ANNUAL INFORMATION FORM

GROUPWORKS FINANCIAL CORP.

December 16, 2010

Groupworks Financial Corp.

TABLE OF CONTENTS

Presentation of Information

This Annual Information Form ("AIF") is intended to provide material information about Groupworks Financial Corp. (the "Company") and its business. In this AIF, the "Company", "we", "us", and "our" refers to Groupworks Financial Corp. and its subsidiaries on a consolidated basis.

Unless otherwise indicated, all information in this AIF is presented at and for the year and fourth quarter ended August 31, 2010. All amounts are expressed in thousands of Canadian dollars except share information. Financial information is presented in accordance with Canadian generally accepted accounting principles (GAAP).

This AIF and other information about the Company can be accessed on www.sedar.com or by writing to Investor Relations, Groupworks Financial Corp., Suite 1800, 360 Main Street, Winnipeg, Manitoba, R3C 3Z3.

Documents Incorporated by Reference

Information has been incorporated by reference in this AIF from documents filed with securities commission or similar authorities in Canada. Copies of documents incorporated herein are available electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

The following documents of the Company are specifically incorporated by reference to and form an integral part of this AIF:

- the audited consolidated financial statements of the Company, including the balance sheets as at August 31, 2010 and 2009 and the statements of income (loss), comprehensive income (loss) and retained earnings (deficit), shareholder's equity and cash flows for the years then ended, together with the notes thereto and the auditor's report thereon, as filed on SEDAR December 16, 2010 (the "Financial Statements");

- management's discussion and analysis and results of operations and financial condition for the year ended August 31, 2010, as filed on SEDAR December 16, 2010 (the "MD&A").

Caution Regarding Forward – Looking Statements

This AIF contains forward-looking statements and information including, without limitation, financial and business prospects and financial outlooks, may be forward-looking statements which reflect management's expectations regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as "may", "will" "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue" and similar expressions and the negative of such expressions have been used to identify these forward-looking statements. These forward-looking statements include, but are not limited to, statements concerning: our ability to maintain profitability and manage growth; the anticipated growth of the human resources industry; the continued outsourcing of administration functions by insurance carriers; the continued payment of and inflation in commission rates paid to brokers to arrange group insurance plans; the continued efficient operation of the Company's third party administration platform; the seasonality of revenues and the resulting possible impairment on working capital; the reliance on and continued employment of and attraction of key professionals; the reliance on and continued ability to work with multiple insurance carriers; there can be no assurance that any suitable future acquisition will be available to us or that, if available, the terms of the acquisition will be favourable to us; and a change in general economic conditions. These forward-looking statements reflect management's current beliefs and are based on information currently available to management. Such forward-looking statements are based on a number of assumptions and factors which may prove to be incorrect, including, but not limited to, assumptions about: demographics, employment and unemployment rates, insurance commission rates, interest rates, availability of experienced advisors and companies continuing to offer benefit plans to their customers. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors and set out in the MD&A under the heading "Risks and Uncertainties". Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may cause actual results to differ materially from those estimated or projected and expressed in, or implied by, the Company's forward-looking statements. Forward-looking statements are based on a number of assumptions which may prove to be incorrect. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward looking statements. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and Groupworks Financial Corp. assumes no obligation to update or revise them to reflect new events or circumstances unless otherwise required by law.

Corporate Structure

Name and Formation

The Company was incorporated under the name Groupworks Financial Corp. on July 5, 2006 pursuant to the *Business Corporations Act* (Ontario) ("OBCA") and the registered head office of the Company is 11 Allstate Parkway, Markham, Ontario, L3R 9T8. The executive office of the Company is 1800 – 360 Main Street, Winnipeg, Manitoba, R3C 3Z3.

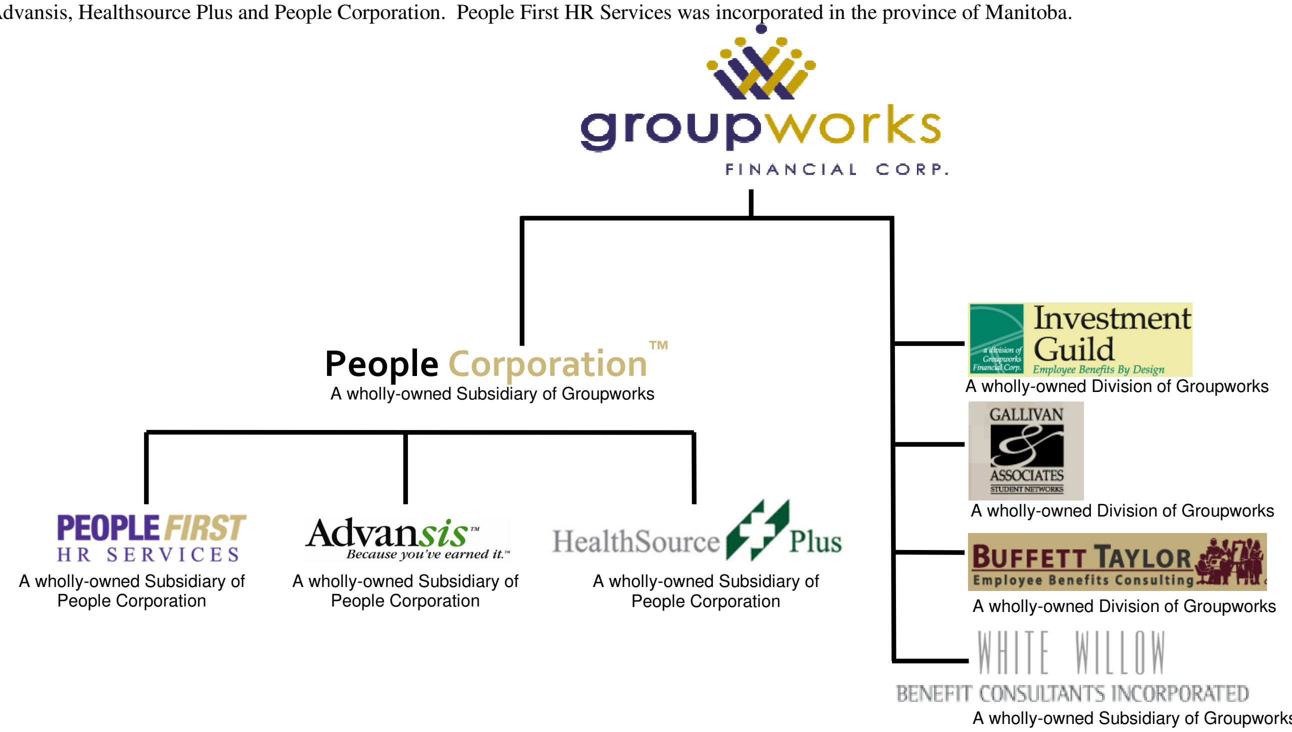
Effective September 1, 2008, the Company amalgamated with its wholly owned subsidiaries, Gallivan & Associates Student Networks Inc. ("Gallivan") and 1246689 Ontario Limited ("124") and continued under the name Groupworks Financial Corp.

Effective January 1, 2009, the Company acquired all the outstanding shares of White Willow Benefits Consultants Incorporated ("White Willow"), a Stouffville, Ontario based group benefits and pension advisory firm.

Effective March 1, 2009, the Company acquired all the outstanding shares of People Corporation ("People") and consequently its three operating entities, Health Source Plus Inc./Source Santé Plus Inc. ("HSP") of Toronto, Ontario, Advansis Capital Corporation and People First HR Services Ltd. ("People First") of Winnipeg, Manitoba.

Inter-corporate Relationships

Note: The following subsidiaries were incorporated in the province of Ontario: White Willow Benefit Consultants Incorporated, Advansis, Healthsource Plus and People Corporation. People First HR Services was incorporated in the province of Manitoba.



General Development of the Business

Formation of the Company

The Company was formed in July 2006 in order to consolidate various pension and benefits advisory and administrative services businesses under a single corporate structure. The Company issued 4,358,334 common shares and raised $795.0 through various private placements and also arranged for $1,000.0 of short term debt which was drawn down for acquisitions as needed. On September 1, 2006, the Company acquired, the Investment Guild Insurance Agency Inc. ("Investment Guild") and Buffett, Taylor & Associates Insurance Agencies Inc. ("Buffett Taylor") both of which operate established pension and benefits consulting and outsourcing service businesses in Canada (See Acquisitions below). On May 1, 2007 the Company amalgamated with its wholly owned subsidiaries the Investment Guild and Buffett, Taylor and continued as Groupworks Financial Corp.

On May 28, 2007 the Company completed its initial public offering (the "Offering") for approximately $3,780.0 before agent fees, by issuing 6,300,000 million units. On June 7, 2007 the Offering was completed when Jones Gable & Company Limited (the "Agent") exercised it's over allotment option for an additional 600,000 units for gross proceeds of approximately $360.0 to the Company. Expenses related to the offering, including Agent's fees, legal fees and accounting fees, totaled approximately $687.2 for net overall proceeds of approximately $3,452.8. Each unit consisted of one common share of the Company (each, a "Common Share") and one-half of one share purchase warrant of the Company (each whole such purchase warrant, a "Warrant"). Each Warrant entitled the holder thereof to acquire, subject to adjustments pursuant to the warrant indenture under which the Warrants had been issued, one Common Share at a price of $1.00 until May 27, 2009, provided the closing price of Common Shares on the principal stock exchange on which such shares traded exceeded $1.20 for 20 consecutive trading days, then the Warrant term would automatically be reduced and the Warrants would expire on the date 30 days following the issuance of a press release announcing the reduced Warrant term. On May 27, 2009, 3,891,000 warrants expired unexercised. On June 6, 2009, the remaining 42,000 warrants associated with the exercising of the over-allotment from the initial public offering expired unexercised.

On July 5, 2007 the Company completed the acquisition of Gallivan & Associates Student Networks Inc. ("Gallivan") and 1246689 Ontario Limited ("124") which operate a student benefits advisory business across Canada. Gallivan operated as a wholly owned subsidiary of Groupworks during fiscal 2008. On September 1, 2008, the Company amalgamated with Gallivan and 124 and continued as Groupworks Financial Corp.

On December 31, 2008 the Company signed a share exchange agreement acquiring all the outstanding shares of People and consequently its two operating entities, HSP of Toronto, Ontario and People First of Winnipeg, Manitoba. The transaction closed on March 1, 2009 after receiving regulatory approval. The Company operates People as a wholly owned subsidiary. In addition, People owns a subsidiary called Advansis Capital Corporation ("Advansis") which provides benefit technology related services to HSP.

Effective January 1, 2009 the Company acquired all of the outstanding shares of White Willow of Stouffville, Ontario. The Company operates White Willow as a wholly owned subsidiary.

The Company recently completed a detailed strategic review, corporate financial plan and planning process that will better enable the execution of the Company's plan to roll up the employee benefits consulting industry in Canada. To this end, the Company has a funnel of possible acquisitions in place and the financial and management resources in place to execute such acquisitions in accordance with its strategic plan. On May 4, 2010 the Company announced that it had entered into a memorandum of understanding with a major Canadian financial institution to provide acquisition financing in the amount of $9 million.

Significant Acquisitions

The Company's business plan, in addition to organically growing the Company through client growth and product expansion, is to acquire additional businesses which are complementary to the existing businesses. Management has identified and is pursuing a number of group benefit, pension advisory and HR businesses across Canada. To-date the Company has completed five acquisitions which includes six operating entities.

The Investment Guild

The Investment Guild which was established in 1981 specializes in corporate benefits, association plan benefits and flexible benefits, and is based in Markham, Ontario. On September 1, 2006 shares were purchased for consideration of $2,778.2 involving; short-term debt, vendor-take-back debt and common shares. Included in the acquisition was $778.2 of real estate assets that were subsequently sold.

Buffett Taylor

Buffett Taylor established in 1981 based in Whitby, Ontario, specializes in group benefits in the public, private and not-for-profit sectors. On September 1, 2006 the shares of Buffett Taylor were purchased from Buffett, Taylor & Associates Insurance Agencies Ltd. in exchange for $3,161.4. The present value of the consideration given was $2,900.6 and was settled with cash, vendor-take-back debt and common shares of Groupworks.

Gallivan

On July 5, 2007, the Company purchased the shares of Gallivan and 124, a group benefits advisory company based in Waterloo, Ontario, that specializes in University and College student health and dental benefits in Canada. The aggregate purchase price paid for Gallivan was $5,893.6 and was settled with cash, vendor-take-back debt and common shares of Groupworks.

White Willow

Effective January 1, 2009, the Company purchased the shares of White Willow, a group benefits advisory company based in Stouffville, Ontario. The present value of the consideration given was $1,201.9 and was settled with cash, vendor-take-back debt and common shares of Groupworks.

People

On March 1, 2009 the Company merged with People a private Canadian–owned firm, based in Winnipeg with offices in Toronto, St. Catharine's and Montreal, that delivers employee group benefit consulting, pension consulting and third party benefits administration services, as well as, recruiting services, strategic HR consulting and career management services to help companies recruit, retain and reward employees. People operates through two legal entities: HSP and People First. In addition, People owns a subsidiary called Advansis which provides benefit technology related services to HSP. The aggregate purchase price paid for People was approximately $6,231.6. The present value of the consideration given was $5,808.0 and was settled with vendor take-back debt and common shares. The Company filed a Business Acquisition Report in respect of the People acquisition on Form 51-102F4 on May 14, 2009.

Description of the Business

General

The Company delivers employee group benefit consulting, third party benefits administration, group retirement consulting, strategic HR consulting and recruitment services to help companies recruit, retain and reward employees. The Company achieves this through its approximately 180 professionals and support staff with ten offices in six provinces in Canada. The Company earns its revenues from a diverse base of over 500 clients in various industries. Approximately 84% of the Company's revenues come from employee group benefit consulting, third party benefits administration and group retirement consulting while the remainder comes from strategic HR consulting and recruitment services. The shares of the Company trade on the TSX Venture Exchange under the symbol "GWC".

Although, the human resource industry is highly competitive and fragmented, the Company anticipates significant growth in the industry the next ten years. As the baby boomers age, companies in Canada will increasingly be faced with a shortage of qualified talent. Virtually every company in Canada purchases HR products or services, be it employee benefits, life and health insurance products, recruitment services, payroll processing, consulting services, training and development, group pension services or other outsourcing functions and services. To take advantage of this unique opportunity within a vast marketplace the Company focuses on group and employee benefit advisory and administrative services, group pension consulting, human resource consulting and recruitment services. The Company is moving towards a greater emphasis on delivering solutions to clients that meet their benefit, pension and human resources needs on an integrated basis in an effort to help employers reduce costs while still being in a competitive position to attract and retain employees.

Revenue from group benefit consulting is primarily earned by receiving commissions through and from various insurance carriers. Revenues from third party administration services are earned by charging clients a percentage of claims adjudicated and by earning higher commissions from insurance carriers as the insurance carrier is effectively outsourcing this service to the Company. The Company is a reseller of benefit products and services and therefore assumes no underwriting risk as the insurance policy is underwritten by the insurance carrier.

Revenue from group retirement consulting is principally earned through commissions and fees earned from pension assets under administration and is paid by the carrier which administers and invests the funds.

The HR consulting and recruitment services offered by the Company derive revenue primarily by charging clients fees for consulting engagements. Fees for HR consulting services are generally based on hourly rates and depend on the nature of the project and skill set and experience of the consultant engaged on the project. Fees for recruitment services are generally charged as a percentage of base or total compensation (base and target bonus) of the candidate being placed. Fees for career management services are based on the level of the program selected by the client. Fees are negotiated with the client prior to the services or engagement starting.

The Company earns interest income from cash balances which is recorded in revenue.

The largest operating expense of the Company is compensation and related costs which includes salaries, commissions, bonuses, stock options, group benefits, and payroll taxes. Other operating expenses include occupancy costs, technology costs (equipment leases, telecommunications and software), non recoverable client service costs (such as printing, travel and third party professional services), claims adjudication fees, training, marketing, office costs, professional services (legal and audit) and insurance.

Service Overview

Although the Company is moving towards a greater emphasis on going to market on an integrated basis, the core service offering of the Company can be divided into five areas:

1. Benefits Consulting
2. Pension Consulting
3. Benefit Administration Outsourcing
4. Recruitment Services
5. HR Consulting Services
6. Career Outplacement Services

Benefit Consulting

Within the benefit consulting service area the Company focuses on providing clients services that include plan review and plan design, plan recommendations and alternative funding methods, plan set-up, employee communications, wellness programs and plan marketing. The majority of the services are provided to clients during the initial phase of attracting and implementing new clients and then annually when client benefit policies renew.

The Company’s consultants are divided into teams that focus independently of each other on student benefits, public sector benefits, association benefits, corporate benefits and alternative funding methods including self-insurance. While each team goes to market independently, the Company has an advisor group that brings the skills together and therefore the Company is able to proactively approach client assignments in a manner that brings the expertise from various consultants together where necessary.

The Company is a reseller of benefit products and services and therefore assumes no underwriting risk as the insurance policy is underwritten by the insurance carrier.

Pension Consulting

With the pension consulting service area the Company focuses on providing services that include review and design of group retirement solutions, governance and regulatory reviews, employee communication, benchmarking analysis, carrier selection and asset allocation, investment policies and investment manager evaluations.

The Company does not act as a money manager and has no direct involvement in investing and managing plan assets.

Benefit Administration Outsourcing

The Company has established an administration platform that brings together multiple carriers onto one administration platform therefore enabling the Company to administer client plans in a unique way.

The Company specializes in providing administration services for group benefit programs that includes: plan management, enrollment, employee adds, changes and deletes, data management, billing and reporting. The Company serves as an independent data clearinghouse on behalf of the plan sponsor – this allows the benefit consultant to work with the plan sponsor to select from various insurance carriers and funding options that are best suited to the benefit categories within the plan sponsor's employee benefits program. The benefit to the client is multiple carriers and funding alternatives are available to them but on one consolidated billing and reporting platform.

Once the client is on our administration platform, the Company can seamlessly work with multiple carriers in the background to help the client take advantage of opportunities like plan design changes, market changes, carrier changes, etc. We use the collective buying power of our whole client base to negotiate competitive administration and transaction fees. In addition, we are able to negotiate broad-based programs with program providers, while providing our clients with access to various programs for free.

The system is capable of administering both traditional group benefit programs, as well as, benefit programs with alternative funding arrangement e.g. self-insurance and administration services only (ASO) plans. Our innovative technology based platform includes a self-serve administration portal that allows a plan sponsor to log onto our systems in a secured manner through a web based portal and self-manage their employee benefit program. We are constantly working towards adding new features to the portal such as self-managed reporting, online access to billings and employee information.

Recruitment Services

Our experienced recruiting consultants provide specialized recruiting services and a wide range of search techniques to help find a solution that best meets our client's unique hiring needs. The Company works in partnership with clients to learn about their business objectives and works to ensure that the selected candidate(s) has the talent and skills needed to succeed and achieve the organizations long term objectives.

Our recruiting team delivers a broad range of services, including:

Permanent Recruitment: We focus on fit and retention. From our initial meeting to learn about the role and company culture, to developing a recruitment strategy, to sourcing of candidates, to presentation, and assisting with offer of employment, our goal is to work with the client throughout the entire recruitment process.

Project/Contract/Interim Staffing: Many companies face the need to fill multiple positions in a short period of time. Whether it is junior professionals or senior level managers, we make sure to recruit the candidates the client needs to meet its business goals through times of change.

Talent Marketing: Many of our clients are the first to know about top quality candidates that we encounter in the market. This is achieved through strong client relationships, understanding our clients business needs and our ability to match candidates with clients.

We have recruiters dedicated to finding candidates in the following areas;

- Executive Search
- Finance & Accounting
- Information Technology
- Engineering & Technical
- Supply Chain
- Healthcare
- Human Resources
- Sales & Marketing
- Office Professionals
- Contract Staff

HR Consulting Services

Our experienced consults works with our clients to diagnose, design and deliver customized human resource solutions that help the client maximize their business outcomes while building the desired culture they want.

Our HR consulting team delivers a broad range of services, including:

- HR Consulting Services
- Compensation Services
- Assessment Services
- Talent Management

Each of these service offerings can be further broken down as follows:

HR Consulting Services

- HR Strategic Planning
- HR Audits
- Competency Development
- Succession Planning & Talent Management Strategies
- Retention Strategies
- Policy Development
- Organizational Change Management

Compensation Services

- Access to our Annual Compensation Survey
- Job Evaluation Systems
- Salary Ranges & Administration Systems
- Incentive Plans (Short and Long Term)
- Customized Compensation Surveys

Assessment Services

- Employee Satisfaction and Engagement Surveys
- Psychometric Profiling
- Team Effectiveness Assessment
- Leadership Assessments
- CEO Evaluations
- Investigations

Talent Management

- Performance Management
- Leadership and Executive Development
- Customized Leadership Development Programs (Course Outlines)
- Executive Development Programs
- Executive & Management Retreats
- Team Building

Management Executive Coaching

Executive Onboarding

Executive & Management Coaching

Career Outplacement Services

Our career outplacement consultants focus on delivering solutions to our clients, on an individual or large scale nature, that provides client employees with a dignified "exit" upon termination, plant closure or downsizing.

Our career outplacement team delivers a broad range of services, including:

- Advice on logistics
- Training sessions for managers and HR specialists on the best practices used in termination planning
- Advice on the most effective internal and external communications
- Coordinating activities during the dismissals
- On-site individual meetings with dismissed employees
- Regular feedback in the form of telephone or written progress reports to keep the client informed of the former employee's progress

Brand Names and Trademarks

The Company operates under a number of different brand names which includes:

- Healthsource Plus Inc
- The Investment Guild
- Gallivan and Associates
- Buffet Taylor and Associates
- White Willow Benefit Consultants Inc
- People First HR Services Ltd

The Company has trademarked the following names:

- People Corporation
- Advansis Capital Corporation

Customer Lists and Contracts

The Company is dependent upon the relationships and contracts it has with its various customers. Through various acquisitions, the Company acquired customer lists and customer contracts through which the Company derives its revenue. In addition to the existing revenue earned through these customers and contracts the Company focuses on cross-selling additional solutions, products and services.

Software

The Company is dependent upon various third party software platforms to administer its customers and services, to provide its third party benefits administration services and to invoice and bill its clients for various services and product offerings. The Company also relies upon third party websites and tools to provide services to its clients.

Licenses

The Company has a license agreement with KWA Partners (Canada) Inc to use the KWA Partners trademarks, to use the KWA Partners branding and to sell products and services designed through the KWA network for the purposes of providing career transition and career management services to clients in the Province of Manitoba, the Province of Saskatchewan, and in North Western Ontario.

Seasonality

Revenues for the first three quarters of the fiscal year has minimal fluctuations due to seasonal impacts. For the fourth quarter, the Company expects marginally higher revenues due to the renewal of a large association client, as well as, the seasonal impacts associated with student benefit advisory services. While revenues are generally consistent from quarter to quarter, cash flows are greatest in the first quarter, followed by the fourth quarter. These seasonal cash flow impacts are the result of the renewal of a large association client and the receipt of commission advances relating to student benefit advisory services.

Revenue Dependency

The Company has various producer and commission agreements with insurance carriers through which it earns its commission revenues, the loss of any of these relationships could have a material adverse impact on the profitability of the Company and a material impact on the ability of the Company to service its clients.

Employees

At the end of Fiscal 2010 the Company employed approximately 180 employees. The Company is dependent upon these employees to earn its revenues and to service Clients. The loss of key employees, especially those that are directly responsible for revenue generation and those responsible for providing services to Clients, could have a material adverse effect on the Company.

Competitive Conditions

Small and medium enterprise group insurance and pension consulting is serviced by a large number of small regional and local participants. The balance of the industry, which is focused on large employers and government accounts, is serviced by a small number of multinational consulting firms. The scope of services offered includes pension and benefits consulting, pension and benefits administration, communication consulting, actuarial services and wellness consulting.

The industry has been under significant competitive pressure over the past several years due to the significant cost increases in group insurance premiums due to increasing healthcare costs, aging demographics and related consumer utilization. With an aging population that is both living and working longer and taking advantage of more medical services and improvements in drugs; cost and utilization are naturally increasing. This, combined with the continued cost shifting from the public to the private sector through reduced coverage under provincial Medicare programs and other public plans, and the long term outlook for group insurance costs, suggests that such premiums will continue to rise. In addition, the group insurance and pension consulting industry has undergone a substantial corporate restructuring in recent years, including a significant consolidation of insurers which has in turn resulted in less competition and potentially increased premiums charged to clients. Employers who provide group insurance coverage are therefore demanding greater services from their insurance advisors, including enhanced resources, outsourcing solutions and more creative ways to reduce costs. The multinational consulting firms primarily offer fee based consulting and administrative services, with the balance of the marketplace operating primarily on commission based compensation, with limited fee based services available depending upon the client and the services required.

HR consulting and staffing services is dominated by many small players and a few larger multinational firms. The aging workforce and limited inflow of skilled labour has long been recognized as creating a shortage of skilled labour and talent, therefore, increasing the need for client companies to use recruitment firms and HR consulting firms to help them to recruit, retain and reward employees. This is particularly evident in many small to medium sized enterprises which lack the expertise and internal resources to effectively recruit and retain talent, therefore the need to outsource this function. HR consulting and recruitment firms primarily offer fee based services.

Risk Factors

The Company operates in a well established and highly competitive industry and its results of operations, business prospects and financial condition are subject to a number of risks and uncertainties and are affected by a number of factors outside the control of management of the Company. These factors include, but are not limited to, the following:

Key Personnel

The Company is highly dependent upon the expertise and experience of its personnel, particularly those engaged in generating revenue. The Company's operations depend, in part, on the relationships and reputations these individuals have established with clients, often over many years. In the event the Company were to lose key personnel, client relationships could be negatively impacted which could lead to material adverse effects on the Company's operating and financial results. In addition, many of the Company's employees have developed specialized expertise and experience in the delivery of HR and benefit solutions. These solutions include, but are not limited to, specialized HR consulting engagements, recruitment projects, career management, benefits plan design and administration, legislative and regulatory issues, as well as group retirement plan design.

The Company currently has many well experienced employees that have served the Company for five years or more, who hold senior positions in the Company, that have various professional designations and that have developed deep and trusted relationships with clients. While the Company provides a competitive compensation structure including stock options to its employees and has signed comprehensive employment agreements with its employees to protect the Company, in the event that the Company were to lose any of its key personnel, it may have a material adverse effect on the business of the Company. The ability to attract, retain and develop new employees into senior positions could affect the business of the Company.

Regulation and Certification

The Company's benefit and pension consulting and administration services are subject to laws and regulations that are constantly evolving. In addition, the laws and regulations differ from province to province and the Company is required to keep up to date with the laws and regulations of each province.

Although there are currently restrictions on the ability of Canadian banks to market insurance products in competition with the Company, such legislation is currently under review. Accordingly, dependent upon the nature of legislative reforms, Canadian banks may in the future be able to offer products which are competitive with the products offered by the Company.

Currently the provisions of recruitment services and HR consulting engagements are not generally subject to government regulation. However, there is no certainty that regulation will not be introduced. Any changes to laws, rules, regulations or policies could have a material adverse effect on the Company's business, financial condition and operating results.

Termination of Contracts

Group insurance contracts are generally re-negotiated on an annual basis with clients, pursuant to which insurance premium pricing increases or decreases. Accordingly, there can be no guarantee that insurance contracts sold through the Company in the past will be renewed on a go-forward basis. While the Company has several benefit and insurance clients with contracts that extend for one to seven years, the majority of the Company's benefit and pension revenue is derived from contracts that can be cancelled with thirty days notice. The Company's experience is that most clients terminate during the renewal process rather than during the policy year. No single client makes up more than 10% of the Company's revenue and the clients are diversified both in size and industry. During the renewal process the benefits consulting team will provide benefits planning and consulting services which could result in decreased benefits coverage and/or decreased premiums which generally results in decreased revenue for the Company. The Company is often paid commissions in advance from the insurance carrier. In the event that a contract is terminated by a client and the Company has been paid in advance for the year, then the Company may rebate the amount paid on a pro rata basis to the insurance company.

Competitive Conditions

The insurance brokerage market is highly competitive and is composed of a large number of companies of varying size and scope of services. Insurance companies themselves also offer their products through other methods, including insurance agents and direct distribution channels, which are competitive with the insurance brokerage industry and the Company.

Future growth via acquisitions dependent on suitable targets

The Company's growth and expansion plans contain a dual approach of generating organic growth through enhanced service offerings amongst the Company's existing client base and through ongoing acquisition of independent Group Benefit, Pension Advisory businesses and HR Consulting and Staffing firms at reasonable prices. There can be no assurance that an adequate number of suitable acquisition candidates will be available to the Company to meet this area of focus of its expansion plans, or in the event that such businesses are available for acquisition that they will be available at a price which would allow the Company to operate on a profitable basis. The Company competes for acquisition and expansion opportunities with entities that have substantially greater resources than the Company and these entities may be able to outbid the Company for acquisition targets.

Inability to successfully integrate future acquisitions

There can be no assurance that the businesses acquired by the Company in the future will achieve acceptable levels of revenue and profitability or otherwise perform as expected. The Company has limited experience in acquiring and integrating brokerages in other markets. The Company may be unable to successfully integrate any business it may acquire in the future, due to diversion of management attention, strains on the Company’s infrastructure, difficulties in integrating operations and personnel, entry into unfamiliar markets, or unanticipated legal liabilities or tax, accounting or other issues. A failure to integrate acquired businesses may be disruptive to the Company’s operations and negatively impact the Company’s revenue or increase the Company’s expenses.

Additional financing, which it may not be available

The Company has relied principally on equity and vendor-take-back debt financing to fund its acquisitions. The Company may require additional funds to make future acquisitions of Group Benefit and Pension Advisory businesses and may require additional funds to market and sell its products into the marketplace. The ability of the Company to arrange such financing in the future, and to repay its existing debt, will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, when needed, on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. If additional financing is not available on terms favorable to the Company, the Company may be unable to grow or may be required to limit or halt its expansion plans. In addition, the Company’s existing creditors, some of whom have security interests in the Company’s assets, may exercise their rights to acquire or dispose of the Company’s assets.

No intention to declare dividends

The Company currently intends to retain any future earnings to fund growth and operations and it is not likely to pay any dividends in the immediate or foreseeable future. Any decision to pay dividends on its common Shares in the future will be made by the Board of Directors on the basis of the Company’s earnings, financial requirements and other conditions at such time.

Reputational Risk

The Company is dependent, to a large extent, on its client relationships and its reputation with clients. In addition, the HR Consulting and Staffing part of the Company is dependent upon its reputation with potential candidates that will be placed with clients through its recruitment services. The Company's reputation can be significantly damaged by failing to deliver timely and quality consulting and recruitment services or by failing to provide quality services to potential candidates. The benefit and pension part of the Company relies upon information systems and technology to maintain accurate records and to carry out its contractual administrative obligations. Failing to meets its contractual obligations to clients could result in litigation as well as significant reputational damage to the Company. Damage to the Company's reputation could result in the loss of client and candidate relationships which could result in a material adverse effect on the Company's business, financial condition and operating results.

Canadian Economy

The Company's future success is dependent upon the direction and state of the Canadian economy. The business, operating results and financial condition of the Company could be materially affected by a prolonged and deep recession or downturn in the Canadian economy. The Company may not have sufficient financial resources to withstand a prolonged and deep recession.

Government Regulation

Licensing is required under the laws of the Province of Ontario in order to carry on the business of insurance within the province. The Financial Services Commission of Ontario ("FSCO") is the self regulatory body which provides a variety of licensing and registration services to stakeholders in the insurance sector in Ontario. In this regard, FSCO has established the Life License Qualification Program (LLQP), which is a self-study program designed to be recognized as a common standard for life, health and travel insurance advisors. In addition, individuals engaged in the insurance advisory industry may opt to pursue a variety of additional professional qualifications, such as (i) the Chartered Life Underwriter (CLU) designation, specializing in the areas of income replacement, risk management, estate planning, and wealth transfer; (ii) the Certified Financial Planner (CFP) designation, concerning personal financial planning, investment products and investing strategies; and (iii) the Certified Employee Benefits Specialist (CEBS) designation. These designations as well as others are granted by independent governing bodies such as the Financial Planners Standards Council, the Financial Advisors Association of Canada and The International Foundation, and are independently regulated by such bodies. In addition, although there are current restrictions on the ability of Canadian banks to market insurance products in competition with the Company, such legislation is currently under review. Accordingly, dependent upon the nature of legislative reforms, Canadian banks may in the future be able to offer products which are competitive with the products offered by the Company.

The benefit and pension consulting and administration services business is subject to laws and regulations that are constantly evolving. In addition, the laws and regulations differ from province to province and the Company is required to keep up to date with the laws and regulations of each province. Currently the provisions of recruitment services and HR consulting engagements are not generally subject to government regulation. However, there is no certainty that regulation will not be introduced. Any changes to laws, rules, regulations or policies may have a material adverse effect on the business, its financial condition and operating results.

Description of Capital Structure

General Overview

The authorized capital of the Company consists of an unlimited number of Common Shares. As at December 16, 2010, there are issued and outstanding 32,970,527 Common Shares. The holders of the Common Shares are entitled to one vote in respect of each share held at all meetings of shareholders. Holders of Common Shares have the right to receive dividends, if any, as and when declared from time to time by the Board of Directors of the Company and any remaining property in the event of liquidation, dissolution or winding-up of the Company.

Dividends

There are no restrictions on the Company to pay dividends. The Company does not have a formal dividend policy and has never declared or paid cash dividends on the Common Shares. The Company currently intends to retain any future earnings to fund the development and growth of its business and will pay dividends in the future, if any, as determined by the Board of Directors.

Market for Securities

The Common Shares trade on the TSX Venture Exchange ("TSXV") under the symbol "GWC". There are no other securities listed and there are no securities listed on a foreign exchange. The following table sets out the price range and trading volumes of the Common Shares on the TSXV during fiscal year ended 2010:

Month	Low	High	Close	Volume
2009 Trading Volume				
September	$0.26	$0.34	$0.28	187,700
October	$0.22	$0.33	$0.30	266,000
November	$0.22	$0.30	$0.24	333,500
December	$0.24	$0.30	$0.25	116,000
2010 Trading Volume				
January	$0.19	$0.28	$0.19	281,000
February	$0.19	$0.26	$0.26	429,000
March	$0.25	$0.22	$0.25	55,000
April	$0.21	$0.26	$0.21	82,600
May	$0.16	$0.27	$0.20	483,000
June	$0.20	$0.24	$0.20	43,000
July	$0.18	$0.20	$0.20	56,100
August	$0.20	$0.30	$0.30	58,500

Treasury Shares

During the Fiscal Year ending August 31, 2010 the Company issued 166,666 shares to an insider of the Company for $0.30 per share for total cash contribution to the Company of $49,999.

Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

As at December 16, 2010, the Company has a total of 7,637,368 Common Shares in escrow.

The following table sets out information concerning the Common Shares in escrow:

	Number of Common Shares remaining in Escrow	Percentage of Class
White Willow [1]	513,000	6.72%
People [2]	7,124,368	93.28%
Total	**7,637,368**	**100.00%**

1. The Company has 513,000 Common Shares remaining in escrow in connection with the acquisition by the Company of White Willow. These Common Shares are being held in escrow by Equity Financial Trust (the "Equity") pursuant to the escrow agreement dated January 30, 2009 among the Company, Equity, Cathy Fuchs and Christian Fuchs. The Common Shares will be released from escrow as follows: 1/3 of the Common Shares will be released on the 24 month anniversary and 1/2 of the remaining Common Shares will be released from escrow on the 30 month anniversary, and any remaining Common Shares will be released on the 36 months anniversary of the closing of the White Willow acquisition.

   Special early release conditions exist for the shares remaining in escrow. Provided that the escrow agent has not received a claim, if a security holder dies, such security holder's escrow securities will be released from escrow.

2. The Company has 7,124,368 Common Shares remaining in escrow in connection with the acquisition by the company People. These Common Shares are being held in escrow by Equity pursuant to the escrow agreement dated March 1, 2009 among the Company, Equity, Eric Shulman, Bruce Bell, Jeff Stinchcombe, Brevan Canning, The Carducci Group Inc, 5489351 Manitoba Ltd, Laurie Goldberg and Laurie Goldberg & Cy Fein, Trustees of the Goldberg Business Trust. The Common Shares will be released from escrow as follows: 1/3 of the Common Shares will be released on the 24 month anniversary and 1/2 of the

remaining Common Shares will be released from escrow on the 30 month anniversary and any remaining Common Shares will be released on the 36 months anniversary of the closing of the People acquisition.

Special early release conditions exist for the shares remaining in escrow. After March 31, 2010, provided that the escrow agent has not received a claim, if a security holder dies, such security holder's escrow securities will be released from escrow. In the event that employment is terminated before March 31, 2011, with certain employees that are also security holders of escrowed securities, such security holders will be allowed to sell the remaining escrowed securities pursuant to repurchase agreements.

Credit Agreements

The Company has a maximum operating line of credit of $1,000.0 which bears interest at prime plus 0.25% with no specific payment terms. The Company has not used the operating line of credit since establishing the line.

The Company has a memorandum of understanding with a large financial institution to support acquisitions by way of an acquisition line in the amount of $9,000.0. The memo allows for a maximum of $3,000.0 of funding per acquisition. The interest rate for the facility is based on the Bloomberg quoted GOC Bond rate plus 550 basis points on the day prior to closing. The repayment terms range up to seven years with three to five years of interest only payments followed by interest and principal payments. The interest only period depends to the percentage of the purchase price financed through the acquisition line.

Executive Officers

The names and municipalities of residence for the executive officers of the Company as of the date hereof and their respective principal occupations within the five preceding years are as follows:

Executive Officer Name and Municipality of Residence	Principal Occupations During the Past 5 Years	Percentage of Common Shares held	Number of Common Shares held
Laurie Goldberg Winnipeg, Manitoba Canada	• Chief Executive Officer, Groupworks Financial Corp. (2009 to present) • Chief Executive Officer, People Corporation (2005 to 2009) • Chief Operating Officer of Crocus Investment Fund (2004) • Chief Operating Officer and Office of the President, Assante Corporation (1998 to 2003)	11.06%	3,646,747
John Gallivan Kitchener, Ontario Canada	• President, Groupworks Financial Corp. (2009 to present) • Chief Executive Officer, Groupworks Financial Corp. (2008 to 2009) • President, Gallivan & Associates (1991 to 2008)	5.15%	1,698,764
Bonnie Chwartacki Winnipeg, Manitoba Canada	• Executive Vice President, Groupworks Financial Corp. (2009 to present) • Vice President, People Corporation (2008 to 2009) • Partner, Connor, Clark & Lunn Capital Markets Inc. (2004 to 2008)	-	-
Brevan Canning Winnipeg, Manitoba Canada	• Vice President Finance, Groupworks Financial Corp. (2009 to present) • Vice President Finance, People Corporation (2005 to 2009) • Corporate Development Analyst, CanWest Global Communications (2003 to 2005) • International Controller, Band-X Ltd (2001 to 2002) .	0.39%	128,809
Sean Cleary Oakville, Ontario Canada	• Vice President Corporate Development, Groupworks Financial Corp. (2009 to present) • Senior Vice President, Quest Securities Corporation (2007) • Managing Director, Rathlin Capital International Inc. (2003 to 2008)	2.26%	745,517

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

As at the date hereof, to the best knowledge of the Company, no director or executive officer of the Company is presently, or has been during the ten (10) years prior to this date, been a director, chief executive officer or chief financial officer of any company (including the Company) that (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days (an “Order”) while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company, or (ii) that was subject to an Order issued after that person ceased to be a director, chief executive officer or chief financial officer of the relevant company that resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company.

Except as discussed below, as of the date hereof, to the best knowledge of the Company no director, executive officer of the Company or shareholder holding sufficient number of securities to materially affect control of the Company is presently, or has been during the ten (10) years prior to the date hereof (i) a director or executive officer of any company (including the Company) that 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, a receiver manager or a trustee appointed to holds its assets, while such person acted as a director or executive officer of such company or within one year following the date on which such person ceased to act as a director or executive officer of such Company, or (ii) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became 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.

Laurie Goldberg resigned from Crocus Investment Fund effective January 2005, and on June 28, 2005, Deloitte & Touche Inc. was appointed Receiver and Manager of Crocus Investment Fund by the Manitoba Court of Queen’s Bench.

Conflicts of Interest

There are no existing or potential material conflicts of interest between the Company or a subsidiary of the Company and any Officer of the Company or any Officer of a subsidiary of the Company.

Legal Proceedings

During the most recently completed financial year, there were no outstanding legal proceedings or regulatory actions in which the Company is involved outside the ordinary course of business or that the Company would anticipate would result in a material adverse impact to the Company, its financial condition or its results of operations. On December 17, 2010, the Company was served, along with other defendants, with a statement of claim from a competitor alleging, among other things, induction of breach of contract. The statement of claim was filed in the Ontario Superior Court of Justice for damages against the Company in the amount of $2,000,000 plus punitive damages. The Company intends to defend this claim and does not believe that the outcome of this claim will be material to the financial position of the Company.

Interest of Management and Others in Material Transactions

There are no material transactions with directors or executive officers or a person or company that beneficially owns, or controls or directors, directly or indirectly, more than 10 percent of Common Shares other than for vendor-take-back debt between the Company and its subsidiaries with Laurie Goldberg in connection with the Company's acquisition of People.

Laurie Goldberg

Mr. Laurie Goldberg, a director and executive officer of the Company, along with the other vendors of People is owed $1,794,861 as at the date of this AIF. The amount outstanding relates to the vendor-take-back debt received as consideration on the sale of People to the Company and the vendor-take-back debt on People's books assumed as part of the People transaction. Please see the section in this AIF entitled "Significant Acquisitions" for more details.

Transfer Agents and Registrars

The registrar and transfer agent of the Company is Equity Financial Trust (formerly Equity Transfer & Trust Company) at its principal office in the city of Toronto**.**

Interest of Experts

As at the date hereof, the partners and associates of Meyers Norris Penny LLP, the auditors of the Company, do not own any of the issued shares of the Company.

Material Contracts

The only material agreements entered into by the Company within the last financial year or which are still in effect, other than in the ordinary course of business, are as follows:

1. The purchase agreements relating to the acquisitions described under "Significant Acquisitions";

2. The escrow agreements relating to the acquisitions described under "Significant Acquisitions" and under "Escrowed Securities";

3. The vendor take back loans and related agreements relating to the acquisitions described under "Significant Acquisitions"

Board of Directors

The directors of the Company are elected at each annual meeting and hold office until the next annual meeting or until their successors are appointed. The names and municipalities of residence for the directors of the Company as of the date hereof and their respective principal occupations within the five preceding years are as follows:

Director Name and Municipality of Residence	Date of Election	Principal Occupation During the Past 5 Years	Percentage of Common Shares Held	Number of Common Shares held
Laurie Goldberg (C) Winnipeg, Manitoba Canada	March, 2009	• Chief Executive Officer, Groupworks Financial Corp • Chief Operating Officer and Office of the President, Assante Corporation • Managing Partner, Arthur Andersen (now Deloitte)	11.06%	3,646,747
Gery Barry (A) (E) Hartford, Connecticut Canada	June, 2008	• President MedImpact International, an international, health benefits management company. • President Barry-Global Strategic Services, a consulting firm • Chief Strategy Officer, Aetna Life Insurance Company • Chief Executive Officer, Blue Cross Blue Shields Louisiana, an insurance company	0.03%	10,000
Scott C. Anderson (A) (E) Toronto, Ontario Canada	February, 2009	• Chief Executive Officer, The Catalyst Company	0.24%	80,500
Robert Sillcox (A) (E) King City, Ontario Canada	September, 2007	• Retired business investment professional since 2008 • Chairman, Quant Investment Strategies Inc., an investment advisory business until April 2008	0.03%	10,000

Legend:
(A) - Audit Committee
(C) - Chairman of the Board of Directors
(E) - Executive Compensation & Corporate Governance Committee

Audit Committee Charter

Mandate

The primary function of the Audit Committee (the "Committee") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company’s systems of internal controls regarding finance and accounting, and the Company’s auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels.

The Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company’s financial reporting and internal control system and review the Company’s financial statements.
- Review and appraise the performance of the Company’s external auditors.
- Provide an open avenue of communication among the Company’s auditors, financial and senior management and the Board of Directors.
- Provide an open avenue of communication among the Company’s financial management and the Board of Directors.

Composition

The Committee shall be comprised of three Directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company’s Charter, the definition of “financially literate” is 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 presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet a least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

1. Review and update this Charter annually.
2. Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.
3. Review annually the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
4. Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.
5. Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
6. Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
7. Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
8. At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
9. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
10. Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
11. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:

i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than ten percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;

ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and

iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

12. In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
13. Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
14. Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
15. Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
16. Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
17. Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
18. Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
19. Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
20. Review certification process.
21. Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
22. Review any related-party or significant transactions.

Additional Information

Additional information relating to the Company can be found on SEDAR at www.sedar.com or by writing to Investor Relations, Groupworks Financial Corp., Suite 1800 - 360 Main Street, Winnipeg, Manitoba, R3C 3Z3.

Financial information is provided in the Financial Statements and MD&A for its most recently completed financial year which are filed on SEDAR. Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under the Company's equity compensation plan is contained in the Company's Management Proxy Circular prepared in connection with the Company's Annual and Special Meeting of Shareholders to be held on February 23, 2011.