. Canadian consumer demand for value-oriented merchandise has grown substantially over the last decade, as evidenced by the increase in the number of general mass merchants, smaller value-priced chains, warehouse/club stores, discount food stores, close-out retailers and dollar stores.

The dollar store industry in which we operate is generally differentiated from that of other value retailers by one or more of the following: (i) low price points, typically in the $1.00 to $5.00 range; (ii) convenient locations and store size; (iii) broad offerings of everyday branded or unbranded merchandise; (iv) small or individual sized product quantities; and (v) a low or no-frills, self-service environment.

Merchandise offered by dollar stores generally includes household products and cleaning supplies, paper and plastics, health and beauty care products, party supplies, toys, food, novelty items, seasonal merchandise and impulse products. Canadian dollar store operators vary based on price range, store locations, merchandise mix, consistency of product selection and store layout. Many Canadian dollar stores have a market positioning similar to close-out retailers, offering a "treasure hunt" type shopping experience. Product selection and availability at these retailers change frequently and are often inconsistent, largely as a result of a sourcing strategy focused on importers and liquidators. Some dollar stores, including Dollarama, have differentiated themselves by offering a more consistent product selection which includes everyday household needs and a selection of nationally branded products, as well as an assortment of unique and seasonal items. This strategy is intended to drive customer loyalty and repeat traffic.

The Canadian dollar store industry remains under-penetrated relative to the U.S. dollar store industry. For the top five U.S. dollar store chains by number of stores, on a per capita basis, there were approximately 15,250 people per dollar store as of January 31, 2010. By contrast, for the top six Canadian dollar store chains by number of stores, management estimates that, on a per capita basis, there is approximately one dollar store for every 32,000 people as of January 31, 2010. Based on this U.S. industry data, we believe there is an opportunity for significant growth in the Canadian dollar store market.

Business Overview

We are the leading operator of dollar stores in Canada with more than four times the number of stores as our next largest dollar store competitor in Canada. We are the only dollar store chain with a significant national presence and are continuing to expand in all Canadian provinces. Over the last four fiscal years, we have opened 205 net new stores. As of January 31, 2010, our stores average approximately 9,806 square feet and offer a targeted mix of merchandise at compelling values, including private label and nationally branded products. We offer a broad range of quality consumer products and general merchandise for everyday use, in addition to seasonal products. Our quality merchandise is sold in individual or multiple units at select fixed price points between $1.00 and $2.00, with the exception of select candy offered at $0.69. All of our stores are corporate-owned, providing a consistent shopping experience, and nearly all are located in high-traffic areas such as strip malls and shopping centers in various locations, including metropolitan areas, mid-sized cities, and small towns.

As of January 31, 2010, we operated 603 corporate-owned stores located across Canada and we generated sales of approximately $1.3 billion and Normalized EBITDA of approximately $192 million, during Fiscal 2010.

We believe that the leadership position we have achieved in the Canadian dollar store industry is attributable to a number of operational advantages, which will reinforce our future growth, including:

- the number, location and penetration of our stores in our markets, which increase our brand recognition, generate word-of-mouth advertising and drive customer traffic;

- our core offering of consistently available everyday products, which offers compelling value and makes our stores a destination shopping experience, in contrast to the "treasure hunt" type offering of certain other dollar stores;
- our store size and consistent store format, which allows for an effective display of a broader assortment of merchandise;
- our strong and long-standing supplier network, which enables us to update and diversify our product selection and rapidly respond to our customers' changing needs;
- the volume of goods that we directly source from low-cost foreign vendors, which allows us to deliver a strong customer value proposition at attractive margins;
- our in-house product development expertise, which enables us to provide high-quality and consistent products; and
- the size, scale and efficiencies of our warehouse and distribution operations.

Stores

Store Locations and Site Selection

We carefully manage our real estate portfolio with the goal of maximizing chain-wide store profitability and maintaining a disciplined, cost-sensitive approach to store site selection. We evaluate potential store locations based on a variety of criteria, including (i) the level of retail activity and traffic patterns, (ii) the presence or absence of competitors, (iii) the population and demographics of the area, (iv) the total rent and occupancy cost per square foot, and (v) the location of existing Dollarama stores. Nearly all of our stores are located in high-traffic areas such as strip malls and shopping centers, where our management believes customers are likely to do their household shopping. We open stores in various locations, including metropolitan areas, mid-sized cities and small towns. We believe that our stores attract customers from a relatively small shopping radius, which allows us to profitably operate multiple stores in all markets across Canada. We believe that we can continue to profitably open stores in markets across Canada, including in areas where our store density is the highest, such as in Québec. Our ability to open new stores is dependent upon, among other factors, locating suitable sites and negotiating favorable lease terms.

As of January 31, 2010, we operated 603 stores in all Canadian provinces as detailed below:

Alberta	40	Nova Scotia	24
British Columbia	19	Ontario	237
Manitoba	22	Prince Edward Island	3
New Brunswick	27	Québec	209
Newfoundland and Labrador	8	Saskatchewan	14

With the exception of 18 of our stores that we lease at market rates from entities controlled by Larry Rossy, our remaining store locations are leased from a wide variety of third parties. See "Interest of Management and Others in Material Transactions". We expect to continue to lease store locations as we expand. The average length of our leases is 11.3 years, and the average time to their expiration is 5.5 years. As current leases expire, we believe that we will be able either to obtain lease renewals, if desired, for present store locations, or to obtain leases for equivalent or better locations in the same general area. To date, we have not experienced difficulty in either renewing leases for existing locations or securing suitable leases for new stores. We believe that this leasing strategy enhances our flexibility to pursue various expansion and relocation opportunities resulting from changing market conditions.

Store Size and Condition

We offer a well-designed, convenient and consistent store format. Our average store size has increased over the past twelve fiscal years from 5,272 square feet in 1998 to 9,806 square feet as of January 31, 2010 (of which between 80% and 85% is available selling square footage), with new stores opened in the fiscal year ended January 31, 2010 averaging approximately 9,800 square feet.

Nearly two-thirds of our store base has been opened, expanded, renovated or relocated within the last six fiscal years. We have spent an average of approximately $3.3 million annually on store renovations (including expansions) in each of the past three fiscal years. We believe that our current store network is in good condition and does not require material maintenance capital expenditures.

New Store Payback

Our expansion model is characterized by low capital investment to open stores, rapid sales increases after opening, consistent sales volumes and low ongoing operating costs (including low maintenance capital expenditure requirements), which together result in an attractive return on investment. A new Dollarama store requires a minimal initial investment, typically $0.6 million, including $0.4 million for capital expenditures and $0.2 million for inventory. Our stores generate on average $1.8 million in sales in the first year of operation, and achieve an average capital payback period of less than two years. Our model has been effective in both rural and small communities as well as in more densely populated and metropolitan areas that typically include a larger number of competitors.

Customer Payment Methods

We currently accept cash and PIN-based debit cards in all of our stores. The debit card penetration rate in our stores has continually increased since its implementation, with debit card transactions representing approximately 30% of sales in the fiscal year ended January 31, 2010. The average transaction size for debit card sales in our stores is currently approximately 2.5 times greater than the average transaction size for cash sales. In addition, we are currently testing the acceptance of credit cards under a pilot project in a limited number of our stores.

Merchandise

Merchandise Mix

We offer a well-balanced targeted mix of merchandise at compelling values, including private label and nationally branded products. Our merchandise mix consists of:

- Consumable products, which represented approximately 35% of our product offering (based on retail value) for the fiscal year ended January 31, 2010 and which include household consumables, such as paper, plastics, foils and household products and cleaning supplies, basic health and beauty care, and candy, drinks, snacks and other food products;

- General merchandise, which represented approximately 51% of our product offering (based on retail value) for the fiscal year ended January 31, 2010 and which include party supplies, greeting cards, gift wrap and craft and stationery supplies, durable housewares and kitchenwares, hardware and electronics, toys, gifts, apparel and other items; and

- Seasonal products, which represented approximately 14% of our product offering (based on retail value) for the fiscal year ended January 31, 2010 and which include Valentine's day, St. Patrick's day, Easter, Halloween and Christmas merchandise, along with seasonal summer and winter merchandise.

The selection of items offered in our stores at any one time varies.

We are constantly adjusting our merchandise mix to offer the best value and a wide selection of products to our customers, as well as to maintain or improve our gross margins. Our stores carry a broad assortment of actively-managed SKUs, including more than 3,500 active year-round SKUs and more than 600 active seasonal SKUs at any one time. We analyze our products in inventory on a monthly basis for sales and profitability. Based on the results, we are able to quickly adjust our merchandise mix with a goal of optimizing profitability. Slower selling items are discontinued and replaced as warranted.

Our products are sold primarily in individual or multiple units at fixed prices of $0.69 (for select candy), $1.00, $1.25, $1.50 and $2.00. Prior to February, 2009, almost all of our merchandise was sold at a single $1.00 price point.

On February 2, 2009, we introduced additional price points of $1.25, $1.50 and $2.00 which have created greater merchandise flexibility and have allowed us to further broaden our product offering.

Merchandise Sourcing

We purchase most of our merchandise centrally from manufacturers, wholesalers, manufacturers' representatives and importers. Our strategy is to source merchandise directly from the lowest cost suppliers that meet our high-quality standards. Our sourcing strategy blends directly imported merchandise from overseas and products sourced from North American vendors, which accounted for 53% and 47%, respectively, of our total volume in the fiscal year ended January 31, 2010. Typically, products purchased from Canadian manufacturers are consumables including household products and cleaning supplies, groceries, confectionary, and greeting cards. While we still source a majority of our overseas products from China, we have been steadily increasing our purchases from other overseas suppliers in the last two fiscal years, including goods sourced directly from Brazil, India, Indonesia, Taiwan and Turkey. We began developing relationships with overseas suppliers in 1993. In addition, we also develop the product design, packaging, and labeling concepts for our private-label brand and work in concert with our suppliers selected to produce each item to meet our exacting standards.

Our supplier base is well diversified, with no single supplier accounting for more than 6% of our total purchases in the fiscal year ended January 31, 2010. For the same period, our top 10 suppliers represented less than 24% of our total purchases and our top 25 suppliers represented less than 38% of our total purchases. We generally buy products on an order-by-order basis and do not enter into long-term purchase contracts or other assurances of continued product supply or guaranteed product cost. However, we have strong and long-standing relationships with our suppliers, including relationships with eight of our top ten suppliers for more than ten years and each of our top ten suppliers for more than five years. The strength and duration of these relationships as well as our purchasing scale and direct sourcing capabilities contribute to our competitive cost position and ability to offer a wide selection of products at our price points.

Customers

Our customers seek value and convenience. Depending on their economic needs and geographic proximity, customers shop at Dollarama to fulfill various levels of basic needs, including fill-in shopping, periodic routine trips to stock up on household items, and weekly or more frequent trips to meet most of their essential purchasing needs. Many of our customers make Dollarama a stand-alone shopping destination. Our product offering also attracts impulse shoppers.

Marketing

We have generated rapid growth without significant expenditures on marketing and promotions. We believe that this is primarily due to our strong brand name and success at selecting store locations with high traffic and ease of accessibility. Given our everyday low price points, there are generally no sales or markdowns to advertise.

Advertising is employed almost exclusively for new store openings. We promote new store openings using a selection of media, which may include radio, local newspapers, circulars, and television. A new store advertising campaign may last from two to six weeks, depending on the store location.

Warehouse and Distribution Facilities

Our warehouse and distribution facilities consist of four warehouses and a distribution center, all five of which are owned by entities controlled by Larry Rossy. See "Interest of Management and Others in Material Transactions". The five sites are subject to long-term lease agreements. The table below describes our warehouse and distribution facilities.

Location	Type	Size	Lease Expiration
Dorval, Québec..	Warehouse	269,950 square feet	November 30, 2024
Lachine, Québec..	Warehouse	356,675 square feet	November 30, 2024
Town of Mount Royal, Québec........................	Warehouse	128,838 square feet	November 30, 2024
Town of Mount Royal, Québec........................	Distribution Center	292,623 square feet	November 30, 2024
Town of Mount Royal, Québec........................	Warehouse	325,000 square feet	November 30, 2024

Our four warehouses are primarily used to store goods directly imported from overseas, while most domestic goods sourced from North American vendors are delivered directly to the distribution center (excluding products delivered directly to the stores). We warehouse approximately 62% of our merchandise in our four warehouses and distribute approximately 89% of our merchandise through the distribution center. The merchandise is then transported to our stores by outside contractors. See "Business of the Corporation ─ Transportation". The remaining 11% of our merchandise is shipped by the suppliers directly to the stores. An example of items shipped directly to stores by our suppliers is greeting cards. Of the suppliers that ship directly to our stores, a limited number (such as some soft drink and greeting card suppliers) also work together with the store manager to manage inventory for the store.

We opened a new distribution center in the fiscal year ended February 4, 2007 and a new warehouse/corporate office in the fiscal year ended February 3, 2008, which increased our warehouse capacity by approximately 325,000 square feet. Our current needs are serviced on single shifts at the distribution center and warehouses, allowing for future capacity increases. Under our current expansion plan, we believe our existing distribution network currently has the capacity to cost-effectively service more than 150 additional stores.

Warehouse inventory procurement is managed using standard demand forecasting and inventory planning methods based on historical demand. Products are distributed from our four warehouses through our distribution facility. We continuously strive to enhance our forecasting, inventory planning, safety stock and lead time management processes and tools. Store replenishment requirements are determined based on actual store sales.

Our aggregate warehouse and distribution center staffing needs are principally outsourced to third party agencies.

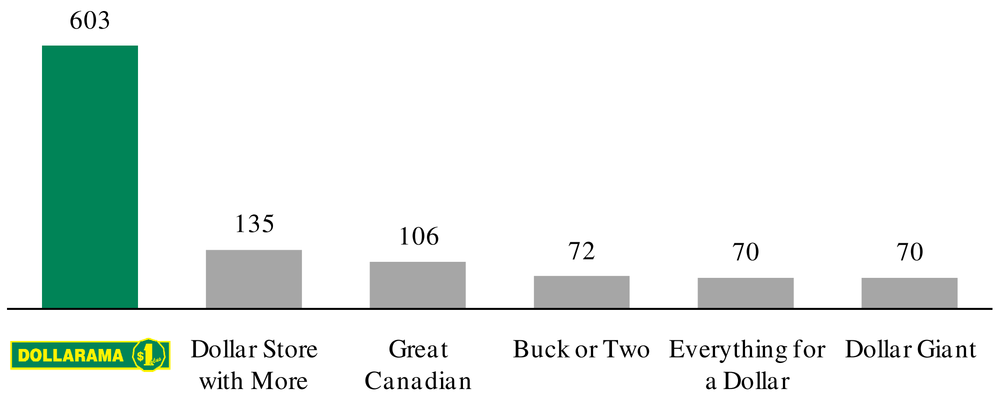
Transportation

We must constantly replenish depleted inventory through deliveries of merchandise to our distribution centers, and from our distribution centers to our stores by various means of transportation, including shipments by sea, train and truck on the roads and highways of Canada. We do not own any trucks and outsource our transportation needs. For the most part, we rely on third party carriers and typically do not enter into long-term transportation contracts with our carriers, but rather contract as needed on a purchase-order basis. Our transportation costs are subject to fuel cost increases or surcharges and therefore fluctuate over time. See “Risk Factors – Future increases in operating and merchandise costs”.

Competition

The Canadian dollar store industry is highly fragmented with many privately owned multi-outlet chains as well as independently-operated dollar stores. In addition to Dollarama, the largest multi-outlet dollar stores include Buck or Two, Dollar Giant, Dollar Store With More, Everything For a Dollar and Great Canadian Dollar Store. This group, including Dollarama, on a combined basis, operates more than 1,000 stores across Canada. Most of our multi-outlet competitors are franchise operations with significantly lower store counts than Dollarama, and four out of the five have reduced their total store count since January 2004.

The following chart illustrates our current store count compared to our competitors' store count in Canada as of January 31, 2010:



These multi-outlet chain competitors, as a group, (i) have a much less significant market share than ours in our core markets of Ontario and Québec, where we have our highest rates of per capita store penetration, (ii) maintain a strong market share in the Western Provinces, a geographic area in which we seek to continue to increase our presence, and (iii) have a similar market share to ours in the Atlantic Provinces.

We face competition in both the acquisition of inventory and sale of merchandise from multi-price dollar stores, variety and discount stores and mass merchants. See "Risk Factors – Competition in the retail industry".

Employees

As of January 31, 2010, we employed 12,764 retail employees, including full-time, part-time, and temporary employees. We also employed 166 head office employees and 109 warehouse and distribution centre employees. We hire seasonal employees during busy seasons such as Christmas, which provides us with greater flexibility in our workforce and allows us to better address busier peak periods. None of our employees is a party to a collective bargaining agreement or represented by a labour union. See "Risk Factors – Failure to attract and retain qualified employees".

Seasonality

Our business has limited sales seasonality. Generally, our highest sales volume occurs in the fourth quarter, which includes the Christmas selling season, and the lowest occurs in the first quarter. In addition, our quarterly results can be affected by the timing of new store openings and store closings, the amount of sales contributed by new and existing stores, as well as the timing of certain holidays. We purchase substantial amounts of inventory in the third quarter and incur higher shipping costs and higher payroll costs in anticipation of the increased sales activity during the fourth quarter. In addition, we carry merchandise during our fourth quarter that we do not carry during the rest of the year, such as gift sets, holiday decorations, certain baking items, and a broader assortment of toys and candy.

The following table reflects the seasonality of sales and gross margin for each of the quarters in the fiscal year ended January 31, 2010. All of the quarters reflected below are comprised of 13 weeks.

(in % of total)	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
Fiscal 2010				
Sales	21.8%	24.2%	24.9%	29.0%
Gross Margin	20.6%	22.8%	24.5%	32.1%

Intellectual Property

We rely on trademark laws to protect certain aspects of our business. Our registered trademarks in Canada include the following: Dollarama®, Duramax®, Richard®, Make it Special®, Gryphonware®, Stitch-It®, Medi Care & Globe Design®, Static Matic®, Frameworks & Design®, Dollarama Halfmoon & Design®, Dollarama Banner & Design®, Studio Media & Design®, Terrifik®, Dollarama Polygon Design®, Sparkle N' Shine®, Dr. Bob®, Dollarama Banner Design (2007)®, E-Z Reach®, Studio & Design®, Flow-Rite®, Snaptite & design®, Hercules®, Dollarama Plus®, Dollarama $1 Plus Halfmoon Design®, Dollarama $1 Plus Banner Design®, Electra & Design®, Rama Design & Logo® and Proauto & Design®, and we have a number of applications pending to register other trademarks in Canada including for $1 Plus Polygone Design™ and Dollarama $1 Plus Polygone Design™. We also rely on a combination of unregistered trademark rights to protect our position as a branded company with strong name recognition.

Monitoring the unauthorized use of our intellectual property is difficult, and the steps we have taken, including sending demand letters and taking actions against third parties, may not prevent unauthorized use by others. The failure to adequately build, maintain and enforce our intellectual property portfolio could impair the strength of our brands. See "Risk Factors – Protection of Trademarks and Other Proprietary Rights".

Technology

We use our information technology systems to manage our operations and in particular, for the efficient functioning of our business, including accounting, data storage, purchasing and inventory management, and store communications systems. Within the last three years, we have implemented an enterprise-wide software system solution encompassing finance, distribution, warehouse management, store replenishment, warehouse forecasting and supply chain functions, and a data warehouse system to enhance our reporting capabilities. The implementation of these systems has enabled management to more efficiently conduct our operations and gather, analyze, and assess information across all business segments and geographic locations. We believe that our existing information technology system infrastructure is sufficient to support our operational growth and provide us with the information we need to effectively run the business in the upcoming years.

Regulatory Matters

Our commercial activities subject us to risks related to product safety laws. Procedures are in place in order to address such risks. Our suppliers are responsible for the quality of their products and, in situations of non-compliance, they would have to assume such risks. Among other things, we reserve the right to discontinue acceptance of products from any supplier that is not in compliance. We also have controls in place to ensure that our strict standards are respected for our private label lines of products, which are manufactured by independent suppliers under contract, in order to protect the value of our label. Before agreeing to conduct business with an international supplier, we require a review of their existing audits. We also inspect a prospective supplier's operations and production facilities in order to ensure compliance with our standards. In addition, we conduct random audits to ensure product quality and compliance with our standards.

We also work closely with Health Canada and the Canadian Food Inspection Agency to ensure that our products and operations meet all prescribed standards and regulations. These governing bodies also help us to monitor compliance and manage any potential recalls in our stores. Encouraged by the attention that has been given to consumer product safety by governments and government agencies, we use best practices for the storage, physical safety and distribution of products. We carry insurance covering product liability. See "Risk Factors – Product Liability Claims and Product Recalls".

Under various federal, provincial, and local environmental laws and regulations, current or previous owners or occupants of property may become liable for the costs of investigating, removing and monitoring any hazardous substances found on the property. These laws and regulations often impose liability without regard to fault.

In the ordinary course of our business, we sometimes use, store, handle or dispose of commonplace household products that are classified as hazardous materials under various environmental laws and regulations. However, none of our products require special disposal measures and all of our products are disposed of with regular trash, with the appropriate items being recycled. We have also adopted guidelines on disposal of recalled products. Although we expect to continue to incur ongoing capital and operating costs in the ordinary course of business to maintain compliance with existing and future applicable environmental laws and requirements, we do not anticipate that continuing compliance with such laws and requirements will have a material adverse effect upon our competitive or consolidated financial position. See “Risk Factors – Compliance with Environmental Regulations”.

RISK FACTORS

The risks described herein may not be the only risks we faced. Other risks of which we are not aware or which we currently deem to be immaterial may surface and have a material adverse impact on us, our business, results from operations and financial condition.

As a dollar store, we are particularly vulnerable to future increases in operating and merchandise costs.

Our ability to provide quality merchandise at low price points is subject to a number of factors that are beyond our control, including merchandise costs, foreign exchange rate fluctuations, increases in rent and occupancy costs, inflation and increases in labour (including any increases in the minimum wage) and fuel costs, all of which may reduce our profitability and have an adverse impact on our cash flows. In the past as a single fixed price retailer, we were unable to pass cost increases to our customers by increasing the price of our merchandise. As such, we have attempted to offset cost increases in one area of our operations by finding cost savings or operating efficiencies in another.

We believe that our additional fixed price points of $1.25, $1.50 and $2.00 will give us some flexibility to address cost increases by adjusting our selling price on certain items. There is, however, no guarantee that our customers will be willing to purchase products at increased prices or that we will be successful in offsetting costs in a meaningful way given the limited range of prices which we offer. Furthermore, there has historically been a time lag before any cost increases could be passed on to our customers. There can be no assurance that we will be able to pass on any cost increases to our customers.

Foreign exchange rate fluctuations, in particular, have a material impact on our operating and merchandise costs. This is because while our sales are in Canadian dollars, we have been increasing our purchases of merchandise from low-cost overseas suppliers, principally in China. In the fiscal year ended January 31, 2010, direct sourcing from overseas suppliers accounted for more than 53% of our purchases. Our results of operations are particularly sensitive to the fluctuation of the Chinese renminbi against the U.S. dollar and the fluctuation of the U.S. dollar against the Canadian dollar because we purchase a majority of our imported merchandise from suppliers in China using U.S. dollars. For example, if the Chinese renminbi were to appreciate against the U.S. dollar, our cost of merchandise purchased in China would increase, which would have a negative impact on our margins, profitability and cash flows. If the U.S. dollar appreciates against the Canadian dollar at the same time, the negative impact would be further exacerbated. We enter into U.S. dollar currency hedging to reduce the risk associated with currency fluctuations. Currency hedging entails a risk of illiquidity and, to the extent that the U.S. dollar depreciates against the Canadian dollar, the use of hedges could result in losses greater than if the hedging had not been used. Hedging arrangements may have the effect of limiting or reducing the total returns to the Corporation if management’s expectations concerning future events or market conditions prove to be incorrect. In addition, the costs associated with a hedging program may outweigh the benefits of the arrangements in such circumstances. Labour shortages may reduce our ability to have a competitive labour cost. Fuel cost increases or surcharges could also increase our transportation costs and therefore impact our profitability. In addition, inflation and adverse economic developments in Canada, where we both buy and sell merchandise, and in China and other parts of Asia, where we buy a large portion of our imported merchandise, can have a negative impact on our margins, profitability and cash flows. If we are unable to predict and respond promptly to these or other similar events that may increase our operating and merchandise costs, our results of operations and cash flows will be adversely affected.

We may not be able to refresh our merchandise as often as we have done so in the past.

We adjust our merchandise mix periodically based on the results of internal analysis as slow-selling items are discontinued and replaced as warranted. Our success, therefore, depends in large part on our ability to continually find, select and purchase quality merchandise at attractive prices in order to replace underperforming goods. We typically do not enter into long-term contracts for the purchase or development of merchandise and must continually seek out buying opportunities from both our existing suppliers and new sources, for which we compete with other multi-price dollar stores, variety and discount stores and mass merchants. Although we believe that we have strong and long-standing relationships with our suppliers, we may not be successful in maintaining a continuing and increasing supply of quality merchandise at attractive prices. If we cannot find or purchase the necessary amount of competitively priced merchandise to replace goods that are outdated or unprofitable, our results of operations and cash flows will be adversely affected.

An increase in the cost or a disruption in the flow of our imported goods may significantly affect our sales and profits and have an adverse impact on our cash flows.

One of our key business strategies is to source quality merchandise directly from the lowest cost supplier. As a result, we rely heavily on imported goods, principally from China. Imported goods are generally less expensive than domestic goods and contribute significantly to our favorable profit margins. Merchandise imported directly from overseas manufacturers and agents accounted for more than 53% of our total purchases during the fiscal year ended January 31, 2010. We expect direct imports to continue to account for approximately 45% to 60% of our total purchases. Our imported merchandise could become more expensive or unavailable for a number of reasons, including (a) disruptions in the flow of imported goods due to factors such as raw material shortages or an increase in prices, work stoppages, factory closures, suppliers going out of business, inflation, strikes, and political unrest in foreign countries, (b) problems with oceanic shipping, including shipping container shortages, (c) economic crises and international disputes, such as China's claims to sovereignty over Taiwan, (d) increases in the cost of purchasing or shipping foreign merchandise resulting from a failure of Canada to maintain normal trade relations with foreign countries we deal with, (e) import duties, import quotas, and other trade sanctions, and (f) increases in shipping rates imposed by foreign countries we deal with. The development of one or more of these factors could adversely affect our operations in a material way. If imported merchandise becomes more expensive or unavailable, we may not be able to transition to alternative sources in time to meet our demands. Products from alternative sources may also be of lesser quality and more expensive than those we currently import. A disruption in the flow of our imported merchandise or an increase in the cost of those goods due to these or other factors would significantly decrease our sales and profits and have an adverse impact on our cash flows.

Political and economic instability in the countries in which foreign suppliers are located, the financial instability of suppliers, suppliers' failure to meet our supplier standards, issues with labour practices of our suppliers or labour problems they may experience (such as strikes), the availability and cost of raw materials to suppliers, merchandise quality or safety issues, currency exchange rates, transport availability and cost, inflation, and other factors relating to our suppliers and the countries in which they are located or from which they import are beyond our control and could have negative implications for us. In addition, the United States' foreign trade policies, tariffs and other impositions on imported goods, trade sanctions imposed on certain countries, the limitation on the importation of certain types of goods or of goods containing certain materials from other countries and other factors relating to foreign trade are beyond our control. Disruptions due to labour stoppages, strikes or slowdowns, or other disruptions involving our vendors or the transportation and handling industries also may negatively affect our ability to receive merchandise and thus may negatively affect sales. These and other factors affecting our suppliers and our access to products could adversely affect our business and financial results. As we increase our imports of merchandise from foreign vendors, the risks associated with foreign imports will increase.

All of our vendors and their products must comply with applicable product safety laws. If we do not have adequate insurance or contractual indemnification available, product liability claims relating to products that are recalled, defective or otherwise harmful could have a material adverse effect on our business, reputation and financial results. Our ability to obtain indemnification from foreign suppliers may be hindered by the manufacturers' lack of understanding of Canadian product liability or other laws, which may make it more likely that we be required to respond to claims or complaints from customers as if we were the manufacturer of the products. This could adversely affect our reputation and our litigation expenses could increase, each of which could have an adverse effect on our business, reputation and financial results.

We are dependent upon the smooth functioning of our distribution network.

We must constantly replenish depleted inventory through deliveries of merchandise to our four warehouses, our distribution center and our stores, and from our warehouses and distribution center to our stores by various means of transportation, including shipments by sea, train and truck on the roads and highways of Canada. Long-term disruptions to our warehouses and distribution center and to the national and international transportation infrastructure that lead to delays or interruptions of service would adversely affect our business. Similarly, extreme weather conditions can affect the planned receipt of inventory and the distribution of merchandise and may have an adverse effect on our business and financial results.

General economic conditions and volatility in the worldwide economy has adversely affected consumer spending, which may negatively affect our business and financial results.

Current economic conditions or a further deterioration in the Canadian economy may adversely affect the spending of our customers, which would likely result in lower sales than expected on a quarterly or annual basis. Future economic conditions affecting disposable consumer income, such as employment levels, consumer debt levels, lack of available credit, business conditions, fuel and energy costs, interest rates, and tax rates, could also adversely affect our business and financial results by reducing consumer spending or causing customers to shift their spending to other products. We may be sensitive to reductions in consumer spending because we generally have limited flexibility to reduce our prices to maintain or attract additional sales in an economic downturn.

In addition, current global economic conditions and uncertainties, the potential impact of the current recession, the potential for additional failures or realignments of financial institutions, and the related impact on available credit may affect us and our suppliers and other business partners, landlords, and customers in an adverse manner including, but not limited to, reducing access to liquid funds or credit (including through the loss of one or more financial institutions that are a part of our revolving credit facility), increasing the cost of credit, limiting our ability to manage interest rate risk, increasing the risk of bankruptcy of our suppliers, landlords or counterparties to or other financial institutions involved in our credit facilities and our derivative and other contracts, increasing the cost of goods to us, and other impacts which we are unable to fully anticipate. One of our key strategies is to source quality merchandise directly from the lowest cost supplier. Thus supplier plant closures or increases in costs of merchandise due to economic conditions may adversely affect our business and financial results.

Our level of indebtedness could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry and prevent us from meeting our debt obligations.

We are highly leveraged. As of January 31, 2010, we had long-term debt excluding financing costs of $477.4 million. Our high degree of leverage could have important consequences, including the following:

- a substantial portion of our cash flows from operations will be dedicated to the payment of principal and interest on our indebtedness and other financial obligations and will not be available for other purposes, including funding our operations and capital expenditures for projects such as a new warehouse or distribution center, new store openings, and future business opportunities;

- the debt service requirements of our other indebtedness and lease expense could make it more difficult for us to make payments on our debt;

- our ability to obtain additional financing for working capital and general corporate or other purposes may be limited;

- certain of our borrowings, including the Deferred Interest Notes and borrowings under our Credit Facility, are at variable rates of interest, exposing us to the risk of increased interest rates;

- our debt level may limit our flexibility in planning for, or reacting to, changes in our business and in our industry in general, placing us at a competitive disadvantage compared to our competitors that have less debt; and

- our leverage may make us vulnerable to a downturn in general economic conditions and adverse industry conditions.

We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under such indebtedness.

Our ability to make scheduled payments on or to refinance our debt obligations and to make distributions to enable us to service our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business, and other factors beyond our control, including fluctuations in interest rates, market liquidity conditions, increased operating costs, and trends in our industry. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital, or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In such circumstances, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The Credit Facility restricts the ability of Dollarama Group L.P. and its restricted subsidiaries, and the Deferred Interest Notes Indenture restricts the ability of Dollarama Group Holdings L.P. and its restricted subsidiaries to dispose of assets and restrict the use of the proceeds from asset dispositions. We may not be able to consummate those dispositions or to obtain the proceeds which could be realized from them and these proceeds may not be adequate to meet any debt service obligations then due.

Despite current indebtedness levels, we may still be able to incur substantially more debt, which could further exacerbate the risks described above.

We may be able to incur substantial additional indebtedness in the future. Although the Credit Facility and the Deferred Interest Notes Indenture contain restrictions on the incurrence of additional indebtedness, such restrictions are subject to a number of qualifications and exceptions, and under certain circumstances, indebtedness incurred in compliance with such restrictions could be substantial. In addition, our subsidiaries may, under certain circumstances and subject to receipt of additional commitments from existing lenders or other eligible institutions, request additional term loan tranches or increases to the revolving loan commitments by an aggregate amount of up to $150 million (or the U.S. dollar equivalent thereof). If our current debt levels are increased, the related risks that we now face could intensify.

The terms of the Credit Facility and the Deferred Interest Notes Indenture impose significant operating restrictions, which may prevent us from pursuing certain business opportunities and taking certain actions that may be in our interest.

Our Credit Facility contains various covenants that limit our ability to engage in specified types of transactions. These covenants limit our ability to, among other things:

- incur, assume, or guarantee additional debt and issue or sell preferred stock;
- pay dividends on, redeem or repurchase our capital stock;
- make investments;
- make capital expenditures;
- create or permit certain liens;
- use the proceeds from sales of assets and subsidiary stock;
- create or permit restrictions on the ability of our restricted subsidiaries to pay dividends or make other distributions to us;

- enter into transactions with affiliates;
- conduct certain business activities;
- consolidate or merge or sell all or substantially all of our assets; and
- prepay, redeem or repurchase certain indebtedness.

In addition, the Credit Facility also requires Dollarama Group L.P. to comply on a quarterly basis with certain financial covenants, including a maximum lease-adjusted leverage ratio test and a minimum interest coverage ratio test.

The Deferred Interest Notes Indenture also contains various covenants that limit our ability to engage in specified types of transactions. These covenants limit our ability to, among other things:

- incur, assume, or guarantee additional debt and issue or sell preferred stock;
- pay dividends on, redeem or repurchase our capital stock;
- make investments;
- create or permit certain liens;
- use the proceeds from sales of assets and subsidiary stock;
- create or permit restrictions on the ability of our restricted subsidiaries to pay dividends or make other distributions to us;
- enter into transactions with affiliates;
- conduct certain business activities;
- consolidate or merge or sell all or substantially all of our assets; and
- prepay, redeem or repurchase certain indebtedness.

Under the Credit Facility, the occurrence of specified change of control events will cause an event of default. Change of control events include if certain "permitted holders" (being funds advised by Bain Capital and certain original management shareholders, unless management shareholders hold more than 30% of the voting stock of Dollarama Holdings L.P. or more voting stock in Dollarama Holdings L.P. than funds advised by Bain Capital, in which case they are not included as permitted holders for this purpose) cease to hold a majority, directly or indirectly, of Dollarama Holdings L.P.'s voting stock; unless, following such event, (i) no other person or group of persons (other than "permitted holders") becomes the beneficial owner of more than 35%, directly or indirectly, (or, if higher, the percentage then held by such permitted holders) of Dollarama Holdings L.P.'s voting stock, and, (ii) a majority of Dollarama Holdings L.P.'s board of directors continues to be directors that were recommended for nomination for election by the Dollarama Holdings L.P.'s board of directors, in which case such event shall not be considered a change of control.

Under the Deferred Interest Notes Indenture, if specified change of control events occur, we will be required to offer to repurchase all outstanding notes under the applicable indenture at a price equal to 101% of their principal amount plus accrued and unpaid interest, if any. Change of control events include a sale of substantially all of our assets (other than to certain "permitted holders" being funds advised by Bain Capital and certain original management shareholders, unless management shareholders hold more voting stock of Dollarama Holdings L.P. or the Corporation than funds advised by Bain Capital, in which case they are no longer considered permitted holders), the acquisition by a person or group of persons (other than permitted holders) of at least 50%, directly or indirectly, of the voting power of the Corporation or Dollarama Holdings L.P. or a majority of the Corporation's directors ceasing to be directors that were nominated for election, or whose nomination for election was previously approved, by the Board of Directors. Our failure to repurchase these notes upon a change of control would cause an event of default under the indenture governing the Deferred Interest Notes upon a change of control because we may not have sufficient financial resources to purchase all of the notes that are tendered upon a change of control. Further, we will be contractually restricted under the terms of our Credit Facility from repurchasing all of the notes tendered by holders upon a change of control. Accordingly, we may not be able to satisfy such obligations to purchase the notes unless we are able to refinance or obtain waivers under the Credit Facility. Our failure to repurchase these notes upon a change of control would cause an event of default under the indenture governing the Deferred Interest Notes. This may also cause a cross-default under the Credit Facility.

These restrictions may prevent us from taking actions that we believe would be in the best interest of our business, and may make it difficult for us to successfully execute our business strategy or effectively compete with companies that are not similarly restricted. See "Description of Material Indebtedness".

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

A portion of our indebtedness, including our Deferred Interest Notes and the borrowings under the Credit Facility, is at variable rates of interest and exposes us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows would decrease.

There is no guarantee that our strategy to introduce products between the $1.00 and $2.00 dollar price range will continue to be successful.

On February 2, 2009, we introduced additional price points of $1.25, $1.50 and $2.00. We believe that these multiple price points will allow us to offer more value and higher quality goods to our customers. There is, however, no guarantee that our customers will continue to purchase our products priced above the $1.00 price point or that we will be able to continue to offer the same quality and variety of products at the same price-points, which would negatively affect our business and financial results.

Our private brands may not achieve or maintain broad market acceptance.

We carry a substantial number of private brand items. We believe that our success in maintaining broad market acceptance of our private brands depends on many factors, including pricing, quality and customer perception. We may not achieve or maintain our expected sales for our private brands. As a result, our business and financial results could be adversely affected.

We may be unable to obtain additional capacity for our warehouse and distribution centers.

We may need additional warehouse and distribution center capacity in the coming years following future store openings. However, under our current expansion plan, we believe our existing distribution network currently has the capacity to cost-effectively service more than 150 additional stores. If we are unable to locate sites for new warehouses and distribution centers or unable to launch warehouses or distribution centers on a timely basis, we may not be able to successfully execute our growth strategy.

Our sales may be affected by weather conditions or seasonal fluctuations.

Weather conditions can affect the timing of consumer spending and have an impact on our retail sales. Moreover, the different holidays like Christmas, Easter, Valentine's Day and Halloween have a positive impact on our retail sales. Historically, our highest sales results have occurred during the fourth quarter, which includes the holiday selling season. During the fiscal year ended January 31, 2010, approximately 29.0% of our sales were generated in the fourth quarter. Accordingly, weather conditions or a failure to anticipate the impact that holidays may have on our operations could have an adverse effect on our business and financial results.

Competition in the retail industry could limit our growth opportunities and reduce our profitability.

The retail business is highly competitive. We operate in the value retail industry, which is competitive with respect to price, store location, merchandise quality, assortment and presentation, in-stock consistency, and customer service. This competitive environment subjects us to the risk of adverse impact to our financial performance because of the lower prices, and thus the lower margins, required to maintain our competitive position. Also, companies operating in our industry (due to customer demographics and other factors) may have limited ability to increase prices in response to increased costs (including, but not limited to, vendor price increases). This limitation may adversely affect our margins and financial performance. We compete for customers, employees, store sites, products and services and in other important aspects of our business with many other local, regional and national retailers. We compete with multi-price dollar stores, variety and discount stores and mass merchants. These other competitors compete in a variety of ways, including aggressive promotional activities, merchandise selection and availability, services offered to customers, location, store hours, in-store amenities and price. If we fail to respond effectively to competitive pressures and changes in the retail markets, it could adversely affect our business and financial results. Some of our competitors in the retail industry are much larger and have substantially greater resources than we do, and we remain vulnerable to the marketing power and high level of consumer recognition of major mass merchants, and to the risk that these mass merchants or others could venture into our market segment in a significant way. In addition, we expect that our expansion plans, as well as the expansion plans of other dollar stores, will increasingly bring us into direct competition with them. Competition may also increase because there are no significant economic barriers to other companies opening dollar stores.

Our business is dependent on our ability to obtain competitive pricing and other terms from our suppliers and the timely receipt of inventory.

We believe that we have good relations with our suppliers and that we are generally able to obtain competitive pricing and other terms from suppliers. However, we buy products on an order-by-order basis and have very few long-term purchase contracts or other assurances of continued product supply or guaranteed product cost. If we fail to maintain good relations with our suppliers, or if our suppliers' product costs are increased as a result of prolonged or repeated increases in the prices of certain raw materials, we may not be able to obtain attractive pricing, in which case our profit margins may be reduced and our results of operations may be adversely affected. In addition, if we are unable to receive merchandise from our suppliers on a timely basis because of interruptions in production or other reasons that are beyond our control, our business and financial results may be adversely affected.

We may be unable to renew our store, warehouse and distribution center leases or find other locations or leases on favourable terms.

As of January 31, 2010, we leased all our stores from unaffiliated third parties, except 18 of our stores leased from entities controlled by Larry Rossy. Approximately 11%, 9% and 9% of our store leases with third party lessors will expire in fiscal year 2011, fiscal year 2012, and fiscal year 2013, respectively. As of January 31, 2010, we leased all of our warehouses and our distribution centre from entities controlled by Larry Rossy. Our warehouse leases will expire in fiscal year 2024 and our distribution centre lease will expire in fiscal year 2024. Unless the terms of our leases are extended, the properties, together with any improvements that we have made, will revert to the property owners upon expiration of the lease terms. As the terms of our leases expire, we may not be able to renew these leases or find alternative store locations that meet our needs on favorable terms or at all. If we are unable to renew a significant number of our expiring leases or to promptly find alternative store locations that meet our needs, our profitability and cash flows may be materially adversely affected. Furthermore, many leases provide that the landlord may increase the rent over the term of the lease. Most leases require us to pay a variety of costs such as cost of insurance, taxes, maintenance and utilities. We generally cannot cancel these leases. If an existing or future store is not profitable, and we decide to close it, we may nonetheless be committed to perform our obligations under the applicable lease including, among other things, paying the base rent for the balance of the lease term.

If we experience significant disruptions in our information technology systems, our business and financial results may be adversely affected.

We depend on our information technology systems for the efficient functioning of our business, including accounting, data storage, purchasing and inventory management, and store communications systems. Our enterprise-wide software solution enables management to better and more efficiently conduct our operations and gather, analyze, and assess information across all business segments and geographic locations. However, difficulties with the hardware and software platform could disrupt our operations, including our ability to timely ship and track product orders, project inventory requirements, manage our supply chain, and otherwise adequately service our customers, which would have an adverse effect on our business and financial results. In the event we experience significant disruptions with our information technology system, we may not be able to fix our systems in an efficient and timely manner. Accordingly, such events may disrupt or reduce the efficiency of our entire operation and have a material adverse effect on our results of operations and cash flows. Costs associated with potential interruptions to our information systems could be significant.

We may not be able to successfully execute our growth strategy, particularly outside of our core markets of Ontario and Québec.

We have experienced substantial growth during the past several years, opening an average of 43 net new stores per year since fiscal year 2002, and we plan to continue to open new stores in the near future. Our ability to successfully execute our growth strategy will depend largely on our ability to successfully open and operate new stores, particularly outside of our traditional core markets of Ontario and Québec, which, in turn, will depend on a number of factors, including whether we can:

- supply an increasing number of stores with the proper mix and volume of merchandise;
- hire, train, and retain an increasing number of qualified employees at affordable rates of compensation;
- locate, lease, build out, and open stores in suitable locations on a timely basis and on favorable economic terms;
- expand into new geographic markets, where we have limited or no presence;
- expand within our traditional core markets of Ontario and Québec, where new stores may draw sales away from our existing stores;
- successfully compete against local competitors; and
- build, expand and upgrade warehouses and distribution centers and internal store support systems in an efficient, timely and economical manner.

Any failure by us to achieve these goals could adversely affect our ability to continue to grow.

We may not be able to achieve the anticipated growth in sales and operating income when we open new stores.

If our planned expansion occurs as anticipated, our store base will include a relatively high proportion of stores with relatively short operating histories. Comparable Store sales may be negatively affected when stores are opened or expanded near existing stores. If our new stores on average fail to achieve results comparable to our existing stores, our planned expansion could produce a decrease in our overall sales per square foot and store-level operating margins.

Our profitability may be negatively affected by inventory shrinkage.

We are subject to the risk of inventory loss, administrative or operator errors, including mislabeling, theft and fraud. We have experienced inventory shrinkage in the past, and we cannot assure you that incidences of inventory loss and theft will decrease in the future or that the measures we are taking or the initiatives we implemented will effectively address the problem of inventory shrinkage. Although some level of inventory shrinkage is a necessary and unavoidable cost of doing business, if we were to experience higher rates of inventory shrinkage or incur increased security costs to combat inventory theft, our business and financial results could be affected adversely.

We are subject to environmental regulations, and compliance with such regulations could require us to make expenditures.

Under various federal, provincial, and local environmental laws and regulations, current or previous owners or occupants of property may become liable for the costs of investigating, removing and monitoring any hazardous substances found on the property. These laws and regulations often impose liability without regard to fault.

Certain of the facilities that we occupy have been in operation for many years and, over such time, we and the prior owners or occupants of such properties may have generated and disposed of materials which are or may be considered hazardous. Accordingly, it is possible that additional environmental liabilities may arise in the future as a result of any generation and disposal of such hazardous materials. Although we have not been notified of, and are not aware of, any current environmental liability, claim, or non-compliance, we could incur costs in the future related to our properties in order to comply with, or address any violations under, environmental laws and regulations.

In the ordinary course of our business, we sometimes use, store, handle or dispose of household products and cleaning supplies that are classified as hazardous materials under various environmental laws and regulations. We cannot predict the environmental laws or regulations that may be enacted in the future or how existing or future laws and regulations will be administered or interpreted. Compliance with more stringent laws or regulations, as well as more vigorous enforcement policies of the regulatory agencies or stricter interpretations of existing laws and regulations, may require additional expenditures by us which could vary substantially from those currently anticipated.

Failure to attract and retain qualified employees while controlling labour costs, as well as other labour issues, could adversely affect our business and financial results.

Our future growth and performance depends on our ability to attract, retain and motivate qualified employees, many of whom are in positions with historically high rates of turnover. Our ability to meet our labour needs, while controlling our labour costs, is subject to many external factors, including the competition for and availability of qualified personnel in a given market, unemployment levels within those markets, prevailing wage rates, minimum wage laws, health and other insurance costs and changes in employment and labour legislation (including changes in the process for our employees to join a union) or other workplace regulation (including changes in entitlement programs such as health insurance and paid leave programs). While we believe we pay our employees fair wages, to the extent a significant portion of our employee base unionizes, or attempts to unionize, our business could be disrupted and, to the extent such attempts are successful, our labour costs could increase. Our ability to pass along labour costs is constrained.

Also, our stores are managed through a network of geographically dispersed management personnel. Our inability to effectively and efficiently operate our stores, including the ability to control losses resulting from inventory and cash shrinkage, may negatively affect our sales and/or operating margins.

If we lose the services of our senior executives who possess specialized market knowledge and technical skills, it could reduce our ability to compete, to manage our operations effectively, or to develop new products and services.

Many of our senior executives have extensive experience in our industry and with our business, products, and customers. Since we are managed by a small group of senior executive officers, the loss of the technical knowledge, management expertise and knowledge of our operations of one or more members of our core management team, including Larry Rossy, our CEO and the grandson of our founder, Neil Rossy, our Chief Merchandising Officer and the son of Larry Rossy, Geoffrey Robillard, our Senior Vice President, Import Division, and Stéphane Gonthier, our Chief Operating Officer ("COO"), could result in a diversion of management resources, as the remaining members of management would need to cover the duties of any senior executive who leaves us and would need to spend time usually reserved for managing our business to search for, hire and train new members of management. The loss of some or all of our senior executives could negatively affect our ability to develop and pursue our business strategy, which could adversely affect our business and financial results.

Fluctuations in the value of the Canadian dollar in relation to the U.S. dollar may impact our operating and financial results and may affect the comparability of our results between financial periods.

Exchange rate fluctuations could have an adverse effect on our results of operations and ability to service our U.S. dollar-denominated debt. The majority of our debt and over 50% of our purchases are in U.S. dollars while the majority of our sales and operating expenses are in Canadian dollars. Therefore, a fluctuation in the exchange rate of the Canadian dollar versus the U.S. dollar would affect the cash needed to service our U.S. dollar-denominated debt and the related hedge instruments and, in addition, our gross margins would be impacted. For the purposes of financial reporting, any change in the value of the Canadian dollar against the U.S. dollar during a given financial reporting period would result in a foreign currency loss or gain on the translation of U.S. dollar denominated debt and our related hedge instruments into Canadian dollars under Canadian generally accepted accounting principles. Consequently, our reported earnings could fluctuate materially as a result of foreign exchange translation gains or losses and may not be comparable from period to period.

Litigation may adversely affect our business and financial results.

Our business is subject to the risk of litigation by employees, customers, consumers, suppliers, competitors, shareholders, government agencies, or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation, including, in the case of administrative proceedings, as a result of reviews by taxation authorities. The outcome of litigation, particularly class action lawsuits, regulatory actions and intellectual property claims, is difficult to assess or quantify. Claimants in these types of lawsuits or claims may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to these lawsuits or claims may remain unknown for substantial periods of time. In addition, certain of these lawsuits or claims, if decided adversely to us or settled by us, may result in liability material to our financial statements as a whole or may negatively affect our operating results if changes to our business operations are required. Also, in connection with the Corporation's business activities, the Corporation is subject to reviews by taxation authorities. There is no assurance that any such reviews will not result in taxation authorities challenging any of our tax filings. The cost to defend future litigation may be significant. There also may be adverse publicity associated with litigation that could negatively affect customer perception of our business, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, litigation may adversely affect our business and financial results.

We are subject to the risk of product liability claims and product recalls.

The Corporation sells products produced by third party manufacturers. Some of these products may expose the Corporation to product liability claims relating to personal injury, death or property damage caused by such products, and may require the Corporation to take actions. One or more of our suppliers might not adhere to product safety requirements or our quality control standards, and we might not identify the deficiency before merchandise ships to our stores. If our suppliers are unable or unwilling to recall products failing to meet our quality standards, we may be required to remove merchandise from our shelves or recall those products at a substantial cost to us. Product recalls, withdrawals or replacements may harm the Corporation's reputation and acceptance of its products by customers, which may adversely affect our business and financial results. Product recalls, withdrawals, or replacements may also increase the amount of competition that the Corporation faces. Some competitors may attempt to differentiate themselves from the Corporation by claiming that their products are produced in a manner or geographic area that is insulated from the issues that preceded the recalls, withdrawals, or replacements of the Corporation's products. Although the Corporation maintains liability insurance to mitigate potential claims, the Corporation cannot be certain that its coverage will be adequate for liabilities actually incurred or that insurance will continue to be available on economically reasonable terms or at all. Product liability claims and product recalls, withdrawals or replacements could adversely affect the Corporation's business and financial results.

Our current insurance program may expose us to unexpected costs and negatively affect our financial results.

Our insurance coverage reflects deductibles, self-insured retentions, limits of liability and similar provisions that we believe are prudent based on the dispersion of our operations. However, there are types of losses we may incur but against which we cannot be insured or which we believe are not economically reasonable to insure, such as losses due to acts of war, employee and certain other crime and some natural disasters. If we incur these losses and they are material, our business could suffer. Certain material events may result in sizable losses for the insurance industry and adversely impact the availability of adequate insurance coverage or result in excessive premium increases. To offset negative insurance market trends, we may elect to self insure, accept higher deductibles or reduce the amount of coverage in response to these market changes. In addition, we self insure a significant portion of expected losses under our workers' compensation, automobile liability, general liability and group health insurance programs. Unanticipated changes in any applicable actuarial assumptions and management estimates underlying our recorded liabilities for these losses, including expected increases in medical and indemnity costs, could result in materially different amounts of expense than expected under these programs, which could have an adverse effect on our financial results. Although we continue to maintain property insurance for catastrophic events, we are effectively self-insured for property losses up to the amount of our deductibles. If we experience a greater number of these losses than we anticipate, our financial results could be adversely affected.

We may not be able to protect our trademarks and other proprietary rights.

We believe that our trademarks and other proprietary rights are important to our success and our competitive position. Accordingly, we protect our trademarks and proprietary rights. However, the actions taken by us may be inadequate to prevent imitation of our products and concepts by others or to prevent others from claiming violations of their trademarks and proprietary rights by us. In addition, our intellectual property rights may not have the value that we believe they have. If we are unsuccessful in protecting our intellectual property rights, or if another party prevails in litigation against us relating to our intellectual property rights, the value and adequacy of our brand recognition could be diminished causing customer confusion and adversely affecting our sales and profitability and we may incur significant costs and may be required to change certain aspects of our operations.

Natural disasters, unusual weather, pandemic outbreaks, boycotts and geo-political events or acts of terrorism could adversely affect our operations and financial results.

The occurrence of one or more natural disasters, such as hurricanes and earthquakes, unusually adverse weather, pandemic outbreaks, boycotts and geo-political events, such as civil unrest in countries in which our suppliers are located and acts of terrorism, or similar disruptions could adversely affect our operations and financial results. These events could result in physical damage to one or more of our properties, increases in fuel or other energy prices, the temporary or permanent closure of one or more of our stores or warehouses or distribution centers, delays in opening new stores, the temporary lack of an adequate workforce in a market, the temporary or long-term disruption in the supply of products from some local and overseas suppliers, the temporary disruption in the transport of goods from overseas, delay in the delivery of goods to our warehouses, distribution centers or stores, the temporary reduction in the availability of products in our stores and disruption to our information systems. These factors could otherwise disrupt and adversely affect our operations and financial results.

We face risks related to protection of customers' credit card data.

We transmit confidential credit card information in connection with our credit card pilot project. Third parties may have the technology or know-how to breach the security of this customer information, and our security measures and those of our technology vendors may not effectively prevent others from obtaining improper access to this information. Any security breach could expose us to risks of data loss, litigation and liability and could seriously disrupt our operations and any resulting negative publicity could significantly harm our reputation.

Dollarama Inc. is a holding company.

Dollarama Inc. is a holding company and a substantial portion of its assets are the capital stock of its subsidiaries. As a result, investors in the Corporation are subject to the risks attributable to Dollarama Inc.'s subsidiaries. As a holding company, Dollarama Inc. conducts substantially all of its business through its subsidiaries, which generate substantially all of Dollarama Inc.'s revenues. Consequently, Dollarama Inc.'s cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to Dollarama Inc. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of its subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to Dollarama Inc.

Influence by Existing Shareholders.

Based on share ownership as of the date hereof, funds advised by Bain Capital beneficially owns or controls, directly or indirectly, 22,037,446 Common Shares, which in the aggregate represents approximately 30.1% of our issued and outstanding Common Shares, Larry Rossy and The Larry and Cookie Rossy Family Foundation beneficially own or control, in the aggregate, directly or indirectly, 4,407,230 Common Shares, which represent approximately 6.0% of our Common Shares. As a result, if some of these persons or entities act together, they have the ability to control or significantly influence all matters submitted to our shareholders for approval, including without limitation the election and removal of directors, amendments to our articles of incorporation and by-laws and the approval of any business combination. This may delay or prevent an acquisition of the Corporation or cause the market price of our shares to decline. The interests of funds advised by Bain Capital may not in all cases be aligned with interests of our shareholders. In addition, funds advised by Bain Capital may have an interest in pursuing acquisitions, divestitures and other transactions that, in the judgment of its management, could enhance its equity investment, even though such transactions might involve risks to our shareholders and may ultimately affect the market price of the Common Shares.

Volatile market price for Common Shares.

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Corporation's control, including the following:

- actual or anticipated fluctuations in the Corporation's quarterly results of operations;
- changes in estimates of our future results of operations by us or securities research analysts;
- changes in the economic performance or market valuations of other companies that investors deem comparable to the Corporation;
- addition or departure of the Corporation's executive officers and other key personnel;
- release or other transfer restrictions on outstanding Common Shares;
- sales or perceived sales of additional Common Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Corporation or its competitors; and
- news reports relating to trends, concerns or competitive developments, regulatory changes and other related issues in the Corporation's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Corporation's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the Corporation's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Common Shares by those institutions, which could adversely affect the trading price of the Common Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Corporation's operations could be adversely impacted and the trading price of the Common Shares may be adversely affected.

Because we have no current plans to pay cash dividends on our Common Shares for the foreseeable future, investors may not receive any return on investment unless they sell our Common Shares for a price greater than that which they paid for them.

We currently intend to retain future earnings, if any, for future operation, expansion and debt repayment and have no current plans to pay any cash dividends for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our Board of Directors and will depend on, among other things, our financial results, cash requirements, contractual restrictions and other factors that our Board of Directors may deem relevant. In addition, our ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness we or our subsidiaries incur, including our Credit Facility and the Deferred Interest Notes Indenture. As a result, investors may not receive any return on an investment in our Common Shares unless they sell our Common Shares for a price greater than that which they paid for them.

Future Sales of Common Shares by our Existing Shareholders.

Based on share ownership as of the date hereof, funds advised by Bain Capital, Larry Rossy and The Larry and Cookie Rossy Family Foundation, in the aggregate, beneficially own or control, directly or indirectly, 26,444,676 Common Shares, which in the aggregate represent approximately 36.2% of our outstanding Common Shares. Subject to compliance with applicable securities laws, our officers, directors, principal shareholders and their affiliates may sell some or all of their Common Shares in the future. No prediction can be made as to the effect, if any, such future sales of Common Shares will have on the market price of the Common Shares prevailing from time to time. However, the future sale of a substantial number of Common Shares by our officers, directors, principal shareholders and their affiliates, or the perception that such sales could occur, could adversely affect prevailing market prices for the Common Shares.

Pursuant to the Shareholders Agreement, each party is granted certain registration rights. See "Interest of Management and Others in Material Transactions".

DIVIDEND POLICY

The Corporation has never declared or paid any cash dividends on its Common Shares and does not currently anticipate paying any cash dividends on its Common Shares in the foreseeable future. The Corporation currently intends to use its earnings to fund future operations, to finance the expansion of its business and to reduce indebtedness. In addition, the Corporation's ability to pay dividends is limited by the terms of some of Dollarama's debt instruments, including the Credit Facility and the Deferred Interest Notes Indenture. Any future determination to pay dividends on the Common Shares will be at the discretion of the Board of Directors and will depend on, among other things, Dollarama's results of operations, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board of Directors may deem relevant. See "Description of Material Indebtedness", "Risk Factors – No Current Plans to Pay Cash Dividends" and "Risk Factors – Holding Company Structure".

DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares issuable in series (the "Preferred Shares"). As of the date hereof, there are 73,104,831 Common Shares issued and outstanding and no Preferred Shares are issued and outstanding. The summary below of the rights, privileges, restrictions and conditions attaching to the shares of the Corporation is subject to, and qualified by reference to, the Corporation's articles and by-laws.

Common Shares

The holders of the Common Shares are entitled to one vote in respect of each Common Share held at all meetings of holders of shares, other than meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series. The holders of the Common Shares are entitled to receive any dividend declared by the Corporation in respect of the Common Shares, subject to the rights of the holders of other classes of shares. The holders of the Common Shares will be entitled to receive, subject to the rights of the holders of other classes of shares, the remaining property and assets of the Corporation available for distribution, after payment of liabilities, upon the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary.

Preferred Shares

The Preferred Shares will be issuable at any time and from time to time in one or more series. The Board of Directors will be authorized to fix before issue the number of, the consideration per share of, the designation of, and the provisions attaching to, the Preferred Shares of each series, which may include voting rights, the whole subject to the issue of a certificate of amendment setting forth the designation and provisions attaching to the Preferred Shares or shares of the series. The Preferred Shares of each series will rank on a parity with the Preferred Shares of every other series and will be entitled to preference over the Common Shares and any other shares ranking junior to the Preferred Shares with respect to payment of dividends and distribution of any property or assets in the event of the Corporation's liquidation, dissolution or winding-up, whether voluntary or involuntary. If any cumulative dividends (whether or not declared), non-cumulative dividends declared or amounts payable on a return of capital are not paid in full, the Preferred Shares of all series will participate rateably in accordance with the amounts that would be payable on such Preferred Shares if all such dividends were declared and paid in full or the sums that would be payable on such shares on the return of capital were paid in full, as the case may be.

DESCRIPTION OF MATERIAL INDEBTEDNESS

Credit Facility

General

In connection with the Acquisition, Dollarama Group L.P. and Aris Import Inc. entered into a senior credit agreement on November 18, 2004 with a group of lenders for a senior secured credit facility, as amended from time to time (the "Credit Facility"). As of January 31, 2010, the Credit Facility consisted of a (i) U.S.$234.3 million ($250.6 million based on the exchange rate on January 31, 2010) term loan B facility maturing in November 2011, denominated in U.S. dollars; and (ii) $75.0 million revolving credit facility, denominated in Canadian dollars, which includes a $25.0 million letter of credit subfacility and a $10.0 million swingline loan subfacility. As of January 31, 2010, there was an aggregate of $251.9 million outstanding under the Credit Facility, including $1.3 million of letters of credit outstanding under the revolving credit facility. In addition, Dollarama Group L.P. may, under certain circumstances and subject to receipt of additional commitments from existing lenders or other eligible institutions, request additional term loan tranches or increases to the revolving loan commitments by an aggregate amount of up to $150.0 million (or the U.S. dollar equivalent thereof).

Interest Rate and Fees

The interest rates per annum applicable to the loans under the Credit Facility, other than swingline loans, equal an applicable margin percentage plus, at the applicable borrower's option, (1) in the case of U.S. dollar denominated loans, (a) a U.S. base rate equal to the greater of (i) the rate of interest per annum equal to the rate which Royal Bank of Canada establishes at its main office in Toronto from time to time as the reference rate of interest for U.S. dollar loans made in Canada and (ii) the federal funds effective rate (converted to a rate based on a 365 or 366 day period, as the case may be) plus 1.0% per annum or (b) the rate per annum equal to the rate determined by Royal Bank of Canada to be the offered rate that appears on the page of the Telerate screen 3750 that displays an average British Bankers Association Interest Settlement Rate for deposits in U.S. dollars for an interest period chosen by the applicable borrower of one, two, three, or six months (or, if made available by all applicable lenders, nine or twelve-month periods) and (2) in the case of Canadian dollar denominated loans, (a) a Canadian prime rate equal to the greater of (i) the rate of interest per annum equal to the rate which Royal Bank of Canada establishes at its main office in Toronto from time to time as the reference rate for Canadian dollar loans made in Canada and (ii) the rate per annum determined as being the arithmetic average of the rates quoted for bankers' acceptances for an interest period of one month as listed on the applicable Reuters Screen CDOR (Certificate of Deposit Offered Rate) page (plus 0.10% for certain lenders) plus 1.0% per annum or (b) the rate per annum determined as being the arithmetic average of the rates quoted for bankers' acceptances for the appropriate interest period as listed on the applicable Reuters Screen CDOR page (plus 0.10% for certain lenders).

The applicable margin percentages for Canadian dollar denominated loans and U.S. dollar denominated loans are subject to adjustment based upon the level of the total lease-adjusted leverage ratio. As of January 31, 2010, the applicable margin percentage was 0.75% for Canadian prime rate loans and 1.75% for bankers' acceptances and the applicable margin percentage was 1.75% for adjusted LIBOR (as hereinafter defined) rate loans and 0.75% for U.S. base rate loans. Swingline loans bear interest at an interest rate equal to the interest rate for Canadian prime rate loans. On the last day of each calendar quarter, Dollarama Group L.P. and Aris Import Inc. also pay a commitment fee (calculated in arrears) to each revolving credit lender in respect of any unused commitments under the revolving credit facility, subject to adjustment based upon the level of the total lease-adjusted leverage ratio. As of January 31, 2010, the commitment fee was 0.375%.

Amortization

Beginning with a first installment on April 30, 2005, the Credit Facility required scheduled quarterly payments on (1) the U.S. dollar denominated term loans in an amount of 0.25% (calculated as of the date such loans were made) of the U.S. dollar denominated term loans, with the balance paid at maturity of the U.S. term loan facility and (2) the Canadian dollar denominated term loans in an amount initially equal to 1.25% (increasing on each subsequent April 30 by 1.25%) of the original Canadian dollar denominated term loans, with the balance paid at maturity of the Canadian term loan facility.

Prepayments

Subject to certain exceptions, the Credit Facility requires prepayment of or offers to prepay outstanding term loans with:

- 50% (as may be reduced based upon the total lease-adjusted leverage ratio (as of January 31, 2010 such percentage has been reduced to 0%)) of annual excess cash flow;
- 50% (as may be reduced based upon the total lease-adjusted leverage ratio (as of January 31, 2010 such percentage has been reduced to 0%)) of the net cash proceeds from specified issuances of equity securities;
- 100% of the net cash proceeds from certain incurrences of debt; and
- 100% of the net cash proceeds from certain asset sales and casualty and condemnation events, subject to reinvestment rights and certain other exceptions.

Proceeds required to prepay in full the loans are first applied to the Canadian dollar denominated term loan facility with the remaining proceeds thereafter applied to the U.S. dollar denominated term loan facility.

Prior to the fifth anniversary of the applicable funding date, all mandatory prepayments and scheduled amortization payments of the U.S. dollar denominated term loans are limited in aggregate amount to 25% of the applicable principal amount of the U.S. dollar denominated term loans borrowed under the Credit Facility (with a catch-up payment following such applicable fifth anniversary).

Voluntary prepayments of loans under the Credit Facility and voluntary reductions of revolving loan commitments are permitted, in whole or in part, in minimum amounts without premium or penalty, other than customary breakage costs with respect to adjusted LIBOR rate loans and bankers' acceptances.

Covenants and Events of Default

The Credit Facility contains various restrictive covenants that, subject to significant exceptions, limit Dollarama Holdings L.P. and Dollarama Group L.P.'s ability and the ability of their restricted subsidiaries, to, among other things: make investments and loans, make capital expenditures, incur, assume, or permit to exist additional indebtedness, guarantees, or liens, engage in mergers, acquisitions, asset sales or sale-leaseback transactions, declare dividends, make payments on, or redeem or repurchase equity interests, alter the nature of the business, engage in certain transactions with affiliates, enter into agreements limiting subsidiary distributions, and prepay, redeem, or repurchase certain indebtedness. The Credit Facility contains events of default customary for such financings, including, but not limited to, non-payment of principal, interest or other amounts when due, breach of covenants, failure of any representation or warranty to be true in any material respect when made or deemed made, cross default to certain indebtedness, change of control, insolvency and bankruptcy events, material judgments, actual or asserted invalidity of the guarantees or security documents and ineffectiveness of subordination provisions in junior financing documentation. Some of these events of default allow for notice and grace periods and are subject to materiality thresholds.

Change of control events include if certain "permitted holders" (being funds advised by Bain Capital and certain original management shareholders, unless management shareholders hold more than 30% of the voting stock of Dollarama Holdings L.P. or more voting stock in Dollarama Holdings L.P. than funds advised by Bain Capital, in which case they are not included as "permitted holders" for this purpose) cease to hold a majority, directly or indirectly, of Dollarama Holdings L.P.'s voting stock; unless, following such event, (i) no other person or group of persons (other than "permitted holders") becomes the beneficial owner of more than 35%, directly or indirectly, (or, if higher, the percentage then held by such "permitted holders") of Dollarama Holdings L.P.'s voting stock, and, (ii) a majority of Dollarama Holdings L.P.'s directors continues to be directors that were recommended for nomination for election by Dollarama Holdings L.P.'s board of directors, in which case such event shall not be considered a change of control.

The Credit Facility requires Dollarama Group L.P. to comply, on a quarterly basis, with certain financial covenants, including a minimum interest coverage ratio test and a maximum lease-adjusted leverage ratio test. As of January 31, 2010, the terms of the Credit Facility required that we maintain a minimum interest coverage ratio of 2.50:1 and a lease-adjusted leverage ratio of no more than 4.50:1. The interest coverage ratio and the lease-adjusted leverage ratio financial covenants are not subject to further adjustments and will be fixed at 2.50:1 and 4.50:1, respectively, for the remaining term of the Credit Facility. As of January 31, 2010, the Corporation was in compliance with all of its financial covenants.

Guarantees and Security

The Credit Facility is guaranteed by Dollarama Holdings L.P., Dollarama Group GP Inc. and all of Dollarama Group L.P.'s existing and future restricted subsidiaries, and is secured by a security interest in substantially all of the existing and future assets of Dollarama Holdings L.P., Dollarama Group GP Inc., Dollarama Group L.P. and Dollarama Group L.P.'s restricted subsidiaries, and a pledge of Dollarama Group L.P.'s capital stock and the capital stock of each of its subsidiaries, subject to certain exceptions agreed upon with the lenders and local law requirements.

New Revolving Credit Facility

On October 21, 2009 we entered into Amendment No. 6 to our Credit Facility which provides a new $75.0 million secured revolving credit facility, which matures in July 2012 and otherwise have the same terms, pricing, covenants, guarantees and security as the existing secured revolving credit facility.

Deferred Interest Notes

Dollarama Group Holdings L.P. and Dollarama Group Holdings Corporation issued U.S.$200.0 million of senior floating rate deferred interest notes (the "Deferred Interest Notes") on December 20, 2006 by way of private placement in the United States in accordance with Rule 144A under the U.S. Securities Act and in certain Canadian provinces in accordance with Regulation S under the U.S. Securities Act and applicable Canadian prospectus and registration exemptions. As of January 31, 2010, there was U.S.$212.2 million in aggregate principal amount and deferred interest outstanding. The Deferred Interest Notes will mature on August 15, 2012. Interest on the Deferred Interest Notes accrues and is payable semi-annually in arrears on June 15 and December 15 of each year, at a rate per annum equal to 6-month LIBOR plus 6.75% as of December 15, 2009. On each interest payment date, Dollarama Group Holdings L.P. and Dollarama Group Holdings Corporation may elect to pay interest in cash or defer the payment of interest, in which case such interest will become deferred interest and interest shall accrue on such deferred interest for subsequent interest periods. For the payment of interest due on June 15, 2009, Dollarama Group Holdings L.P. and Dollarama Group Holdings Corporation deferred the payment of interest on the Deferred Interest Notes, which payment represented an amount of U.S.$8.7 million. Interest was also deferred on June 15, 2008 (U.S.$9.8 million) and December 15, 2008 (U.S.$8.7 million). An aggregate amount of U.S.$27.4 million of deferred interest remains outstanding as of January 31, 2010 and will be payable at the latest upon redemption or maturity of the Deferred Interest Notes. Dollarama Group Holdings L.P. elected to make a cash payment of interest due on December 15, 2009 in the amount of U.S.$7.9 million.

The Deferred Interest Notes may be redeemed, in whole or in part, at the following redemption prices (expressed as percentages of principal amount plus deferred interest), plus accrued and unpaid interest, if any, to the redemption date, if redeemed during periods set forth below:

Year	Redemption Price
December 15, 2009 to December 14, 2010	101.00%
December 15, 2010 and thereafter	100.00%

In addition, Dollarama Group Holdings L.P. and Dollarama Group Holdings Corporation may redeem all of the Deferred Interest Notes at a price equal to 100% of their principal amount plus deferred interest, plus accrued and unpaid interest, if any, if Dollarama Group Holdings L.P. and Dollarama Group Holdings Corporation become obligated to pay certain tax gross-up amounts. Following a change of control as defined in the indenture governing the Deferred Interest Notes (the "Deferred Interest Notes Indenture"), Dollarama Group Holdings L.P. and Dollarama Group Holdings Corporation will be required to offer to purchase all of the Deferred Interest Notes at a purchase price of 101% of their principal amount plus deferred interest, plus accrued and unpaid interest (other than deferred interest), if any, to the date of purchase.

The Deferred Interest Notes Indenture contains certain restrictions on us, including restrictions on Dollarama Group Holdings L.P.'s and Dollarama Group Holdings Corporation's and their restricted subsidiaries' ability to make investments and loans, incur indebtedness and issue preferred stock, declare dividends, make payments on, or redeem or repurchase equity interests, engage in certain transactions with affiliates, grant liens, sell assets, enter into agreements limiting subsidiary distributions, and engage in certain other activities. The Deferred Interest Notes Indenture contains customary affirmative covenants and events of default, including, but not limited to, non-payment of principal, premium or interest, breach of covenants, cross default and cross acceleration to certain indebtedness, insolvency and bankruptcy events, material judgments and actual or asserted invalidity of the guarantees. Some of these events of default allow for notice and grace periods and are subject to materiality thresholds.

Under the Deferred Interest Notes Indenture, if specified change of control events occur, we will be required to offer to repurchase all outstanding notes under such indenture at a price equal to 101% of their principal amount plus accrued and unpaid interest, if any. Change of control events include a sale of substantially all of our assets (other than to certain "permitted holders" being funds advised by Bain Capital and certain original management shareholders, unless management shareholders hold more voting stock of Dollarama Holdings L.P. or the Corporation than funds advised by Bain Capital, in which case they are no longer considered "permitted holders"), the acquisition by a person or group of persons (other than "permitted holders") of at least 50%, directly or indirectly, of the voting power of the Corporation or Dollarama Holdings L.P. or a majority of the Corporation's directors ceasing to be directors that were nominated for election, or whose nomination for election was previously approved, by the Board of Directors. Our failure to repurchase these notes upon a change of control would cause an event of default under the Deferred Interest Notes Indenture.

The Deferred Interest Notes constitute senior unsecured obligations of Dollarama Group Holdings L.P. and Dollarama Group Holdings Corporation. They rank equally in right of payment to all Dollarama Group Holdings L.P.'s and Dollarama Group Holdings Corporation's future unsecured senior indebtedness, senior in right of payment to any of Dollarama Group Holdings L.P.'s and Dollarama Group Holdings Corporation's future senior subordinated indebtedness and subordinated indebtedness and are effectively subordinated in right of payment to any of Dollarama Group Holdings L.P.'s and Dollarama Group Holdings Corporation's future secured debt, to the extent of such security and are structurally subordinated in right of payment to all existing and future debt and other liabilities, including the Credit Facility, trade payables and lease obligations, of Dollarama Group Holdings LP's subsidiaries. The Deferred Interest Notes are not guaranteed by any of Dollarama Group Holdings L.P.'s subsidiaries (other than Dollarama Group Holdings Corporation, as the co-issuer of the Deferred Interest Notes).

MARKET FOR SECURITIES AND TRADING PRICE AND VOLUME

The Common Shares are listed for trading on the TSX under the symbol "DOL". The following table shows the monthly range of high and low prices per Common Share at the close of market (TSX), as well as total monthly volumes and average daily volumes of the Common Shares traded on the TSX (and other alternative platforms, including Alpha Trading Systems) from the date of closing of the initial public offering of the Corporation to January 31, 2010:

Month	Price per Common Share ($) Monthly High	Price per Common Share ($) Monthly Low	Common Shares Total Monthly Volume	Common Shares Average Daily Volume
October 2009 (from October 16)	$19.43	$17.99	3,180,604	289,146
November 2009	$21.00	$18.88	2,693,008	128,238
December 2009	$23.86	$20.35	2,923,514	139,215
January 2010	$22.69	$20.19	3,150,146	157,507

DIRECTORS AND OFFICERS

Directors

The following table sets out, as at the date hereof, for each of our directors, the person's name, province or state, and country of residence, position(s) with us, the date on which he became a director, his principal occupation and previously held positions for the last five years. Our directors are expected to hold office until our next annual meeting of shareholders. Our directors are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of shareholders.

Name and Province or State and Country of Residence	Position(s)	Since	Principal Occupation	Previously Held Positions (Last 5 Years)
Larry Rossy Québec, Canada	Chair of the Board of Directors and CEO	2004	Chair of the Board of Directors and CEO	—
Joshua Bekenstein(1) Massachusetts, USA	Director	2004	Managing Director, Bain Capital	—
Gregory David(2) Ontario, Canada	Director	2004	CEO of GRI Capital Inc.	—
Stephen Gunn(3)(4)(5)(6)(7) Ontario, Canada	Lead Director	2009	Chair of the board of directors and CEO of Sleep Country Canada Inc.	—
Matthew Levin(3) Massachusetts, USA	Director	2004	Managing Director, Bain Capital	—
Nicholas Nomicos(8) Massachusetts, USA	Director	2004	Operating Partner, Bain Capital	Senior Vice President, Interim CFO and Secretary of Dollarama Inc. (from September 2009 to April 2010)
Donald Gray Reid(4)(9) Ontario, Canada	Director	2010	Corporate Director	President and Chief Executive Officer of President's Choice Financial and President's Choice Bank (from 1998 to 2006)

Name and Province or State and Country of Residence	Position(s)	Since	Principal Occupation	Previously Held Positions (Last 5 Years)
Neil Rossy................................ Québec, Canada	Director and Chief Merchandising Officer	2004	Chief Merchandising Officer	—
John J. Swidler, FCA(10)(11)....... Québec, Canada	Director	2010	Senior Advisor, RSM Richter Chamberland LLP	Managing Partner, RSM Richter Chamberland LLP (from 1996 to January 1, 2007)

(1) Chair of the Compensation Committee.
(2) Gregory David resigned from his position as member of the Audit Committee on January 5, 2010.
(3) Member of the Compensation Committee.
(4) Member of the Audit Committee.
(5) Lead Director.
(6) Stephen Gunn was appointed Lead Director, member and chair of the Audit Committee on October 16, 2009. Stephen Gunn resigned as chair of the Audit Committee on January 5, 2010 when he was replaced by John J. Swidler.
(7) Stephen Gunn was appointed as member of the Compensation Committee on February 17, 2010, in replacement of Todd Cook.
(8) Nicholas Nomicos resigned from his position as Senior Vice President, Interim CFO and Secretary of the Corporation effective as of April 12, 2010.
(9) Donald Gray Reid was appointed to the Board of Directors and as member of the Audit Committee on February 17, 2010 in replacement of Todd Cook.
(10) Chair of the Audit Committee.
(11) John J. Swidler was appointed to the Board of Directors and as member of the Audit Committee on January 5, 2010 in replacement of respectively Felipe Merry del Val Barbavara di Gravellona and Gregory David. On the same day, John J. Swidler was also appointed chair of the Audit Committee in replacement of Stephen Gunn.

Executive Officers

The following table sets out, as at the date hereof, for each of our executive officers, the person's name, province or state, and country of residence, position(s) with us, the date on which he became an executive officer and previously held positions for the last five years.

Name and Province or State and Country of Residence	Position(s)	Since	Previously Held Positions (Last 5 Years)
Larry Rossy.. Québec, Canada	Chair of the Board of Directors and CEO	2004	—
Michael Ross, CA(1)...................................... Québec, Canada	CFO and Secretary	2010	CFO of Sanimax Industries Inc. (from 2007 to 2010); Vice President, Administration and CFO of the Bell Nordiq Group Inc. (from 1998 to 2007)
Stéphane Gonthier .... Québec, Canada	COO	2007	Various executive positions at Alimentation Couche-Tard Inc. (operator of convenience stores) (from 1998 to 2007)
Neil Rossy... Québec, Canada	Chief Merchandising Officer	2004	—
Geoffrey Robillard.. Québec, Canada	Senior Vice President, Import Division	2004	—
Leonard Assaly .... Québec, Canada	Senior Vice President, Information Technology and Logistics	2004	—

(1) Michael Ross, CA was appointed as CFO and Secretary of the Corporation effective as of April 12, 2010. See "General Development of the Business - Recent Developments".

As a group, the directors and executive officers beneficially own, or control or direct, directly or indirectly, a total of 5,333,606 Common Shares, representing 7.3% Common Shares outstanding as of the date hereof.

Biographies

The following are brief profiles of the executive officers and directors of the Corporation, including a description of each individual's principal occupation within the past five years.

Larry Rossy is the Chair of our Board of Directors and our CEO. He has been a retailer since 1965 and is the founder of Dollarama. In 1992, Mr. Rossy made the strategic decision to convert our company to the "dollar store" concept. Since that time, Mr. Rossy's principal focus has been on the expansion of the Dollarama retail network. In addition to overseeing the organization, Mr. Rossy is directly responsible for new store development and site selection. Mr. Rossy serves as a director of Colart Design Inc. and Confection Courcel Inc.

Joshua Bekenstein is a member of our Board of Directors and the Chair of the Compensation Committee. Mr. Bekenstein is a Managing Director at Bain Capital. Prior to joining Bain Capital in 1984, Mr. Bekenstein spent several years at Bain & Company, where he was involved with companies in a variety of industries. Mr. Bekenstein serves as a director of several corporations, including Bombardier Recreational Products Inc., Bright Horizons Family Solutions, Burlington Coat Factory, Michaels Stores, Toys "R" Us and Waters Corporation.

Gregory David is a member of our Board of Directors. He is the CEO of GRI Capital Inc. and has been with the company and its affiliates since 2003. Prior to GRI Capital Inc., Mr. David provided financial and strategic advisory services to private and public companies from 2000 to 2003. Previously, he worked at Claridge Inc. from 1998 to 2000 and at McKinsey & Co. from 1996 to 1998. He has a Bachelor of Commerce from Queens University, a Bachelor of Laws and Bachelor of Civil Law from McGill University and a Master of Business Administration from Harvard Business School.

Stephen Gunn is the Lead Director of our Board of Directors. Mr. Gunn serves as chair of the board of directors and CEO of Sleep Country Canada Inc. He was a director of Golf Town from 2005 to 2007 and a director of Connors Bros. from 2004 to 2007. He has a Bachelor of Electrical Engineering from Queens University and a Master of Business Administration from the University of Western Ontario.

Matthew Levin is a member of our Board of Directors. He is a Managing Director at Bain Capital. Prior to joining Bain Capital in 1992, Mr. Levin was a consultant at Bain & Company, where he consulted in the consumer products and manufacturing industries. He serves as a director of several corporations, including Bombardier Recreational Products, Guitar Center, Michaels Stores, Toys"R"Us and Unisource Worldwide.

Nicholas Nomicos is a member of our Board of Directors. Mr. Nomicos is an Operating Partner at Bain Capital. He served as our Senior Vice President, Interim CFO and Secretary from September 2009 to April 2010. Prior to joining Bain Capital in 1999, Mr. Nomicos held several senior corporate and division management positions at Oak Industries Inc., a publicly traded component manufacturing conglomerate serving the telecommunications and appliance control industries. Previously, Mr. Nomicos was a Manager at Bain & Company. He also serves as a director of Bombardier Recreational Products.

Donald Gray Reid is a member of our Board of Directors. Mr. Reid has over 26 years of experience with the Weston/Loblaw group of companies, including positions as President and CEO of President's Choice Bank, CFO of George Weston Limited and Executive Vice President of Loblaw Companies Limited. Mr. Reid is currently Vice Chairman of the Nature Conservancy of Canada. Mr. Reid graduated from Queen's University with a Bachelor of Science degree (honours), a Master of Science and a Master of Business Administration.

Neil Rossy joined Dollarama at its inception in 1992 and currently serves as Chief Merchandising Officer. Mr. Rossy is also a member of our Board of Directors. He led the design and construction of the Dollarama warehouses, distribution center and head office. Mr. Rossy is responsible for store design, merchandising, product development and special projects.

John J. Swidler, FCA, is a member of our Board of Directors and the Chair of the Audit Committee. Mr. Swidler has been a director of Reitmans (Canada) Limited since April 2, 2008. He is also a Senior Advisor of the Montréal office of RSM Richter LLP. He was the Managing Partner of RSM Richter LLP from 1996 to January 1, 2007 and was Chairman of the firm's executive committee from 1982 to 1996. Mr. Swidler graduated from McGill

University with a Bachelor of Commerce degree and obtained his designation as a Chartered Accountant. He also received a Bachelor of Civil Law degree from McGill University. He received his Fellow Chartered Accountant (FCA) designation from the *Ordre des comptables agréés du Québec* in 1992.

Michael Ross, CA, was appointed as our CFO and Secretary, effective as of April 12, 2010. Prior to joining Dollarama, Mr. Ross was the CFO of Sanimax Industries Inc. for three years and from 1997 to 2007 he served as Vice President, Administration and CFO of the Bell Nordiq Group Inc. Mr. Ross earned his Bachelor of Commerce and Graduate Accounting diplomas from Concordia University in 1981 and 1983, respectively. Mr. Ross also serves as a member of the board of Investissement Québec.

Stéphane Gonthier has been our COO since September 2007. From 1998 until 2007, Mr. Gonthier served in various executive positions with Alimentation Couche-Tard Inc., a North American convenience store chain. His final position was as its Senior Vice President, Eastern North America, in charge of four divisions consisting of approximately 2,600 convenience stores in Canada and the United States. Mr. Gonthier has a Bachelor of Civil Law from Université de Sherbrooke and a Master of Business Administration from Université de Sherbrooke. Mr. Gonthier was called to the Québec Bar in 1989. Mr. Gonthier also serves as a member of the board of Investissements Trévi Inc. and Spectra Premium Industries Inc.

Geoffrey Robillard has been our Senior Vice President, Import Division since October 2006 and prior to that he was President of Aris Import Inc., a wholly-owned subsidiary from November 2004. From 1973 to November 2004, Mr. Robillard was the owner and President of 9148-7264 Québec Inc. (formerly known as Aris Import Inc.), which was at that time a major distributor for imports from overseas. In 1992, Mr. Robillard, through Aris Import Inc., began working with Dollarama towards establishing Dollarama's direct overseas sourcing capabilities and this relationship became exclusive in 1996. Mr. Robillard became an officer of Aris Import Inc. when we acquired the assets of 9148-7264 Québec Inc. in November 2004. He has been building our import division and manages a team that sources product internationally, evaluates supplier's offers and samples, and works with our buyers to choose merchandise. He supervises pricing negotiations, quality control issues with import suppliers and coordination of all import delivery logistics, duties, and customs.

Leonard Assaly is our Senior Vice President, Information Technology. He has worked with Mr. Larry Rossy in the retail business since 1973 and was a member of Dollarama's founding management team in 1992. Mr. Assaly is responsible for our information technology design. He oversees the development and implementation of retail and replenishment software applications.

Cease Trade Orders or Bankruptcies

None of our directors or executive officers:

(a) is, as at the date of this Annual Information Form, or has been, within 10 years before the date of this Annual Information Form, a director, CEO or CFO of any company (including us) that,

  (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, CEO or CFO; or

  (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as a director, CEO or CFO,

(b) is, as at the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form, a director or executive officer of any company (including us) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) and no shareholder holding a sufficient number of securities to affect materially the control of our Corporation has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder,

except for:

(i) Joshua Bekenstein who was (A) a director of Mattress Discounters Corporation when it filed for protection under Chapter 11 of the U.S. Bankruptcy Code in October 2002, and (B) a director of KB Toys, Inc. when it filed for protection under Chapter 11 of the U.S. Bankruptcy Code in January 2004;

(ii) Matthew Levin who was a director of KB Toys, Inc. when it filed for protection under Chapter 11 of the U.S. Bankruptcy Code in January 2004; and

(iii) Stephen Gunn who was a director of Mattress Discounters Corporation when it filed for protection under Chapter 11 of the U.S. Bankruptcy Code in October 2002.

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

Penalties or Sanctions

No director or executive officer of the Corporation or shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation has:

(a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

To the best of our knowledge, and other than the real property leases with entities controlled by Larry Rossy, there are no known existing or potential conflicts of interest among us and our directors, officers or other members of management as a result of their outside business interests except that certain of our directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to us and their duties as a director or officer of such other companies. See “Directors and Officers” and “Interest of Management and Others in Material Transactions”.

Indemnification and Insurance

The Corporation currently has a $75 million directors and officers insurance program, as well as an additional $30 million difference in conditions (DIC) coverage. Following the completion of its IPO on October 16, 2009, the Corporation entered into indemnification agreements with each of its directors. The indemnification agreements generally require that the Corporation indemnify and hold the indemnitees harmless to the greatest extent permitted by law for liabilities arising out of the indemnitees’ service to the Corporation as directors, provided that the indemnitees acted honestly and in good faith and in a manner the indemnitees reasonably believed to be in or not opposed to the Corporation’s best interests and, with respect to criminal and administrative actions or proceedings that are enforced by monetary penalty, the indemnitees had no reasonable grounds to believe that his or her conduct was unlawful. The indemnification agreements also provide for the advancement of defence expenses to the indemnitees by the Corporation.

AUDIT COMMITTEE INFORMATION

Charter of the Audit Committee

The Board of Directors has adopted a written charter for the audit committee of the Corporation (the "Audit Committee" and the "Charter of the Audit Committee"), which sets out the Audit Committee's responsibility in reviewing the financial statements of the Corporation and public disclosure documents containing financial information and reporting on such review to the Board of Directors, ensuring that adequate procedures are in place for the review of the Corporation's public disclosure documents that contain financial information, overseeing the work and review the independence of the external auditors and reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management. A copy of the Charter of the Audit Committee is attached to this Annual Information Form as Schedule A.

Composition of the Audit Committee

As of the date hereof, the Audit Committee is composed of three members, as follows: John J. Swidler, Chair, Stephen Gunn and Donald Gray Reid. Each member of the Audit Committee is independent and financially literate, within the meaning of National Instrument 52-110 – *Audit Committees* ("NI 52-110").

Relevant Education and Experience of the Audit Committee Members

Each of the Audit Committee members has an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting.

In addition to each Audit Committee member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is as follows:

John J. Swidler (Chair) has been a director at Reitmans (Canada) Limited since 2008 and is also a Senior Advisor at the Montreal office of RSM Richter LLP. From 1996 to 2007, he was the Managing Partner of the Montreal office of RSM Richter LLP and was Chairman of the firm's executive committee for fourteen years prior to that. Mr. Swidler graduated from McGill University with a Bachelor of Commerce degree and obtained his designation as a Chartered Accountant. He also received a Bachelor of Civil Laws from McGill University. He received his Fellow Chartered Accountant (FCA) designation from the *Ordre des comptables agréés du Québec* in 1992.

Stephen Gunn serves as Chair of the board of directors and CEO of Sleep Country Canada Inc. He was a director of Golf Town from 2005 to 2007 and a director of Connors Bros. from 2004 to 2007. He has a Bachelor of Electrical Engineering from Queens University and a Master of Business Administration from the University of Western Ontario.

Donald Gray Reid has over twenty-six years of experience with the Weston/Loblaw group of companies, including positions as president and CEO of President's Choice Bank, CFO of George Weston Limited and Executive Vice President of Loblaw Companies Limited. Mr. Reid is currently serving as vice chairman of the Nature Conservancy of Canada. Mr. Reid graduated from Queen's University with a Bachelor of Science degree (honours), a Master of Science and a Master of Business Administration.

External Auditor Service Fee

For the two fiscal years ended January 31, 2010 and February 1, 2009, the Corporation was billed the following fees by its external auditor, PricewaterhouseCoopers LLP:

	Fiscal year ended January 31, 2010	Fiscal year ended February 1, 2009
Audit Fees(1)	$582,000	$500,000
Audit-Related Fees(2)	$788,495	—
Tax Fees(3)	$187,000	$68,000
All Other Fees(4)	$154,000	$108,000
Total Fees	**$1,711,495**	**$676,000**

(1) "Audit Fees" include fees necessary to perform the annual audit of the consolidated financial statements.

(2) "Audit-Related Fees" include fees for assurance and related services that are reasonably related to the performance of the audit or review of the financial statements and are not reported under "Audit Fees". In fiscal year ended January 31, 2010, represents primarily fees for IPO-related services.

(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax advice and tax planning.

(4) "Other Fees" include fees for products and services provided by the auditor other than those included above. Represents primarily fees related to internal controls assessment.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

We are from time to time involved in legal proceedings of a nature considered normal to our business. We believe that none of the litigation in which we are currently involved, or have been involved since the beginning of the most recently completed financial year, individually or in the aggregate, is material to our consolidated financial condition or results of operations.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Board of Directors reviews and approves transactions between us on the one hand and a related party, such as our directors, officers, holders of more than ten percent of our voting securities and their affiliates and associates, the immediate family members of any of the foregoing persons and any other persons whom the Board of Directors determined may be considered a related party, on the other hand. Prior to the Board of Directors' consideration of a transaction with a related party, the material facts as to the related party's relationship or interest in the transaction are disclosed to the Board of Directors, and the transaction is not considered approved by the Board of Directors unless a majority of the directors who are not interested in the transaction approve the transaction. We believe each of the transactions set forth below were made on terms no less favorable to us than could have been otherwise obtained from unaffiliated third parties.

Shareholders Agreement

As of the date hereof, Dollarama, 4411145 Canada Inc., Bain Dollarama (Luxembourg) One S.à r.l., an entity indirectly owned by funds advised by Bain Capital, The Larry and Cookie Rossy Family Foundation, The Alan & Roula Rossy Family Foundation, The Leonard T. Assaly Family Foundation, 3457745 Canada Inc. and Edmund Rossy Holdings Ltd. are parties to a shareholders agreement (the "Shareholders Agreement"). The Shareholders Agreement has a term of three years, commencing on the date of the closing of the IPO on October 16, 2009, and provides for an obligation of consultation and coordination among the parties prior to any sale of the Common Shares.

Termination of Management Agreement

In connection with the Acquisition, Dollarama Group Holdings L.P. entered into a management agreement with funds advised by Bain Capital on November 18, 2004 (the "Management Agreement"), pursuant to which funds advised by Bain Capital were providing various consulting and management advisory services to Dollarama. Pursuant to the Management Agreement, we paid to the funds advised by Bain Capital approximately $10.2 million in connection with the structuring of the debt financing in connection with the Acquisition, in addition to expenses incurred in connection therewith. In addition, we paid to the funds advised by Bain Capital an annual management fee of up to $3.0 million in exchange for the ongoing management services.

The Management Agreement was terminated on October 16, 2009 in consideration of the payment by the Corporation to the funds advised by Bain Capital of an aggregate amount of $5.0 million, the whole pursuant to a termination agreement entered into between Dollarama and funds advised by Bain Capital on such date (the "Termination of Management Agreement"). For the fiscal year ended January 31, 2010, we incurred management fees and related expenses of approximately $7,5 million.

Advisory Agreement

The Corporation and its affiliates entered into an advisory agreement with funds advised by Bain Capital (the "Advisory Agreement") for financial and structure advice and analysis, as well as assistance with due diligence investigations and negotiations, in consideration of a one-time fee of $1.0 million that was paid on October 16, 2009, the whole solely in connection with the closing of the IPO on such date.

Real Property Leases

We currently lease 18 stores and five warehouses and our distribution center from entities controlled by Larry Rossy, pursuant to long-term lease agreements. Rental expenses associated with these related-party leases are established at market terms and represented an aggregate amount of approximately $9.8 million in the fiscal year ended January 31, 2010. See "Business of the Corporation – Stores – Store Locations" and "Business of the Corporation – Warehouse and Distribution Facilities".

TRANSFER AGENT AND REGISTRAR

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

MATERIAL CONTRACTS

The following are the only material contracts, other than those contracts entered into in the ordinary course of business, which the Corporation has entered into during the fiscal year ended January 31, 2010 or entered into prior to the fiscal year ended January 31, 2010 but which contract is still in effect:

- the IPO Underwriting Agreement (as hereinafter defined);
- the January Secondary Offering Underwriting Agreement (as hereinafter defined)
- the Secondary Offering Underwriting Agreement (as hereinafter defined);
- the Credit Facility;
- the Deferred Interest Notes Indenture;
- the Shareholders Agreement;
- the Amended and Restated Separation Agreement;
- the Termination of Management Agreement; and
- the Advisory Agreement.

INTERESTS OF EXPERTS

The Corporation's auditors are PricewaterhouseCoopers LLP, Chartered Accountants, who have prepared an independent auditors' report dated April 8, 2010 in respect of the Corporation's consolidated financial statements as at January 31, 2010 and February 1, 2009 and for each of the years ended January 31, 2010 and February 1, 2009. PricewaterhouseCoopers LLP has advised that they are independent with respect tot he Corporation within the meaning of the Code of Ethics of the *Ordre des comptables agréés du Québec.*

ADDITIONAL INFORMATION

Additional information relating to Dollarama may be found on SEDAR at www.sedar.com.

Additional information, including, without limitation, directors' and officers' remuneration and indebtedness, principal holders of Dollarama's securities and securities authorized for issuance under equity compensation plans will be contained in Dollarama's information circular for its first annual meeting of shareholders.

Additional financial information is provided in the audited consolidated financial statements and management's discussion and analysis of Dollarama for the year ended January 31, 2010.

Dollarama will, upon request to the CFO and Secretary of Dollarama at 5805 Royalmount Ave., Montreal, Québec, H4P 0A1, provide to any person or company, the documents specified below:

(a) when Dollarama is in the course of a distribution of its securities under a short form prospectus, or has filed a preliminary short form prospectus in respect of a proposed distribution of its securities:

  i. one copy of the Corporation's latest annual information form, together with one copy of any document or the pertinent pages of any document, incorporated therein by reference;

  ii. one copy of the consolidated annual financial statements of the Corporation for the most recently completed financial year for which financial statements have been filed, together with the auditors' report thereon, and one copy of any interim consolidated financial statements of the Corporation for any period after its most recently completed financial year;

  iii. one copy of the information circular of the Corporation in respect of its most recent annual meeting of Shareholders that involved the election of directors, if available, or one copy of any annual filing prepared instead of that information circular, as appropriate; and

  iv. one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under subparagraphs (i) to (iii); or

(b) at any other time, Dollarama shall provide to any person or company one copy of any of the documents referred to in items (i), (ii) and (iii) of paragraph (a) above, provided that the Corporation may require the payment of a reasonable charge if the request is made by a person or company who is not a holder of the Corporation's securities.

GLOSSARY OF TERMS

"**Acquisition**" means the purchase, on November 18, 2004, by Dollarama L.P. (sponsored by an entity formed by funds advised by Bain Capital) of substantially all of the assets of S. Rossy Inc. and Dollar A.M.A. Inc. relating to the Dollarama business.

"**Advisory Agreement**" has the meaning set out under the heading "Interest of Management and Others in Material Transactions – Advisory Agreement".

"**Atlantic Provinces**" means New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

"**Amendment No. 6**" has the meaning set out under the heading "General Development of the Business - Recent Developments". See also "Description of Material Indebtedness".

"**Annual Information Form**" means this annual information form of the Corporation, dated April 28, 2010.

"**Audit Committee**" has the meaning set out under the heading "Audit Committee Information".

"**Bain Capital**" means Bain Capital Partners, LLC.

"**Board of Directors**" means the board of directors of the Corporation.

"**CAGR**" means compound annual growth rate.

"**Charter of the Audit Committee**" has the meaning set out under the heading "Audit Committee Information - Charter of the Audit Committee".

"**CBCA**" means the *Canada Business Corporations Act*.

"**CEO**" means Chief Executive Officer.

"**CFO**" means Chief Financial Officer.

"**Common Shares**" means the common shares of the Corporation.

"**Comparable Store**" means a store open for at least 13 complete months relative to the same period in the prior year, including relocated stores and expanded stores.

"**Compensation Committee**" means the compensation committee of the Corporation, within the meaning of National Policy 58-201 – *Corporate Governance Guidelines*.

"**COO**" means Chief Operating Officer.

"**Credit Facility**" has the meaning set out under the heading "Description of Material Indebtedness".

"**Deferred Interest Notes**" has the meaning set out under the heading "Description of Material Indebtedness".

"**Deferred Interest Notes Indenture**" has the meaning set out under the heading "Description of Material Indebtedness - Deferred Interest Notes".

"**dollar store**" means a store generally characterized by one or more of the following: (i) low price points, typically in the $1.00 to $5.00 range; (ii) convenient locations and store size; (iii) broad offerings of everyday branded or unbranded merchandise such as household products and cleaning supplies, paper and plastics, health and beauty care products, party supplies, toys, food, novelty items, seasonal merchandise and impulse products; (iv) small or individual sized product quantities; and (v) a low or no-frills, self-service environment.

“**GAAP**” means generally accepted accounting principles.

“**IPO**” means the initial public offering of the Corporation, completed on October 16, 2009.

“**IPO Underwriters**” means RBC Dominion Securities Inc., CIBC World Markets Inc., Credit Suisse Securities (Canada), Inc., Scotia Capital Inc., Barclays Capital Canada Inc., National Bank Financial Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc., Merrill Lynch Canada Inc. and Raymond James Ltd.

“**IPO Underwriting Agreement**” means the underwriting agreement dated October 8, 2009, entered into in connection with the IPO, among the Corporation and Bain Dollarama (Luxembourg) One S. à r. l., an entity indirectly owned by funds advised by Bain Capital, 4411145 Canada Inc., 3339408 Canada Inc., 9086-6666 Québec Inc. and Stéphane Gonthier, as the selling shareholders, and RBC Dominion Securities Inc., CIBC World Markets Inc., Credit Suisse Securities (Canada), Inc., Scotia Capital Inc., Barclays Capital Canada Inc., National Bank Financial Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc., Merrill Lynch Canada Inc. and Raymond James Ltd., as the underwriters.

“**January Secondary Offering Underwriting Agreement**” means the underwriting agreement dated January 15, 2010, entered into in connection with the Secondary Offering, among the Corporation and Bain Dollarama (Luxembourg) One S. à r. l., an entity indirectly owned by funds advised by Bain Capital, 4411145 Canada Inc., 3339408 Canada Inc., 9086-6666 Québec Inc. and Stéphane Gonthier, as the selling shareholders, and RBC Dominion Securities Inc., CIBC World Markets Inc., Credit Suisse Securities (Canada), Inc., Scotia Capital Inc., Barclays Capital Canada Inc., National Bank Financial Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc. and Raymond James Ltd., as the underwriters.

“**Lead Director**” means the lead director of our Board of Directors.

“**LIBOR**” means London inter-bank offer rate. See “Description of Material Indebtedness”.

“**Management Agreement**” has the meaning set out under the heading “Interest of Management and Others in Material Transactions”.

“**NI 52-110**” has the meaning set out under the heading “Audit Committee Information – Composition of the Audit Committee”.

“**Normalized EBITDA**” means the Corporation's operating income in accordance with Canadian GAAP plus amortization expense, adjusted for non-recurring and IPO-related charges.

“**Preferred Shares**” means the unlimited number of preferred shares of the Corporation, issuable in series.

“**Secondary Offering**” means the bought deal secondary offering and the concurrent closing of the over-allotment option pursuant to which certain shareholders sold an aggregate of 11,689,750 Common Shares to the Secondary Offering Underwriters at a price of $24.60 per share resulting in gross proceeds to the selling shareholders of approximately $287,567,850 in the aggregate.

“**Secondary Offering Underwriters**” means RBC Dominion Securities Inc., CIBC World Markets Inc., Credit Suisse Securities (Canada), Inc., Scotia Capital Inc., National Bank Financial Inc., Barclays Capital Canada Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc. and Raymond James Ltd.

“**Secondary Offering Underwriting Agreement**” means the underwriting agreement dated April 14, 2010, entered into in connection with the Secondary Offering, among the Corporation and Bain Dollarama (Luxembourg) One S.à r.l., an entity indirectly owned by funds advised by Bain Capital, 4411145 Canada Inc. and Stéphane Gonthier, as the selling shareholders, and RBC Dominion Securities Inc., CIBC World Markets Inc., Credit Suisse Securities (Canada), Inc., Scotia Capital Inc., National Bank Financial Inc., Barclays Capital Canada Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc. and Raymond James Ltd., as the underwriters.

“**Shareholders Agreement**” has the meaning set out under the heading “Interest of Management and Others in Material Transactions - Shareholders Agreement”.

“**SKUs**” means stock keeping units, a unique number used to identify a specific product.

“**Termination of Management Agreement**” has the meaning set out under the heading “Interest of Management and Others in Material Transactions – Termination of Management Agreement”.

“**TSX**” means the Toronto Stock Exchange.

“**U.S.**” means United States of America.

“**U.S. Securities Act**” means the *United States Securities Act of 1933*, as amended.

“**Western Provinces**” means Alberta, British Columbia, Manitoba and Saskatchewan.

APPENDIX A

CHARTER OF THE AUDIT COMMITTEE OF DOLLARAMA INC.

(the "Charter")

1. PURPOSE

The Audit Committee (the "Committee") is a committee of the Board of Directors (the "Board") of Dollarama Inc. The members of the Committee and the chair of the Committee (the "Chair") are appointed by the Board on an annual basis (or until their successors are duly appointed) for the purpose of overseeing the Corporation's financial controls and reporting and monitoring whether the Corporation complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

2. COMPOSITION

The Committee should be comprised of a minimum of three directors and a maximum of five directors.

(1) The Committee must be constituted as required under National Instrument 52-110 – *Audit Committees*, as it may be amended or replaced from time to time ("NI 52-110").

(2) All members of the Committee must (except to the extend permitted by NI 52-110) be independent (as defined by NI 52- 110), and free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.

(3) No members of the Committee shall receive, other than for service on the Board or the Committee or other committees of the Board, any consulting, advisory, or other compensatory fee from the Corporation or any of its related parties or subsidiaries.

(4) All members of the Committee must (except to the extent permitted by NI 52-110) be financially literate (which is defined as 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 Corporation's financial statements).

(5) Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a director. The Board may fill vacancies on the Committee by election from among the Board. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all powers of the Committee so long as a quorum remains.

3. LIMITATIONS ON COMMITTEE'S DUTIES

In contributing to the Committee's discharge of its duties under this Charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which any member of the Board may be otherwise subject.

Members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, (iii) representations made by management of the Corporation ("Management") as to the non-audit services provided to the Corporation by the external auditor, (iv) financial statements of the Corporation represented to them by a member of Management or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with applicable generally accepted accounting principles, and (v) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

4. MEETINGS

The Committee should meet not less than four times annually. The Committee should meet within 45 days following the end of the first three financial quarters of the Corporation and shall meet within 90 days following the end of the fiscal year of the Corporation. A quorum for the transaction of business at any meeting of the Committee shall be a majority of the members of the Committee or such greater number as the Committee shall by resolution determine.

The Committee shall keep minutes of each meeting of the Committee. A copy of the minutes shall be provided to each member of the Committee.

Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon two days' prior notice to each of the other Committee members. The members of the Committee may waive the requirement for notice. In addition, each of the Chief Executive Officer and the Chief Financial Officer, and the external auditor shall be entitled to request that the Chair call a meeting.

The Committee may ask members of Management and employees of the Corporation (including, for greater certainty, its affiliates and subsidiaries) or others (including the external auditor) to attend meetings and provide such information as the Committee requests. Members of the Committee shall have full access to information of the Corporation (including, for greater certainty, its affiliates, subsidiaries and their respective operations) and shall be permitted to discuss such information and any other matters relating to the results of operations and financial position of the Corporation with Management, employees, the external auditor and others as they consider appropriate.

The Committee or its Chair should meet at least once per year with Management and the external auditor in separate sessions to discuss any matters that the Committee or either of these groups desires to discuss privately. In addition, the Committee or its Chair should meet with the Corporation's Management quarterly in connection with the Corporation's interim financial statements.

The Committee shall determine any desired agenda items.

5. COMMITTEE ACTIVITIES

As part of its function in assisting the Board in fulfilling its oversight responsibilities (and without limiting the generality of the Committee's role), the Committee will have the power and authority to:

A. <u>Financial Disclosure</u>

(1) Review, approve and recommend for Board approval the Corporation's interim financial statements, including any certification, report, opinion or review rendered by the external auditor and the related Management's Discussion & Analysis and press release.

(2) Review, approve and recommend for Board approval the Corporation's annual financial statements, including any certification, report, opinion or review rendered by the external auditor, the annual information form, and the related Management's Discussion & Analysis and press release.

(3) Review and approve any other press releases that contain financial information and such other financial information of the Corporation provided to the public or any governmental body as the Committee requires.

(4) Satisfy itself that adequate procedures have been put in place by Management for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and the related Management's Discussion & Analysis.

(5) Review any litigation, claim or other contingency and any regulatory or accounting initiatives that could have a material effect upon the financial position or operating results of the Corporation and the appropriateness of the disclosure thereof in the documents reviewed by the Committee.

(6) Receive periodically Management reports assessing the adequacy and effectiveness of the Corporation's disclosure controls and procedures.

B. Internal Control

(1) Review Management's process to identify and manage the significant risks associated with the activities of the Corporation.

(2) Review the effectiveness of the internal control systems for monitoring compliance with laws and regulations.

(3) Have the authority to communicate directly with the internal auditor.

(4) Receive periodical Management reports assessing the adequacy and effectiveness of the Corporation's internal control systems.

(5) Assess the overall effectiveness of the internal control and risk management frameworks through discussions with Management and the external auditors and assess whether recommendations made by the external auditors have been implemented by Management.

C. Relationship with the External Auditor

(1) Recommend to the Board the selection of the external auditor and the fees and other compensation to be paid to the external auditor.

(2) Have the authority to communicate directly with the external auditor and arrange for the external auditor to be available to the Committee and the Board as needed.

(3) Advise the external auditor that it is required to report to the Committee, and not to Management.

(4) Monitor the relationship between Management and the external auditor, including reviewing any Management letters or other reports of the external auditor, discussing any material differences of opinion between Management and the external auditor and resolving disagreements between the external auditor and Management.

(5) If considered appropriate, establish separate systems of reporting to the Committee by each of management and the external auditor.

(6) Review and discuss on an annual basis with the external auditor all significant relationships they have with the Corporation, Management or employees that might interfere with the independence of the external auditor.

(7) Pre-approve all non-audit services (or delegate such pre-approval, as the Committee may determine and as permitted by applicable securities laws) to be provided by the external auditor.

(8) Review the performance of the external auditor and recommend any discharge of the external auditor when the Committee determines that circumstances warrant.

(9) Periodically consult with the external auditor out of the presence of Management about (a) any significant risks or exposures facing the Corporation, (b) internal controls and other steps that Management has taken to control such risks, and (c) the fullness and accuracy of the financial statements of the Corporation, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.

(10) Review and approve any proposed hiring of current or former partners or employees of the current (and any former) external auditor of the Corporation.

D. <u>Audit Process</u>

(1) Review the scope, plan and results of the external auditor's audit and reviews, including the auditor's engagement letter, the post-audit management letter, if any, and the form of the audit report. The Committee may authorize the external auditor to perform supplemental reviews, audits or other work as deemed desirable.

(2) Following completion of the annual audit and quarterly reviews, review separately with each of Management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.

(3) Review any significant disagreements among Management and the external auditor in connection with the preparation of the financial statements.

(4) Where there are significant unsettled issues between Management and the external auditor that do not affect the audited financial statements, the Committee shall seek to ensure that there is an agreed course of action leading to the resolution of such matters.

(5) Review with the external auditor and Management significant findings and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.

(6) Review the system in place to seek to ensure that the financial statements, Management's Discussion & Analysis and other financial information disseminated to regulatory authorities and the public satisfy applicable requirements.

E. <u>Financial Reporting Processes</u>

(1) Review the integrity of the Corporation's financial reporting processes, both internal and external, in consultation with the external auditor.

(2) Periodically consider the need for an internal audit function, if not present.

(3) Review all material balance sheet issues, material contingent obligations and material related party transactions.

(4) Review with Management and the external auditor the Corporation's accounting policies and any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with Management, the ramification of their use and the external auditor's preferred treatment and any other material communications with Management with respect thereto. Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.

F. <u>General</u>

(1) Inform the Board of matters that may significantly impact on the financial condition or affairs of the business.

(2) Respond to requests by the Board with respect to the functions and activities that the Board requests the Committee to perform.

(3) Periodically review this Charter and, if the Committee deems appropriate, recommend to the Board changes to this Charter.

(4) Review the public disclosure regarding the Committee required from time to time by NI 52-110.

(5) Review and discuss, on an annual basis, with the external auditor all significant relationships they have with the Corporation to assess their independence.

(6) The Committee may at its discretion retain independent counsel, accountants and other professionals to assist it in the conduct of its activities and to set and pay (as an expense of the Corporation) the compensation for any such advisors.

(7) Review in advance, and approve, the hiring and appointment of the Corporation's senior financial executives.

(8) Perform any other activities as the Committee or the Board deems necessary or appropriate.

6. COMPLAINT PROCEDURES

(1) Anyone may submit a complaint regarding conduct by the Corporation or its employees or agents (including its external auditor) reasonably believed to involve questionable accounting, internal accounting controls, auditing or other matters. The Chair of the Committee will have the power and authority to oversee treatment of such complaints.

(2) Complaints are to be directed to the attention of the Chair of the Committee.

(3) The Committee should endeavour to keep the identity of the complainant confidential.

(4) The Chair of the Committee will have the power and authority to lead the review and investigation of a complaint. The Committee should retain a record of all complaints received. Corrective action may be taken when and as warranted.