

This *Management's Discussion and Analysis* ("MD&A") presents an analysis of the financial condition of C.A. Bancorp Inc. (referred to herein as the "Company" and formerly called Masthead Resources Ltd.) for the year ended December 31, 2006. The following information should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2006.

This MD&A is dated March 8, 2007 and presents material information up to this date. This information includes discussion and analysis of the Company's qualifying transaction (the "Qualifying Transaction"), which was completed on January 26, 2006, the Company's launch of the Sentry Select Total Strategy Fund ("Total Strategy Fund"), and the Company's completion of a secondary treasury offering ("Offering").

OVERVIEW

Background

The Company was incorporated on March 29, 2005 pursuant to the *Business Corporations Act* (Alberta). The Company initially issued 2,000,000 shares at \$0.10 per share for total gross proceeds of \$200,000. The Company was formed as a capital pool company ("CPC") and consequently there was minimal business activity until it completed its Qualifying Transaction.

On August 8, 2005, the Company filed a prospectus for an initial public offering ("IPO") of 1,500,000 common shares at \$0.20 per share. This Offering was successfully completed on August 22, 2005, raising additional capital of \$300,000. The costs of the public offering were \$92,106 and were charged against share capital.

On September 2, 2005, the Company began trading on the TSX Venture Exchange under the symbol "MTH.P".

General Description of the Business

C.A. Bancorp is a merchant bank established to provide investors with access to a range of private equity and other investment opportunities typically available only to institutional and high net worth investors. C.A. Bancorp is focused on investments, either directly, or through entities managed and/or sponsored by C.A. Bancorp, in public and private companies across a broad range of industries.

John F. Driscoll, the Chief Executive Office of the Company, formed the Company in 2005. Mark Gardhouse joined C.A. Bancorp as President in January 2006. Mr. Gardhouse was previously Managing Director of Corporate Finance of Roynat Capital Inc. In April 2006, Mark MacDonald joined C.A. Bancorp as Managing Director, Private Investments. Mr. MacDonald was previously Vice-President of Teachers' Private Capital, the private equity arm of Ontario Teachers' Pension Plan Board. Messrs. Gardhouse and MacDonald have significant experience investing in private and public companies in Canada and are principally responsible for investing C.A. Bancorp's funds.

The Company is affiliated with Sentry Select, a portfolio manager and mutual fund dealer engaged in the business of sponsoring and managing investment funds in Canada. As at December 31, 2006, Sentry Select had approximately \$8.0 billion in gross assets under management. The Company entered into

management and administration agreements with Sentry Select in order to access Sentry Select's investment advisory and administrative expertise as well as Sentry Select's strong relationships within the Canadian public capital markets. The management agreement between the Company and Sentry Select also provides C.A. Bancorp with access to the expertise and experience of Sentry Select's portfolio managers, portfolio advisers and research analysts. Sentry Select may also develop structured products to be managed by C.A. Bancorp.

The Qualifying Transaction

On December 17, 2005, the Company proposed to acquire: i) 100 per cent of the net assets of Sentry Select Focused Wealth Management Fund (the "Wealth Management Fund"), and ii) 100 per cent of the outstanding common shares in C.A. Bancorp Ltd. ("CABL"), in exchange for common shares and common share purchase warrants of the Company.

The Wealth Management Fund was managed by Sentry Select Capital Corp. ("Sentry Select"), a corporation beneficially owned and controlled by the Chairman of the Board of Directors and CEO of the Company. CABL was a private company, registered as a limited market dealer in Ontario and was inactive in prior years leading up to this Qualifying Transaction. CABL was, prior to the Qualifying Transaction (described below), indirectly controlled by the Chairman of the Board of Directors and CEO of the Company.

On January 26, 2006, the Company completed the qualifying transaction acquiring (a) the net assets of the Fund in exchange for 4,516,379 common shares and 4,516,379 common share purchase warrants of the Company, and (b) 100 per cent of the outstanding shares of CABL and \$9,874 due from Petro Assets Inc., the sole shareholder of CABL, in exchange for 3,399,906 common shares and 3,399,906 common share purchase warrants of the Company. The acquisitions constituted the Company's "Qualifying Transaction" pursuant to Policy 2.4 of the TSX Venture Exchange.

Each of the warrants issued for the above transactions entitled the holders thereof to purchase one common share of the Company for \$0.35 until January 26, 2007 (See section on *Share Capital and Options Outstanding* for warrants exercised). After the completion of the Qualifying Transaction, the Company changed its name from Masthead Resources Ltd. to C.A. Bancorp Inc. and its trading symbol on the TSX Venture Exchange to "BKP".

The Total Strategy Fund

C.A. Bancorp Inc. is the manager of the *Sentry Select Total Strategy Fund* (the "Total Strategy Fund"). The Total Strategy Fund's investment objective is to maximize the total return to unit holders by investing at least 75% of the assets in a diversified portfolio of primarily Canadian equity and equity-related securities, including income trusts and up to 25% of the assets in equity and equity-related securities of Canadian small and middle-market private and public companies.

The Fund units began trading on the Toronto Stock Exchange on August 25, 2006 under the symbol TSF.UN after the Fund issued 5,000,000 units for total gross proceeds of \$50,000,000. On September 18, 2006 the Company announced that the Fund had issued an additional 500,000 units for gross proceeds of \$5,000,000 pursuant to the exercise by the agent of their over-allotment options.

The Company is the Manager of the Fund and has begun to earn asset management fees in accordance with the terms provided for in the prospectus of the offering. Sentry Select is the Investment Manager of the Fund as defined in the Investment Management Agreement (“IMA”) made between the Fund, the Company and Sentry Select. The Company in turn pays a portion of the asset management fees earned from the Fund to Sentry Select as an Investment Management Fee as defined in the IMA.

The Offering

The Company filed a final short form prospectus on November 17, 2006 for the issuance from treasury of a minimum of 33,333,334 and a maximum of 166,666,667 common shares at \$0.30 per common share.

The Company closed its Offering on November 27, 2006 for the issuance of 126,922,290 shares and the agents to the Offering exercised their over-allotment option on December 18, 2006 for 2,248,300 common shares bringing the total number of shares issued as a result of the Offering to 129,170,590 for gross proceeds raised of \$38,751,177 (see section on *Share Capital and Options Outstanding* for update on common shares outstanding)..

RESULTS OF OPERATIONS

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: CABL and C.A. Bancorp Financial Ltd. ("CABFL"). CABFL, which was incorporated on March 15, 2006, had been inactive since incorporation and had no assets, liabilities, revenues or expenses. CABL was acquired on January 26, 2006 as part of the Qualifying Transaction.

The Qualifying Transaction has been recorded as a reverse takeover transaction ("RTO"), which does not constitute a business combination, in accordance with Abstract No 10. of the Emerging Issues Committee ("EIC-10") of the Canadian Institute of Chartered Accountants. Therefore, the consolidated financial statements are issued under the name of C.A. Bancorp Inc., the legal parent company, but are considered to be a continuation of the financial statements of C.A. Bancorp Ltd., the legal subsidiary.

The comparative balance sheet as at December 31, 2005 and the comparative statements of operations and cash flows for the year ended December 31, 2006 are those of CABL. The consolidated statements of operations and cash flows for the year ended December 31, 2006 include the results of operations and cash flows of CABL from January 1, 2006 and of the Company since January 26, 2006. All intercompany transactions and balances have been eliminated in these consolidated financial statements.

Acquisition of the Fund's net assets

The net assets of the Wealth Management Fund were comprised of cash of \$1,590,831 and accrued liabilities of \$10,098. The aggregate purchase price by the Company for the net assets of the Wealth Management Fund was \$1,580,733, allocated to common shares valued at \$1,424,015 and common share purchase warrants valued at \$156,718.

Acquisition of the common shares of CABL

The estimated fair value of the assets and liabilities of CABL on the date of acquisition was \$1,180,093. The aggregate purchase price for the shares of CABL was \$1,189,967, including \$9,874 due from Petro Assets Inc., allocated to common shares valued at \$1,071,990 and common share purchase warrants valued at \$117,977.

C.A. Bancorp Inc. net assets on January 26, 2006

The following table summarizes the estimated fair value of the assets and liabilities and the costs of the Qualifying Transaction of the Company immediately prior to the RTO.

	As at
	January 26, 2006
ASSETS	
Cash and cash equivalents	\$ 379,365
Accounts and other receivables	7,920
<hr/> Total current assets	387,285
Deferred costs of the Qualifying Transaction	362,209
<hr/>	<hr/> 749,494
LIABILITIES	
Accounts payable and accrued liabilities	410,086
<hr/>	<hr/>
NET ASSETS	\$ 339,408

Costs of \$362,209 incurred in connection with the Qualifying Transaction were charged to deficit.

Results of Operations for the year ended December 31, 2006 and 2005

For the year ended December 31, 2006 the Company had a net loss of \$1,736,204 (2005 - \$85,445). This represented a loss of \$0.08 (2005- \$ 0.03) per share on a basic and fully diluted basis.

The Company had total revenue of \$432,249 (2005 - \$2,589) comprised of:

- Interest and investment income in the amount of \$231,850 (2005 - \$2,589);
- Asset management fees of \$196,574 (2005 – nil); and
- Realized gain on sale of marketable securities \$3,825 (2005 - nil).

Interest and investment income of \$231,850 (2005 - \$2,589)

The Company earns interest income on its cash deposits and cash equivalents (e.g. term deposits) and distributions on its investments in equities and investment trusts. A significant portion of its interest and investment income was earned in the fourth quarter as a result of the net proceeds available subsequent to the Offering.

Asset management fees of \$196,574 (2005 – nil)

The Company earns approximately 1.1% (110 basis points) of the net asset value (“NAV”) of the Total Strategy Fund throughout the year and began collecting fees subsequent to its closing in the third quarter of fiscal 2006. As at year-end the Total Strategy Fund had a NAV of \$53.1 million.

Realized gain on the sale of marketable securities \$3,825 (2005 – nil)

The Company sold a portion of one of its marketable securities in the second and third quarters of the year for a realized gain of \$3,825.

The Company incurred total expenses of \$1,729,149 (2005 - \$89,086), comprised of:

- General and administrative expenses of \$824,998 (2005 - \$67,596);
- Stock based compensation of \$375,319 (2005 – nil);
- Audit, legal and filing charges of \$303,786 (2005 - \$12,417);
- Investment management fees of \$107,222 (2005 – nil);
- Management fees of \$73,516 (2005 – nil);
(See section on *Administration and Management Agreements*)
- Equity participation in capital pool companies of \$36,974 (2005 – nil);
(see *Investments in Capital Pool Companies*)
- Interest and bank charges of \$7,334 (2005 – \$8,021).

General and administrative expenses of \$824,998 (2005 - \$297)

Included in general and administrative expenses are \$420,645 in administration fees paid to Sentry Select pursuant to the Administration Agreement. As the Administration Agreement is with C.A. Bancorp Inc., the accounting subsidiary, the fees are reflected in the consolidated statement of operations on a prorated basis for the period from January 26, 2006 (the date of the RTO) to December 31, 2006.

The Company has non-capital losses for tax purposes which are available to be used in future years to offset taxable income for which it has not recognized a future income tax asset as, at the present time, it is uncertain when and whether the losses will be utilized.

Stock based compensation of \$375,319 (2005 – nil)

Also included in total expenses was a charge for stock-based compensation in the amount of \$375,319 (2005 - Nil) relating to the grant of 780,000 employee and non-employee stock options on June 22, 2006 and 7,655,000 employee and non-employee stock options on December 22, 2006. One third of the options vested immediately on grant with the remaining two-thirds vesting equally on the one-year and two-year anniversaries of the grant. The options have an expiry date of five years after issuance and an exercise price of \$0.33 and \$0.31 respectively. Stock based compensation is a non-cash expense at the time of grant and is added back in determining the Company's cash flow from operations.

Audit, legal and filing charges of \$303,786 (2005 - \$12,417)

The Company incurred significant audit, legal and filing charges during the year as it put together a management team, established an operating strategy, completed its Qualifying Transaction and readied itself for a secondary public offering. Due diligence costs are also incurred on potential deals which are charged to the statement of operations when the Company no longer pursues the opportunity. Costs on deals which are executed will often be reimbursed by the vendor or investee company. Management believes that such costs are typical of the business that the Company operates in.

Investment management fees of \$107,222 (2005 – Nil)

Of the asset management fees that are earned by the Company 54.5% (or 60 basis points of the 110 recognized in revenue) are paid to Sentry Select for Sentry's role as Investment Manager of the Total Strategy Fund.

Unrealized loss on marketable securities of \$439,304 (2005 – nil)

In addition to total expenses of \$1,729,419 and in accordance with the Company's accounting policies a carrying value adjustment of \$439,304 (2005 - Nil) was recognized in the year ended December 31, 2006 as the market value of certain securities was less than their carrying value prior to the adjustment. The Company will adopt new accounting standards as of January 1, 2007 (see section "Important Changes to Financial Reporting of Marketable Securities) which will impact the accounting for marketable securities going forward.

BALANCE SHEET, LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2006, the Company had total assets of \$38,015,410 (December 31, 2005- \$1,312,623), total liabilities of \$981,858 (December 31, 2005 - \$1,401,708) and total shareholders' equity of \$37,033,552 (December 31, 2005 – shareholders' deficiency of \$89,085).

The largest factors contributing to these increases were the Offering in the fourth quarter raising approximately \$35.5 million on a net basis and the completion of the Qualifying Transaction in the first quarter whereby the Company acquired (a) net assets from the Fund of \$1,580,733, comprised of cash of \$1,590,831 and accrued liabilities of \$10,098; and (b) 100% of the common shares of CABL valued at \$1,180,903 and \$9,874 receivable from the shareholder of CABL. However, as the Qualifying Transaction was accounted for as a reverse takeover, the consolidated financial statements reflect CABL, the legal subsidiary, as the deemed acquirer of the net assets of the Fund and of C.A. Bancorp Inc. C.A. Bancorp Inc. had net assets of \$339,408 as at the date of the Qualifying Transaction comprised primarily of cash and cash equivalents of \$379,365, deferred costs of \$362,209 related to the Qualifying Transaction and accounts payable and accrued liabilities of \$410,086.

The Company's total assets as at December 31, 2006 of \$38,015,410 (December 31, 2005 - \$1,312,623) were primarily comprised of cash and cash equivalents of \$32,904,560 (December 31, 2005 - \$76,693), asset management fees and other receivables of \$215,518 (2005 - \$12,508), marketable securities of \$4,137,377 (December 31, 2005 - \$1,082,939) and investments in capital pool companies of \$653,026 (December 31, 2005 - nil). The remaining assets totaled \$104,929 (2005 - \$140,483) and consisted of prepaid expense, deferred costs and a contingency fund deposit. Cash and cash equivalents and marketable securities are considered to be highly liquid.

The Company's total current liabilities of \$981,858 (December 31, 2005: \$1,401,708) were comprised entirely of accounts payable, due to broker and accrued liabilities. The amount due to Petro Assets Inc. decreased significantly from \$1,124,178, at December 31, 2005, as a result of the conversion of the amount due to Petro Assets Inc., as at January 25, 2006, of \$1,196,177 to common shares of CABL immediately prior to the Qualifying Transaction.

The Company has no long-term debt, no capital lease obligations and no other long-term obligations. Under such conditions, the Company has sufficient working capital to maintain current operations for at least twelve months.

The Company's investing activities may require significant amount of capital beyond what it currently has on its balance sheet. The Company anticipates that additional funds can be secured through additional public offerings, as well as private equity placements, the exercise of stock options and warrants or other capital offerings to achieve its corporate strategy. Some of the Company's initiatives may involve the use of credit facilities or debt structures at the level of the target investment.

Share Capital and Options Outstanding

The Company issued shares from treasury throughout the year as a result of: the Qualifying Transaction, the exercise of stock options; the exercise of warrants and the Offering. There were no repurchases of shares by the Company.

The following is a continuity of the Company's share capital (common shares) for the year:

Common shares	Number		Amount	
C.A. Bancorp Ltd., outstanding as at January 1, 2006	1	\$ 1	-	\$ -
Conversion of amounts due to PAI to Common Shares	120	1,196,177	-	-
C.A. Bancorp Ltd., outstanding as at January 26, 2006	121	1,196,178	3,368,590	1,078,201
Contribution from PAI	-	9,874	31,316	9,874
	121	1,206,052	3,399,906	1,088,075
C.A. Bancorp Inc., outstanding as at January 26, 2006	3,500,000	407,894	3,500,000	339,408
Issued to Fund unitholders in exchange for net assets	-	-	4,516,379	1,424,014
Post Qualifying Transaction			11,416,285	2,851,497
Common Shares issued during the year as a result of:				
Secondary public offering			129,170,590	35,494,911
Warrants exercised			604,595	211,608
Agent's option exercised			150,000	30,000
Incentive stock options exercised			20,000	4,000
As at December 31, 2006			141,361,470	\$ 38,592,016

The following is a continuity of the Company's common share purchase warrants:

Common share purchase warrants	Prior to RTO		After RTO	
	Number	Amount	Number	Amount
Issued to Fund unitholders on January 26, 2006 (Note 3)	-	\$ -	4,516,379	\$ 156,718
Issued to C.A. Bancorp Ltd. shareholder on January 26, 2006 (Note 3)	-	-	3,399,906	117,977
Post Qualifying Transaction	-	-	7,916,285	274,695
Warrants exercised during the year	-	-	(604,595)	(20,979)
As at December 31, 2006	-	\$ -	7,311,690	\$ 253,716

As at December 31, 2006 a total of 141,361,470 common shares were outstanding with total share capital of \$38,592,016 and 7,311,690 common share purchase warrants were outstanding with a total carrying value of \$253,716.

Subsequent to December 31, 2006, 380,233 warrants were exercised bringing the total number of common shares outstanding to 141,741,703. The remaining warrants expired on January 26, 2007.

As at December 31, 2005 CABL had 1 common share issued and outstanding with total share capital of \$1 and C.A. Bancorp Inc. had 3,500,000 common shares outstanding with total share capital of \$407,894. The share structure of the Company under reverse takeover accounting continues to be that of the legal acquirer (C.A. Bancorp Inc.).

The Company had options on the purchase of common shares outstanding as at December 31, 2006. The following table summarizes those options.

<u>Optionee Type</u>	<u># of Optioned Shares Outstanding</u>	<u>Vested at 31-Dec-06</u>	<u>Expiry Date</u>	<u>Exercise Price</u>
<i>Sept. 15, 2005 Grant</i>				
Employees	215,000	215,000	15-Sep-10	\$ 0.20
<i>June 22, 2006 Grant</i>				
Employees	460,000	143,333	22-Jun-11	\$ 0.33
Non-Employees	300,000	100,000	22-Jun-11	\$ 0.33
	<u>760,000</u>	<u>260,000</u>		
<i>December 22, 2006 Grant</i>				
Employees	5,655,000	1,885,000	22-Dec-11	\$ 0.31
Non-Employees	2,000,000	666,667	22-Dec-11	\$ 0.31
	<u>7,655,000</u>	<u>2,551,667</u>		
Total	<u>8,630,000</u>	<u>3,026,667</u>		

INVESTMENT ACTIVITIES

Since the completion of the Offering the Company has begun to invest the proceeds in a portfolio of publicly traded securities which either represent the execution of a core strategy as outlined in the prospectus dated November 17, 2006 or investments in securities in which the Company believes there is an adequate risk/reward profile. These investments, along with the investments in CPCs, are largely centered on the four industry sectors in which the Company seeks to operate in: (i) Financial services; (ii) Real estate; (iii) Infrastructure; and (iv) Industrials.

Marketable securities

The Company had approximately \$4.19 million worth of publicly traded marketable securities at year-end. All of the investments trade on either the TSX or TSX Venture. The table below is a listing of security by type and sector (the term "equity" is broadly defined as including, but not limited to, common shares in corporations and units in income trusts or similar entities).

Marketable Securities as at December 31, 2006				
<i>Industry Grouping</i>		Cumulative		
Publicly Traded Investment	Cost	Portfolio Cost	Carrying	Market
		Adjustments	Value	Value
<i>Industrials</i>				
Equities	\$ 1,457,353	-	\$ 1,457,353	\$ 1,475,680
	1,457,353	-	1,457,353	1,475,680
<i>Financial Services</i>				
Equities	872,997	65,492	807,505	815,109
	872,997	65,492	807,505	815,109
<i>Energy & Commodities</i>				
Energy	595,995	239,108	356,887	356,887
Investment Trusts (a)	707,321	127,125	580,196	584,100
	1,303,316	366,233	937,083	940,987
<i>Infrastructure (Pipelines)</i>				
Equity (b)	133,514	-	133,514	135,600
	133,514	-	133,514	135,600
<i>Diversified and Other</i>				
Equities	380,992	1,079	379,913	391,540
Investment Trusts	428,509	6,500	422,009	434,205
	809,501	7,579	801,922	825,745
Total Marketable Securities	\$ 4,576,681	\$ 439,304	\$ 4,137,377	\$ 4,193,121

Marketable Securities as at December 31, 2005

<i>Industry Grouping</i>		Cumulative		
Publicly Traded Investment	Cost	Portfolio Cost	Carrying	Market
		Adjustments	Value	Value
<i>Energy & Commodities</i>				
Energy	563,179	-	563,179	626,312
Investment Trusts (a)	519,760	-	519,760	517,000
Total Marketable Securities	\$ 1,082,939	\$ -	\$ 1,082,939	\$ 1,143,312

The Company has made few dispositions of its marketable securities throughout the year and none in the fourth fiscal quarter. A portion of the Company's investment in common shares of an energy related corporation were sold in the second and third quarter representing the Company's entire sale activities in the year with respect to marketable securities.

Investments in Capital Pool Companies ("CPCs")

During the third quarter the Company made investments in three CPCs that are all considered to be related entities to the Company by virtue of similar ownership. The Company accounts for these investments using the "equity method" which is a result of management's assertion that the Company has significant influence over each of these investments (the "Investees"). The equity method results in the Company picking up its pro-rated share (based on its percentage ownership and period of ownership) of the Investees's net income or loss, adjusted for any cash returns on investment.

As at December 31, 2006 these Investees were:

1. Charter Realty Holdings Ltd. ("Charter");
2. Universal Infrastructure Corp. ("Universal"); and
3. Global Alternative Investments Inc. ("Global").

Capital Pool Company Investment	Percent		Cumulative	Carrying
	Ownership	Cost	Adjustments	Value
Charter Realty Holdings Ltd.	41.7%	\$ 500,000	\$ 11,320	\$ 488,680
Universal Infrastructure Corp.	27.1%	95,000	12,987	82,013
Global Alternative Investments Inc.	27.1%	95,000	12,667	82,333
Total Cost and Carrying Value		\$ 690,000	\$ 36,974	\$ 653,026

Investment in Charter

Charter is a TSX Venture listed entity (ticker symbol CRH.P prior to completion of its qualifying transaction – see below – and CRH thereafter).

On September 14, 2006 C.A. Bancorp Inc. purchased 2.5 million shares of Charter at \$0.20 a share for a total cost of \$500,000 in a private placement transaction. Approval was obtained from the independent members of the Board of Directors of Charter and the Company as well as the TSXV. As a result of the private placement transaction Charter had six million shares outstanding as at December 31, 2006. The Company's percentage interest in the outstanding common shares of Charter as at December 31, 2006 was 41.7%.

Subsequent to December 31, 2006 Charter completed a qualifying transaction ("Charter's QT") that consisted of purchasing three real estate properties and receiving the TSX Venture's regulatory approval. As part of the qualifying transaction Charter completed another private placement financing in which the Company, amongst others, subscribed for shares at \$0.20. Fifteen million shares were issued of which the Company purchased 9.5 million shares bringing the Company's percentage ownership to 57.1%.

Readers of this MD&A are encouraged to visit www.sedar.com for filings made by both C.A. Bancorp Inc. and Charter in relation to Charter's QT and these transactions for further information.

Investments in Universal and Global

The Company along with its CEO/Chairman (acting through other controlled entities) each contributed \$95,000 to each of Universal and Global as founders' capital to the CPCs. An additional \$10,000 was raised as founders' capital from the Company's directors which brought the total founders' capital raised in each CPC to \$200,000 (2 million common shares were issued at \$0.10 per share).

Universal and Global each filed a final prospectus on November 26, 2006 to separately raise \$300,000 in an initial public offering ("IPO") by issuing 1.5 million shares at \$0.20 per share. The offerings were both fully subscribed and on December 4, 2006 were completed.

As a result of these transactions C.A. Bancorp Inc. held a 27.1% interest in the outstanding common shares of Universal and Global as at December 31, 2006.

Aside from the IPOs, Universal and Global have had no material business activities to date and continue to look for qualifying transactions.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's results for the last eight quarterly periods:

	Q1-2006	Q2-2006	Q3-2006	Q4-2006
Total revenues	24,794	25,472	74,636	307,347
Expenses *	(122,877)	(281,671)	(341,153)	(983,448)
Unrealized loss on securities	-	(34,924)	(161,664)	(242,716)
Net income (loss)	(98,083)	(291,123)	(428,181)	(918,817)
Net loss per share-basic	(0.01)	(0.03)	(0.04)	(0.02)
Net loss per share –diluted	(0.01)	(0.03)	(0.04)	(0.02)

	Q1-2005	Q2-2005	Q3-2005	Q4-2005
Total revenues	320	293	326	1,650
Expenses *	(1,220)	(359)	(249)	(86,206)
Unrealized loss on securities	-	-	-	-
Net income (loss)	(900)	(66)	77	(84,556)
Net loss per share-basic	0.00	0.00	0.00	(0.03)
Net loss per share –diluted	0.00	0.00	0.00	(0.03)

* Excludes unrealized loss on securities

Q1 is defined as the three-months ended March 31st

Q2 is defined as the three-months ended June 30th

Q3 is defined as the three-months ended September 30th

Q4 is defined as the three-months ended December 31st

TRANSACTIONS WITH RELATED PARTIES

The Qualifying Transaction

The acquisitions of the net assets of the Fund and CABL were related party transactions. John Driscoll, the President, Chief Executive Officer and Chairman of Sentry Select Capital Corp. ("Sentry Select"), is also an officer and director of the Company. Sentry Select was the portfolio manager of the Fund. At December 31, 2005, a corporation beneficially owned by the Driscoll Children's Trust (a trust of which Mr. Driscoll is the trustee and a beneficiary) beneficially owned 54.29% of the outstanding common shares of the Company. The Driscoll Children's Trust also owned 15,000 trust units (3.92%) of the Fund. Immediately after the completion of the Qualifying Transaction, Mr. Driscoll maintained a controlling interest representing 51.46%.

The Company believes that any conflicts of interest that arose in the course of the transaction were dealt with in a manner that is generally acceptable in corporate transactions. Specifically:

1. Sentry Select made full disclosure to unitholders of the Wealth Management Fund of these conflicts; and
2. None of the common shares of the Company or trust units of the Wealth Management Fund beneficially owned by Driscoll Children's Trust were voted at the meetings called to approve the transactions.

Sentry Select applied to the Canadian Securities Administrators ("CSA") for relief from the application of the provisions of securities legislation that would have prevented the transaction from taking place on account of these conflicts of interest. The CSA granted the requested relief on the condition that the transaction was approved by unitholders in accordance with the Declaration of Trust of the Wealth Management Fund.

Administration and Management Agreements

On January 26, 2006, Sentry Select and the Company entered into an administration agreement ("Original Admin Agreement") that was effective retroactively to January 1. Pursuant to the Original Administration Agreement Sentry Select provided staffing including the services of the Company's President, accounting and administration, compliance, marketing, and office space for a fixed fee of \$35,000 per month plus applicable taxes.

On May 18, 2006 (and subsequently amended on a retroactive basis on September 25, 2006), as a result of the expansion of the scope and nature of the Company's business, the Board of Directors of the Company approved a management agreement (the "Management Agreement") and amended the Original Administration Agreement (the new agreement hereby referred to as the "Administration Agreement"), each effective as of July 1, 2006.

The amended Administration Agreement amended and restated the Original Administration Agreement. Effective as of July 1, 2006, under the Administration Agreement Sentry Select has provided certain management and administrative services to the Company, including the provision of office space, equipment and all management and investment staff, and all accounting, clerical, secretarial, corporate and administrative services as may be reasonably have been necessary to perform its obligations. The monthly fee paid to Sentry Select for the provision of such services increased from \$35,000 (pre-July 1, 2006) to \$40,000 (post-July 1, 2006). The Administration Agreement will immediately terminate upon the termination for any reason of the Management Agreement.

Pursuant to the Management Agreement, among other things, Sentry Select will manage the Company's merchant banking business, including searching for, evaluating and screening investment opportunities and conducting due diligence with respect to potential investments. For the provision of its services pursuant to the Management Agreement, the Company pays Sentry Select a quarterly fee (the "Management Fee") of 1/4 of 1.50% of the Net Asset Value (i.e. the total net asset value less the Company's liabilities) calculated as at the close of business on the last business day of each calendar quarter. In addition to the Management Fee, Sentry Select is entitled to be paid a performance bonus (the "Performance Bonus") equal to 20% of the amount by which the annual Net Pre-Tax Profit of the Company (i.e. the non-consolidated net income of the Company before income taxes and such Performance Bonus) calculated as at December 31 in each year exceeds a threshold of an 8% per year return earned on the Company's Net Asset Value (determined in accordance with the Management Agreement). The initial term of the Management Agreement commenced on July 1, 2006 and expires on December 31, 2011. The Management Agreement will renew automatically for successive five-year terms following the initial term, provided that there has been no breach or material default of the terms of the

agreement by Sentry Select, subject to termination on any expiry date upon not less than 180 days prior written notice from the Company or Sentry Select to the other. In the event that the Company terminates the Management Agreement, Sentry Select is entitled to receive from the Company an amount equal to five times 1.5% of the Net Asset Value calculated as at the close of business on the last business day of the term of the Management Agreement and five times the Performance Bonus paid in respect of the calendar year immediately preceding the date of termination of the Management Agreement. Either party upon the occurrence of certain events may also terminate the Management Agreement.

Copies of the Administration Agreement and Management Agreement are available on www.SEDAR.com under Material Contracts.

IMPORTANT CHANGES TO FINANCIAL REPORTING OF MARKETABLE SECURITIES

Beginning on January 1, 2007 the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 3855 *Financial Instruments* and 1530 *Comprehensive Income*. These Sections are mandatory for publicly accountable entities whose annual periods begin on or after October 1, 2006.

These accounting standards establish guidance for reporting comprehensive income. Presentation of comprehensive income and its components in a separate financial statement is required. The statement of comprehensive income includes net income plus other comprehensive income ("OCI"). Amounts recognized in OCI eventually must be reclassified to the income statement (in accordance with other CICA Handbook Sections). These reclassification adjustments, including the income tax expense or benefit, would normally be disclosed separately.

An example of an item that may be included in other comprehensive income for the Company would be changes in the fair value of available-for-sale financial assets (explained later).

Other comprehensive income will either be presented immediately below net income on the income statement; in a separate statement that begins with net income; or in a statement of changes in equity.

The new financial instruments framework, which includes the aforementioned standards, requires all financial assets and financial liabilities to be classified by characteristic and/or management intent. The classification of financial assets and liabilities determines how they are accounted for on an ongoing basis. All financial assets are classified in one of four categories: (i) held for trading; (ii) held to maturity; (iii) loans and receivables; and (iv) available for sale.

"Held for trading" financial assets are those acquired for the purpose of trading or as part of a trading portfolio. These assets will be measured at fair value on the balance sheet with gains or losses recognized in net income in the current period.

"Held to maturity" financial assets are those with fixed payments and maturity that the Company has the intent and ability to hold to maturity. "Loans and receivables" are financial assets, which are not debt securities, resulting from a delivery of assets in exchange for a promise to pay. Both "held to maturity" and "loans and receivables" will be carried at amortized cost on the balance sheet.

"Available for sale" financial assets are those that are not classified as "held for trading", "held to maturity" or "loans and receivables". Such financial assets are recognized on the balance sheet at fair

value with unrealized gains or losses recognized in other comprehensive income until the assets are disposed or until an impairment occurs in which case recognition into net income occurs.

These new financial reporting standards will directly impact the Company's carrying of marketable securities as many of the Company's current holdings will be valued at fair value on the balance sheet with the offset to either net income or other comprehensive income. This is a departure from the Company's policy up until December 31, 2006 where unrealized losses were recognized in the current period whereas gains were only recognized when realized.

Marketable securities deemed to be "trading" would be carried at fair value with gains or losses (both realized and unrealized) to be recognized in the calculation of net income for the period in question. This is expected to make net income more volatile going forward.

CORPORATE STRATEGY AND OUTLOOK

General Description of the Business

C.A. Bancorp's business model is based on two types of revenue generating investment activities:

(i) Direct investing, to generate capital gains realized from the sale of investments and interest payments, management fees, syndication fees and dividends paid by portfolio companies; and

(ii) Fund management, to generate management fees and performance bonuses paid by private equity funds and structured products managed and/or sponsored by C.A. Bancorp.

C.A. Bancorp's direct investing activities will be focused on private equity investments in the small to mid-market private and public markets will emphasis on:

- Industrials (manufacturing, distribution and service sectors),
- Real Estate (specialized, industrial, retail, commercial, hospitality, healthcare and retail properties),
- Infrastructure (power generation, transportation and utilities), and
- Financial Services (asset managers and investment counselors).

C.A. Bancorp's management team and affiliated companies have strategic relationships across these industry segments, having successfully completed investments in a variety of these industries. It is expected that C.A. Bancorp's dedicated management team will enable it to acquire, develop and manage a portfolio of diverse investments.

As part of its direct investing activities, C.A. Bancorp may make "private investments in public entities" or "PIPES", and catalyst/activist investments. PIPES typically involve negotiated, illiquid investments in public companies to fund expansions, acquisitions or restructuring events. Catalyst/activist investing involves making a significant minority investment in what is perceived to be an under valued public company, with a view to working with the company's board and management team to effect change and create value.

C.A. Bancorp's investments may be made to finance acquisitions, expansions, restructurings, refinancings, privatization and management buy-outs. C.A. Bancorp will seek to invest \$500,000 to \$20 Million of its own capital in each transaction. Although the Company cannot provide any assurances in respect of future performance, C.A. Bancorp will pursue investments that are expected to offer a minimum return of 1.5 times invested capital, with a typical range of 1.5 to 3.0 times invested capital (representing approximately 15% to 30% annual returns depending upon the length of time that the investment is held). In order to finance its direct investing activities, C.A. Bancorp intends to raise capital as required.

As part of its fund management activities, C.A. Bancorp intends to manage and/or sponsor private equity funds for institutional and high net worth investors. It is anticipated that C.A. Bancorp will make investments through or in conjunction with such funds. The Company may establish investment vehicles to complete specific acquisitions or to carry out a specific mandate to seek out investment opportunities.

C.A. Bancorp also intends to manage and/or sponsor structured products, which may be offered in conjunction with Sentry Select, designed to provide investors with exposure to investments that are not

generally available through traditional public markets. In September 2006, C.A. Bancorp's first structured product, Sentry Select Total Strategy Fund, an investment trust focused on investments in public and private companies, completed raising \$55 Million, up to 25% of which may be invested in private equity investments.

The private equity funds and structured products managed and/or sponsored by C.A. Bancorp will generally follow the same investment strategy and investment process as C.A. Bancorp's direct investing activities.

This combination of direct investing and fund management is designed to leverage: (i) the combined private and public equity investment expertise of C.A. Bancorp and Sentry Select; (ii) deal flow arising from management's extensive experience and business relationships; and (iii) management's experience in structuring and completing investments.

FACTORS THAT MAY AFFECT FUTURE RESULTS

Company Factors

Future financial performance will be influenced by the Company's ability to raise additional funds and the successful evaluation and acquisitions of potential businesses as well as the Company's ability to build and successfully manage its assets under management.

Non-Company factors

The Canadian mid market private equity space has been relatively undercapitalized in recent years and this is due to the significant change in the market participants. During the previous five years the main bank sponsored private equity groups that have been active in the space have either exited the business or significantly scaled back their investment activities. In addition Canada has its own unique regulatory, tax and capital market environment. These unique characteristics favor local firms.

RISK MANAGEMENT

The Company is looking for opportunities as outlined in 'Corporate Strategy' above. The merchant banking business is affected by a number of economic factors, including changing economic environments, capital markets and interest rates.

The Company will manage the risks associated with its merchant banking business and investment portfolio through planning and significant due diligence of investment opportunities and active involvement in its investments.

Private equity securities are less liquid than public securities as there is no readily available market for an investment to sell. There is a possibility that when the investment is to be sold, the price received may not be equal to its intrinsic value or its fair value for financial reporting purposes.

Currently, the Company has assets invested in cash and cash equivalents as well as in marketable securities. Therefore interest rates will affect income derived from the cash and cash equivalent investments and general risk such as commodity prices, the business environment and company specific risks will affect the value of the marketable securities.

For general risk factors affecting the Company see the section "Risk Factors" included in the [Revised Annual Information Form dated October 19, 2006 on the Company's SEDAR profile at www.SEDAR.com](#).

INTERNAL CONTROL OVER FINANCIAL REPORTING

As of December 31, 2006 the Chief Executive Officer and the Chief Financial Officer, together with other members of management, have evaluated the design and effectiveness of the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109. They have concluded that the disclosure controls and procedures were adequate and effective to provide reasonable assurance that material information relating to the Company and its consolidated subsidiary entities for the year ended December 31, 2006. In addition, the Chief Executive Officer and the Chief Financial Officer, together with other members of management, have evaluated the design of the Company's internal controls over financial reporting. The internal controls were designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles. They have concluded that the design of the internal controls over financial reporting were adequate and effective to provide reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A and other public announcements by the Company may contain information that is forward-looking and is subject to risks and uncertainties. Forward-looking information includes information concerning the Company's future financial performance, business strategy, plans, goals, and objectives. These statements involve known and unknown risks, uncertainties and other factors that could cause actual results or events to differ materially from those anticipated in such forward-looking statements, including, among other things: the ability of the Company to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits; competitive conditions in the businesses in which the Company participates; the outcome of pending legal proceedings, if any exist; general economic conditions and normal business uncertainty; interest rate fluctuations and other changes in borrowing costs; and changes to the laws, rules, and regulations applicable to the Company or the markets in which the Company operates. The Company intends the forward-looking information to speak only as of the first time made and does not undertake to update or revise it whether as a result of new information, future events or otherwise, except as required by law.