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PART II/PARTIE II

REVISED REGULATIONS OF SASKATCHEWAN/ RÈGLEMENTS RÉVISÉS DE LA SASKATCHEWAN

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REVISED REGULATIONS OF SASKATCHEWAN

SASKATCHEWAN REGULATIONS 41/2011***The Securities Act, 1988***

Section 154

Commission Order dated February 24, 2011

(Filed June 9, 2011)

Title

1 These regulations may be cited as *The Securities Commission (Adoption of National Instruments) Amendment Regulations, 2011*.

R.R.S. c.S-42.2 Reg 3 amended

2 *The Securities Commission (Adoption of National Instruments) Regulations* are amended in the manner set forth in these regulations.

Section 2 amended

3 **Clause 2(kk) is amended by striking out** “Acceptable Accounting Principles, Auditing Standards and Reporting Currency” **and substituting** “Acceptable Accounting Principles and Auditing Standards”.

Part I of Appendix amended

4 **Section 1.1 of Part I of the Appendix is amended:**

- (a) by repealing the definition of “Canadian auditor’s report”; and**
- (b) by adding the following definition after the definition of “Handbook”:**

“**IFRS**” means the standards and interpretations adopted by the International Accounting Standards Board, as amended from time to time”; **and**

- (c) by adding the following definition after the definition of “insider reporting requirement”:**

“**International Standards on Auditing**” means auditing standards set by the International Auditing and Assurance Standards Board, as amended from time to time”.

Part IV of Appendix amended

5 **Appendix A of Part IV of the Appendix is amended:**

- (a) in Part I A:**

- (i) by striking out Items 1 to 3 and substituting the following:**

“1. Preliminary Simplified Prospectus, Annual Information Form and Fund Facts

“2. Pro Forma Simplified Prospectus, Annual Information Form and Fund Facts

“3. Final Simplified Prospectus, Annual Information Form and Fund Facts”; **and**

(ii) by adding the following Item after Item 6:

“7. Initial Fund Facts”;

(b) in Part I B in Item 2 by striking out “Statements” and substituting “Statements/Reports”; and

(c) in Part II B in Item (a) 4 by striking out “Statements” and substituting “Statements/Reports”.

New Part V of Appendix

6 Part V of the Appendix is repealed and the following substituted:

“PART V
[clause 2(e)]

“NATIONAL INSTRUMENT 81-101
MUTUAL FUND PROSPECTUS DISCLOSURE

“PART 1 DEFINITIONS, INTERPRETATION AND APPLICATION

“1.1 Definitions

In this Instrument:

‘business day’ means any day other than a Saturday, a Sunday or a statutory holiday;

‘commodity pool’ means a mutual fund, other than a precious metals fund, that has adopted fundamental investment objectives that permit it to use:

(a) specified derivatives other than as permitted by National Instrument 81-102 *Mutual Funds*; or

(b) physical commodities other than as permitted by that Instrument;

‘educational material’ means material containing general information about one or more of investing in general, mutual funds, portfolio management, capital markets, retirement savings, income or education saving plans and financial planning, if the material does not promote a particular mutual fund or mutual fund family or the products or services offered by a particular mutual fund or mutual fund family;

‘executive officer’ means, for a mutual fund, a manager of a mutual fund or a promoter of a mutual fund, an individual who is:

(a) a chair, vice-chair or president;

(b) a vice-president in charge of a principal business unit, division or function including sales, finance or product development; or

(c) performing a policy-making function;

‘financial year’ includes the first completed financial period of a mutual fund beginning with the inception of the mutual fund and ending on the date of its first financial year end;

‘fund facts document’ means a completed Form 81-101F3 *Contents of Fund Facts Document*;

‘Form 81-101F1’ means Form 81-101F1, Contents of Simplified Prospectus, as set out in Appendix A to this National Instrument;

‘Form 81-101F2’ means Form 81-101F2, Contents of Annual Information Form, as set out in Appendix B to this National Instrument;

‘independent review committee’ means the independent review committee of the investment fund established under National Instrument 81-107 *Independent Review Committee for Investment Funds*;

‘material contract’ means, for a mutual fund, a contract listed in the annual information form of the mutual fund in response to Item 16 of Form 81-101F2 Contents of Annual Information Form;

‘multiple AIF’ means a document containing two or more annual information forms that have been consolidated in accordance with section 5.4;

‘multiple SP’ means a document containing two or more simplified prospectuses that have been consolidated in accordance with subsection 5.1(1);

‘Part A section’ means the section of a simplified prospectus that contains the disclosure required by Part A of Form 81-101F1 Contents of Simplified Prospectus;

‘Part B section’ means the section of a simplified prospectus that contains the disclosure required by Part B of Form 81-101F1;

‘Personal Information Form and Authorization’ means the Personal Information Form and Authorization of Indirect Collection, Use and Disclosure of Personal Information set out in Appendix A to National Instrument 41-101 *General Prospectus Requirements*;

‘plain language’ means language that can be understood by a reasonable person, applying a reasonable effort;

‘precious metals fund’ means a mutual fund that has adopted fundamental investment objectives, and received all required regulatory approvals, that permit it to invest in precious metals or in entities that invest in precious metals and that otherwise complies with National Instrument 81-102 *Mutual Funds*;

‘single AIF’ means an annual information form that has not been consolidated with another annual information form under section 5.4; and

‘single SP’ means a simplified prospectus that has not been consolidated with another simplified prospectus under subsection 5.1(1).

“1.2 Interpretation

Terms defined in National Instrument 81-102 *Mutual Funds* or National Instrument 81-105 *Mutual Fund Sales Practices* and used in this Instrument have the respective meanings ascribed to them in those Instruments.

“1.3 Application

This Instrument does not apply to mutual funds that are:

- (a) labour-sponsored venture capital corporations;
- (b) commodity pools; or
- (c) listed and posted for trading on a stock exchange or quoted on an over-the-counter market.

“PART 2 DISCLOSURE DOCUMENTS**“2.1 Filing of Disclosure Documents**

- (1) A mutual fund:
 - (a) that files a preliminary prospectus must file the preliminary prospectus in the form of a preliminary simplified prospectus prepared in accordance with Form 81-101F1 and concurrently file:
 - (i) a preliminary annual information form prepared and certified in accordance with Form 81-101F2; and
 - (ii) a preliminary fund facts document for each class or series of securities of the mutual fund prepared in accordance with Form 81-101F3;
 - (b) that files a *pro forma* prospectus must file the *pro forma* prospectus in the form of a *pro forma* simplified prospectus prepared in accordance with Form 81-101F1 and concurrently file:
 - (i) a *pro forma* annual information form prepared in accordance with Form 81-101F2; and
 - (ii) a *pro forma* fund facts document for each class or series of securities of the mutual fund prepared in accordance with Form 81-101F3;
 - (c) that files a prospectus must file the prospectus in the form of a simplified prospectus prepared in accordance with Form 81-101F1 and concurrently file:
 - (i) an annual information form prepared and certified in accordance with Form 81-101F2; and
 - (ii) a fund facts document for each class or series of securities of the mutual fund prepared in accordance with Form 81-101F3;
 - (d) that files an amendment to a prospectus must:
 - (i) file an amendment:
 - (A) to the simplified prospectus and concurrently file an amendment to the related annual information form; or
 - (B) to the related annual information form if changes are made only to the annual information form;
 - (ii) if the amendment relates to the information contained in a fund facts document, concurrently file an amendment to the fund facts document; and
 - (iii) if the amendment relates to a new class or series of securities of the mutual fund that is referable to the same portfolio of assets, concurrently file a fund facts document for the new class or series; and
 - (e) must file an amendment to a fund facts document, if a material change occurs that relates to the information contained in the fund facts document, as soon as practicable and, in any event, within 10 days after the day the change occurs.
- (2) A mutual fund must not file a prospectus more than 90 days after the date of the receipt for the preliminary prospectus that relates to the prospectus.

“2.2 Amendments to Disclosure Documents

(1) An amendment to a simplified prospectus or to an annual information form may consist of either:

- (a) an amendment that does not fully restate the text of the simplified prospectus or annual information form; or
- (b) an amended and restated simplified prospectus or annual information form.

(2) Notwithstanding subsection (1), an amendment to the Part B section that is separately bound from the Part A section of a simplified prospectus must be effected only by way of an amended and restated Part B section.

(3) An amendment to a simplified prospectus or to an annual information form must be identified and dated as follows:

- (a) for an amendment that does not restate the text of a simplified prospectus or annual information form:

‘Amendment No. [insert amendment number] dated [insert date of amendment] to [identify document] dated [insert date of document being amended]’;

- (b) for an amended and restated simplified prospectus, other than an amendment to which subsection (2) applies, or annual information form:

‘Amended and Restated [identify document] dated [insert date of amendment], amending and restating [identify document] dated [insert date of document being amended]’.

(4) An amendment to a fund facts document must be prepared in accordance with Form 81-101F3 without any further identification and dated as of the date the fund facts document is being amended.

“2.2.1 Amendment to a Preliminary Simplified Prospectus

(1) Except in Ontario, if, after a receipt for a preliminary simplified prospectus is issued but before a receipt for the simplified prospectus is issued, a material adverse change occurs, an amendment to the preliminary simplified prospectus must be filed as soon as practicable, but in any event within 10 days after the change occurs.

(2) The regulator must issue a receipt for an amendment to a preliminary simplified prospectus as soon as practicable after the amendment is filed.

“2.2.2 Delivery of Amendments

Except in Ontario, a mutual fund must deliver an amendment to a preliminary simplified prospectus as soon as practicable to each recipient of the preliminary simplified prospectus according to the record of recipients required to be maintained under securities legislation.

“2.2.3 Amendment to a Simplified Prospectus

(1) Except in Ontario, if, after a receipt for a simplified prospectus is issued but before the completion of the distribution under the simplified prospectus, a material change occurs, a mutual fund must file an amendment to the simplified prospectus as soon as practicable, but in any event within 10 days after the day the change occurs.

(2) Except in Ontario, if, after a receipt for a simplified prospectus or an amendment February 4, 2008 to a simplified prospectus is issued but before the completion of the distribution under the simplified prospectus or the amendment to the simplified prospectus, securities in addition to the securities previously disclosed in the simplified prospectus or the amendment to the simplified prospectus are to be distributed, an amendment to the simplified prospectus disclosing the additional securities must be filed, as soon as practicable, but in any event within 10 days after the decision to increase the number of securities offered.

(3) Except in Ontario, the regulator must issue a receipt for an amendment to a simplified prospectus filed under this section unless the regulator considers that there are grounds set out in securities legislation that would cause the regulator not to issue the receipt for a simplified prospectus.

(4) Except in Ontario, the regulator must not refuse to issue a receipt under subsection (3) without giving the mutual fund that filed the simplified prospectus an opportunity to be heard.

“2.3 Supporting Documents

(1) A mutual fund must:

(a) file with a preliminary simplified prospectus, a preliminary annual information form and a preliminary fund facts document for each class or series of securities of the mutual fund:

(i) a copy of the preliminary annual information form certified in accordance with Part 5.1;

(ii) a submission to the jurisdiction and appointment of an agent for service of process of the manager of the mutual fund in the form set out in Appendix C to National Instrument 41-101 *General Prospectus Requirements*, if the manager of the mutual fund is incorporated, continued or organized under the laws of a foreign jurisdiction or resides outside of Canada;

(iii) a copy of any material contract and a copy of any amendment to a material contract that have not previously been filed, other than a contract entered into in the ordinary course of business;

(iv) a copy of the following documents and a copy of any amendment to the following documents that have not previously been filed:

(A) by-laws or other corresponding instruments currently in effect;

(B) any securityholder or voting trust agreement that the mutual fund has access to and that can reasonably be regarded as material to an investor in securities of the mutual fund; and

(C) any other contract of the mutual fund that creates or can reasonably be regarded as materially affecting the rights or obligations of the mutual fund's securityholders generally; and

(v) any other supporting documents required to be filed under securities legislation; and

(b) at the time a preliminary simplified prospectus, a preliminary annual information form and a preliminary fund facts document for each class or series of securities of the mutual fund are filed, deliver or send to the securities regulatory authority:

- (i) for:
 - (A) a new mutual fund, a copy of a draft opening balance sheet of the mutual fund; and
 - (B) an existing mutual fund, a copy of the latest audited financial statements of the mutual fund;
- (ii) personal information in the form of the Personal Information Form and Authorization for:
 - (A) each director and executive officer of the mutual fund;
 - (B) each director and executive officer of the manager of the mutual fund;
 - (C) each promoter of the mutual fund; and
 - (D) if the promoter is not an individual, each director and executive officer of the promoter;

unless:

- (E) a completed Personal Information Form and Authorization;
- (F) before March 17, 2008, a completed authorization in:
 - (I) the form set out in Appendix B of NI 44-101;
 - (II) the form set out in Ontario Form 41-501F2 *Authorization of Indirect Collection of Personal Information*; or
 - (III) the form set out in Appendix A of Québec Regulation Q-28 *Respecting General Prospectus Requirements*; or
- (G) before March 17, 2008, a completed personal information form or authorization in a form substantially similar to a personal information form or authorization in clause (E) or (F), as permitted under securities legislation;

was previously delivered in connection with the simplified prospectus of another mutual fund managed by the manager of the mutual fund;

- (iii) a signed letter to the regulator from the auditor of the mutual fund prepared in accordance with the form suggested for this circumstance by the Handbook, if a financial statement of the mutual fund incorporated by reference in the preliminary simplified prospectus is accompanied by an unsigned auditor's report; and
- (iv) any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation.

(2) A mutual fund must:

- (a) file with a *pro forma* simplified prospectus, a *pro forma* annual information form and a *pro forma* fund facts document for each class or series of securities of the mutual fund:
 - (i) a copy of any material contract of the mutual fund, and a copy of any amendment to a material contract of the mutual fund, not previously filed;

(ii) a submission to the jurisdiction and appointment of an agent for service of process of the manager of the mutual fund in the form set out in Appendix C to National Instrument 41-101 *General Prospectus Requirements*, if the manager of the mutual fund is incorporated, continued or organized under the laws of a foreign jurisdiction or resides outside of Canada and if that document has not already been filed; and

(iii) any other supporting documents required to be filed under securities legislation; and

(b) at the time a *pro forma* simplified prospectus, a *pro forma* annual information form and a *pro forma* fund facts document for each class or series of securities of the mutual fund are filed, deliver or send to the securities regulatory authority:

(i) a copy of the *pro forma* simplified prospectus, black lined to show changes and the text of deletions from the latest simplified prospectus previously filed;

(ii) a copy of the *pro forma* annual information form, black lined to show changes and the text of deletions from the latest annual information form previously filed;

(ii.1) a copy of the *pro forma* fund facts document for each class or series of securities of the mutual fund, blacklined to show changes, including the text of deletions, from the latest fund facts document previously filed;

(iii) a copy of a draft of each material contract of the mutual fund, and a copy of each draft amendment to a material contract of the mutual fund, in either case not yet executed but proposed to be executed by the time of filing of the simplified prospectus;

(iv) personal information in the form of the Personal Information Form and Authorization for:

(A) each director and executive officer of the mutual fund;

(B) each director and executive officer of the manager of the mutual fund;

(C) each promoter of the mutual fund; and

(D) if the promoter is not an individual, each director and executive officer of the promoter;

unless:

(E) a completed Personal Information Form and Authorization;

(F) before March 17, 2008, a completed authorization in:

(I) the form set out in Appendix B of NI 44-101;

(II) the form set out in Ontario Form 41-501F2 *Authorization of Indirect Collection of Personal Information*; or

(III) the form set out in Appendix A of Québec Regulation Q-28 *Respecting General Prospectus Requirements*; or

(G) before March 17, 2008, a completed personal information form or authorization in a form substantially similar to a personal information form or authorization in clause (E) or (F), as permitted under securities legislation;

was previously delivered in connection with a simplified prospectus of the mutual fund or another mutual fund managed by the manager of the mutual fund; and

(v) any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation.

(3) A mutual fund must:

(a) file with a simplified prospectus, an annual information form and a fund facts document for each class or series of securities of the mutual fund:

(i) a copy of any material contract, and a copy of any amendment to a material contract, of the mutual fund and not previously filed;

(ii) for a new mutual fund, a copy of the audited balance sheet of the mutual fund;

(iii) a copy of the annual information form certified in accordance with Part 5.1;

(iv) a submission to the jurisdiction and appointment of an agent for service of process of the manager of the mutual fund in the form set out in Appendix C to National Instrument 41-101 *General Prospectus Requirements*, if the manager of the mutual fund is incorporated, continued or organized under the laws of a foreign jurisdiction or resides outside of Canada and if that document has not already been filed;

(v) any consents required by section 2.6;

(vi) a copy of each report or valuation referred to in the simplified prospectus, for which a consent is required to be filed under section 2.6 and that has not previously been filed; and

(vii) any other supporting documents required to be filed under securities legislation; and; and

(b) at the time a simplified prospectus is filed, deliver or send to the securities regulatory authority:

(i) a copy of the simplified prospectus, black lined to show changes and the text of deletions from the preliminary or *pro forma* simplified prospectus;

(ii) a copy of the annual information form, black lined to show changes and the text of deletions from the preliminary or *pro forma* annual information form;

(ii.1) a copy of the fund facts document for each class or series of securities of the mutual fund, blacklined to show changes, including the text of deletions, from the preliminary or *pro forma* fund facts document;

- (iii) details of any changes to the personal information required to be delivered under subparagraph (1)(b)(ii) or (2)(b)(iv), in the form of the Personal Information Form and Authorization, since the delivery of that information in connection with the filing of the simplified prospectus of the mutual fund or another mutual fund managed by the manager; and
 - (iv) any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation.
- (4) A mutual fund must:
 - (a) file with an amendment to a simplified prospectus and an amendment to the annual information form:
 - (i) a copy of the amendment to the annual information form certified in accordance with Part 5.1;
 - (ii) any consents required by section 2.6;
 - (iii) a copy of any material contract of the mutual fund, and a copy of any amendment to a material contract of the mutual fund, not previously filed;
 - (iii.1) if the amendment relates to the information contained in a fund facts document, an amendment to the fund facts document, and
 - (iv) any other supporting documents required to be filed under securities legislation; and
 - (b) at the time an amendment to a simplified prospectus is filed, deliver or send to the securities regulatory authority:
 - (i) if the amendment to the simplified prospectus is in the form of an amended and restated simplified prospectus, a copy of that document black lined to show changes and the text of deletions from the simplified prospectus;
 - (ii) if the amendment to the annual information form is in the form of an amended and restated annual information form, a copy of the amended annual information form, black lined to show changes and the text of deletions from the annual information form;
 - (ii.1) if an amendment to a fund facts document is filed, a copy of the fund facts document, blacklined to show changes, including the text of deletions, from the latest fund facts document previously filed;
 - (iii) details of any changes to the personal information required to be delivered under subparagraph (1)(b)(ii), (2)(b)(iv) or (3)(b)(iii), in the form of the Personal Information Form and Authorization, since the delivery of that information in connection with the filing of the simplified prospectus of the mutual fund or another mutual fund managed by the manager; and
 - (iv) any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation.

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- (5) A mutual fund must:
- (a) file with an amendment to an annual information form in circumstances in which the corresponding simplified prospectus is not amended:
 - (i) a copy of the amendment to the annual information form certified in accordance with Part 5.1;
 - (ii) any consents required by section 2.6;
 - (iii) a copy of any material contract of the mutual fund, and a copy of any amendment to a material contract of the mutual fund, not previously filed;
 - (iii.1) if the amendment relates to the information contained in a fund facts document, an amendment to the fund facts document, and
 - (iv) any other supporting documents required to be filed under securities legislation; and
 - (b) at the time an amendment to an annual information form is filed, deliver or send to the securities regulatory authority:
 - (i) details of any changes to the personal information required to be delivered under subparagraph (1)(b)(ii), (2)(b)(iv) or (3)(b)(iii), in the form of the Personal Information Form and Authorization, since the delivery of that information in connection with the filing of the simplified prospectus of the mutual fund or another mutual fund managed by the manager;
 - (ii) if the amendment is in the form of an amended and restated annual information form, a copy of the amended and restated annual information form blacklined to show changes and the text of deletions from the annual information form;
 - (ii.1) if an amendment to a fund facts document is filed, a copy of the fund facts document, blacklined to show changes, including the text of deletions, from the latest fund facts document previously filed; and
 - (iii) any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation.
- (5.1) A mutual fund must:
- (a) file the following documents with an amendment to a fund facts document unless subsection (4) or (5) applies:
 - (i) an amendment to the corresponding annual information form, certified in accordance with Part 5.1;
 - (ii) any other supporting documents required to be filed under securities legislation; and
 - (b) at the time an amendment to a fund facts document is filed, deliver or send to the securities regulatory authority:
 - (i) details of any changes to the personal information required to be delivered under subparagraph (1)(b)(ii), (2)(b)(iv) or (3)(b)(iii), in the form of the Personal Information Form and Authorization, since the delivery of that information in connection with the filing of the simplified prospectus of the mutual fund or another mutual fund managed by the manager;

- (ii) a copy of the amended and restated fund facts document blacklined to show changes, including the text of deletions, from the most recently filed fund facts document; and
 - (iii) any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation.
- (6) Despite any other provision of this section, a mutual fund may:
 - (a) omit or mark to be unreadable certain provisions of a material contract or an amendment to a material contract filed under this section:
 - (i) if the manager of the mutual fund reasonably believes that disclosure of those provisions would be seriously prejudicial to the interests of the mutual fund or would violate confidentiality provisions; and
 - (ii) if a provision is omitted or marked to be unreadable under subparagraph (i), the mutual fund must include a description of the type of information that has been omitted or marked to be unreadable immediately after the provision that is omitted or marked to be unreadable in the copy of the material contract or amendment to the material contract filed by the mutual fund; and
 - (b) delete commercial or financial information from the copy of an agreement of the mutual fund, its manager or trustee with a portfolio adviser or portfolio advisers of the mutual fund filed under this section if the disclosure of that information could reasonably be expected to:
 - (i) prejudice significantly the competitive position of a party to the agreement; or
 - (ii) interfere significantly with negotiations in which parties to the agreement are involved.

“2.3.1 Websites

- (1) If a mutual fund or the mutual fund’s family has a website, the mutual fund must post to at least one of those websites a fund facts document filed under this Part as soon as practicable and, in any event, within 10 days after the date that the document is filed.
- (2) A fund facts document posted to the website referred to in subsection (1) must:
 - (a) be displayed in a manner that would be considered prominent to a reasonable person; and
 - (b) not be attached to or bound with another fund facts document.
- (3) Subsection (1) does not apply if the fund facts document is posted to a website of the manager of the mutual fund in the manner required under subsection (2).

“2.4 Simplified Prospectus

A simplified prospectus is a prospectus for the purposes of securities legislation.

“2.5 Lapse Date

- (1) This section does not apply in Ontario.
- (2) In this section, ‘**lapse date**’ means, with reference to the distribution of a security that has been qualified under a simplified prospectus, the date that is 12 months after the date of the most recent simplified prospectus relating to the security.
- (3) A mutual fund must not continue the distribution of a security to which the prospectus requirement applies after the lapse date unless the mutual fund files a new simplified prospectus that complies with securities legislation and a receipt for that new simplified prospectus is issued by the regulator.
- (4) Despite subsection (3), a distribution may be continued for a further 12 months after a lapse date if:
 - (a) the mutual fund delivers a *pro forma* simplified prospectus not less than 30 days before the lapse date of the previous simplified prospectus;
 - (b) the mutual fund files a new final simplified prospectus not later than 10 days after the lapse date of the previous simplified prospectus; and
 - (c) a receipt for the new final simplified prospectus is issued by the regulator within 20 days after the lapse date of the previous simplified prospectus.
- (5) The continued distribution of securities after the lapse date does not contravene subsection (3) unless and until any of the conditions of subsection (4) are not complied with.
- (6) Subject to any extension granted under subsection (7), if a condition in subsection (4) is not complied with, a purchaser may cancel a purchase made in a distribution after the lapse date in reliance on subsection (4) within 90 days after the purchaser first became aware of the failure to comply with the condition.
- (7) The regulator may, on an application of a mutual fund, extend, subject to such terms and conditions as it may impose, the times provided by subsection (4) where in its opinion it would not be prejudicial to the public interest to do so.

“2.6 Consents of Experts

- (1) A mutual fund must file the written consent of:
 - (a) any solicitor, auditor, accountant, engineer, or appraiser;
 - (b) any notary in Québec; and
 - (c) any person or company whose profession or business gives authority to a statement made by that person or company;
if that person or company is named in a simplified prospectus or an amendment to a simplified prospectus, directly or, if applicable, in a document incorporated by reference;
 - (d) as having prepared or certified any part of the simplified prospectus or the amendment;
 - (e) as having opined on financial statements from which selected information included in the simplified prospectus has been derived and which audit opinion is referred to in the simplified prospectus directly or in a document incorporated by reference; or

- (f) as having prepared or certified a report, valuation, statement or opinion referred to in the simplified prospectus or the amendment, directly or in a document incorporated by reference.
- (2) The consent referred to in subsection (1) must:
- (a) be filed no later than the time the simplified prospectus or the amendment to the simplified prospectus is filed or, for the purposes of future financial statements that have been incorporated by reference in a simplified prospectus, no later than the date that those financial statements are filed;
 - (b) state that the person or company being named consents:
 - (i) to being named; and
 - (ii) to the use of that person or company's report, valuation, statement or opinion;
 - (c) refer to the report, valuation, statement or opinion stating the date of the report, valuation, statement or opinion; and
 - (d) contain a statement that the person or company being named:
 - (i) has read the simplified prospectus; and
 - (ii) has no reason to believe that there are any misrepresentations in the information contained in it that are:
 - (A) derived from the report, valuation, statement or opinion; or
 - (B) within the knowledge of the person or company as a result of the services performed by the person or company in connection with the report, financial statements, valuation, statement or opinion.
- (3) In addition to any other requirement of this section, the consent of an auditor or accountant must also state:
- (a) the dates of the financial statements on which the report of the auditor or accountant is made; and
 - (b) that the auditor or accountant has no reason to believe that there are any misrepresentations in the information contained in the simplified prospectus that are:
 - (i) derived from the financial statements on which the auditor or accountant has reported; or
 - (ii) within the knowledge of the auditor or accountant as a result of the audit of the financial statements.
- (4) Subsection (1) does not apply to an approved rating organization that issues a rating to the securities being distributed under the simplified prospectus.

“2.7 Language of Documents

- (1) A mutual fund must file a simplified prospectus and any other document required to be filed under this Instrument in French or in English.
- (2) In Québec, a simplified prospectus and any document required to be incorporated by reference into a simplified prospectus must be in French or in French and English.

(3) Despite subsection (1), if a mutual fund files a document only in French or only in English but delivers to a securityholder or prospective securityholder a version of the document in the other language, the mutual fund must file that other version not later than when it is first delivered to the securityholder or prospective securityholder.

“2.8 Statement of Rights

Except in Ontario, a simplified prospectus must contain a statement of the rights given to a purchaser under securities legislation in case of a failure to deliver the simplified prospectus or in case of a misrepresentation in the simplified prospectus.

“PART 3 DOCUMENTS INCORPORATED BY REFERENCE AND DELIVERY TO SECURITYHOLDERS

“3.1 Documents Incorporated by Reference

The following documents must, by means of a statement to that effect, be incorporated by reference into, and form part of, a simplified prospectus:

- (a) the annual information form that is filed concurrently with the simplified prospectus;
- (a.1) the most recently filed fund facts document for each class or series of securities of the mutual fund, filed either concurrently with or after the date of the simplified prospectus;
- (b) the most recently filed comparative annual financial statements of the mutual fund, together with the accompanying report of the auditor, filed either before or after the date of the simplified prospectus;
- (c) the most recently filed interim financial statements of the mutual fund that were filed before or after the date of the simplified prospectus and that pertain to a period after the period to which the annual financial statements then incorporated by reference in the simplified prospectus pertain;
- (d) the most recently filed annual management report of fund performance of the mutual fund that was filed before or after the date of the simplified prospectus;
- (e) the most recently filed interim management report of fund performance of the mutual fund that was filed before or after the date of the simplified prospectus and that pertains to a period after the period to which the annual management report of fund performance then incorporated by reference in the simplified prospectus pertains.

“3.1.1 Audit of Financial Statements

Any financial statements, other than interim financial statements, incorporated by reference in a simplified prospectus must meet the audit requirements in Part 2 of National Instrument 81-106 *Investment Fund Continuous Disclosure*.

“3.1.2 Review of Unaudited Financial Statements

Any unaudited financial statements incorporated by reference in a simplified prospectus at the date of filing of the simplified prospectus must have been reviewed in accordance with the relevant standards set out in the Handbook for a review of financial statements by the mutual fund's auditor or a review of financial statements by a public accountant.

“3.1.3 Approval of Financial Statements and Related Documents

A mutual fund must not file a simplified prospectus unless each financial statement and each management report of fund performance incorporated by reference in the simplified prospectus has been approved in accordance with the requirements in Part 2 and Part 4 of National Instrument 81-106 *Investment Fund Continuous Disclosure*.

“3.2 Delivery of Preliminary Simplified Prospectus and Simplified Prospectus

(1) The requirement under securities legislation to deliver or send a preliminary prospectus of a mutual fund to a person or company is satisfied by delivering or sending a preliminary simplified prospectus for the mutual fund filed under this Instrument, prepared in accordance with Form 81-101F1, either with or without the documents incorporated by reference.

(2) The requirement under securities legislation to deliver or send a prospectus of a mutual fund to a person or company is satisfied by delivering or sending a simplified prospectus for the mutual fund filed under this Instrument, prepared in accordance with Form 81-101F1, either with or without the documents incorporated by reference.

(3) Except in Ontario, any dealer distributing a security during the waiting period must:

(a) send a copy of the preliminary simplified prospectus to each prospective purchaser who indicates an interest in purchasing the security and requests a copy of such preliminary simplified prospectus; and

(b) maintain a record of the names and addresses of all persons and companies to whom the preliminary simplified prospectus has been forwarded.

“3.3 Documents to be Delivered or Sent upon Request

(1) A mutual fund must deliver or send to any person or company that requests the simplified prospectus of the mutual fund or any of the documents incorporated by reference into the simplified prospectus, a copy of the simplified prospectus or requested document.

(2) A mutual fund must deliver or send, to any person or company that requests the annual information form of the mutual fund, the current simplified prospectus of the mutual fund with the annual information form, unless the mutual fund has previously delivered or sent that simplified prospectus to that person or company.

(3) A mutual fund must deliver or send all documents requested under this section within three business days of receipt of the request and free of charge.

“3.4 Toll-Free Telephone Number or Collect Telephone Calls

A mutual fund must have a toll-free telephone number for, or accept collect telephone calls from, persons or companies that want to receive a copy of the simplified prospectus of the mutual fund and any or all documents incorporated by reference into the simplified prospectus.

“3.5 Soliciting Expressions of Interest Prohibited

Neither a multiple SP that includes both a *pro forma* simplified prospectus and a preliminary simplified prospectus nor a multiple AIF that includes both a *pro forma* annual information form and a preliminary annual information form must be used to solicit expressions of interest.

“PART 4 PLAIN LANGUAGE AND PRESENTATION**“4.1 Plain Language and Presentation**

- (1) A simplified prospectus, annual information form and fund facts document must be prepared using plain language and in a format that assists in readability and comprehension.
- (2) A simplified prospectus:
 - (a) must present all information briefly and concisely;
 - (b) must present the items listed in the Part A section of Form 81-101F1 and the items listed in the Part B section of Form 81-101F1 in the order stipulated in those parts;
 - (c) may, unless the Part B section is being bound separately from the Part A section as permitted by subsection 5.3(1), place the Part B section of the simplified prospectus in any location in the simplified prospectus;
 - (d) must use the headings and sub-headings stipulated in Form 81-101F1, and may use sub-headings in items for which no sub-headings are stipulated;
 - (e) must contain only educational material or the information that is specifically mandated or permitted by Form 81-101F1; and
 - (f) must not incorporate by reference into the simplified prospectus, from any other document, information that is required to be included in a simplified prospectus.
- (3) A fund facts document must:
 - (a) be prepared for each class and each series of securities of a mutual fund in accordance with Form 81-101F3;
 - (b) present the items listed in the Part I section of Form 81-101F3 and the items listed in the Part II section of Form 81-101F3 in the order stipulated in those parts;
 - (c) use the headings and sub-headings stipulated in Form 81-101F3;
 - (d) contain only the information that is specifically required or permitted to be in Form 81-101F3;
 - (e) not incorporate any information by reference; and
 - (f) not exceed four pages in length.

“4.2 Preparation in the Required Form

Despite provisions in securities legislation relating to the presentation of the content of a prospectus, a simplified prospectus, an annual information form and a fund facts document must be prepared in accordance with this Instrument.

“PART 5 PACKAGING**“5.1 Combinations of Documents**

- (1) A simplified prospectus must not be consolidated with one or more other simplified prospectuses to form a multiple SP unless the Part A sections of each simplified prospectus are substantially similar.

- (2) A multiple SP must be prepared in accordance with the applicable requirements of Form 81-101F1.
- (3) A simplified prospectus or a multiple SP may only be attached to, or bound with, one or more of the following documents:
 - (a) documents incorporated by reference;
 - (b) educational material;
 - (c) account application documents;
 - (d) registered tax plan applications and documents;
 - (e) any point of sale disclosure documents required by securities legislation.

“5.2 Order of Contents of Bound Documents

- (1) If the material or documents referred to in clauses 5.1(3)(a) to (e) are attached to, or bound with, a single SP or multiple SP:
 - (a) the single SP or multiple SP must be the first document contained in the package; and
 - (b) no pages must come before the single SP or multiple SP in the package other than, at the option of the mutual fund, a general front cover and a table of contents pertaining to the entire package.

(1.1) Despite subsection (1), if attached to or bound with a single SP or multiple SP, the fund facts document must be the first document contained in the package.

(2) The general front cover referred to in clause (1)(b) may contain only the names of the mutual funds to which the package relates, trademark or trade names identifying those mutual funds or other members of the organization of those mutual funds, and artwork.

“5.3 Separate Binding of Part B Sections of a Multiple SP

- (1) The Part B sections of a multiple SP may be bound separately from the Part A section of that document.
- (2) If a Part B section of a multiple SP is bound separately from the Part A section of the multiple SP:
 - (a) all of the Part B sections of the multiple SP must be bound separately from the Part A section; and
 - (b) all or some of the Part B sections may be bound together with each other or separately.

“5.4 Annual Information Forms

- (1) An annual information form must be consolidated with one or more other annual information forms into a multiple AIF if the related simplified prospectuses are consolidated into a multiple SP.
- (2) A multiple AIF must be prepared in accordance with the applicable requirements of Form 81-101F2.

“5.5 Combinations of Fund Facts Documents for Filing Purposes –

For the purposes of section 2.1, a fund facts document may be attached to or bound with another fund facts document of a mutual fund in a simplified prospectus or, if a multiple SP, another fund facts document of a mutual fund combined in the multiple SP.

“PART 5.1 CERTIFICATES**“5.1.1 Interpretation**

For the purposes of this Part:

‘manager certificate form’ means a certificate in the form set out in Item 20 of Form 81-101F2 and attached to the annual information form;

‘mutual fund certificate form’ means a certificate in the form set out in Item 19 of Form 81-101F2 and attached to the annual information form;

‘principal distributor certificate form’ means a certificate in the form set out in Item 22 of Form 81-101F2 and attached to the annual information form; and

‘promoter certificate form’ means a certificate in the form set out in Item 21 of Form 81-101F2 and attached to the annual information form.

“5.1.2 Date of Certificates

The date of the certificates required by this Instrument must be within 3 business days before the filing of the preliminary simplified prospectus, the simplified prospectus, the amendment to the simplified prospectus, the amendment to the annual information form or the amendment to the fund facts document, as applicable.

“5.1.3 Certificate of the Mutual Fund

(1) Except in Ontario, a simplified prospectus of a mutual fund must be certified by the mutual fund.

(2) A mutual fund must certify its simplified prospectus in the form of the mutual fund certificate form.

“5.1.4 Certificate of Principal Distributor

A simplified prospectus of a mutual fund must be certified by each principal distributor in the form of the principal distributor certificate form.

“5.1.5 Certificate of the Manager

A simplified prospectus of a mutual fund must be certified by the manager of the mutual fund in the form of the manager certificate form.

“5.1.6 Certificate of Promoter

(1) Except in Ontario, a simplified prospectus of a mutual fund must be certified by each promoter of the mutual fund.

(2) A prospectus certificate required under this Instrument or other securities legislation to be signed by a promoter must be in the form of the promoter certificate form.

(3) Except in Ontario, the regulator may require any person or company who was a promoter of the mutual fund within the two preceding years to sign a certificate in the promoter certificate form.

(4) Despite subsection (3), in British Columbia, the powers of the regulator with respect to the matters described in subsection (3) are set out in the *Securities Act* (British Columbia).

(5) Except in Ontario, with the consent of the regulator, a certificate of a promoter for a simplified prospectus may be signed by an agent duly authorized in writing by the person or company required to sign the certificate.

“5.1.7 Certificates of Corporate Mutual Funds

- (1) Except in Ontario, if the mutual fund is a company, the certificate of the mutual fund required under section 5.1.3 must be signed:
 - (a) by the chief executive officer and the chief financial officer of the mutual fund; and
 - (b) on behalf of the board of directors of the mutual fund, by:
 - (i) any two directors of the mutual fund, other than the persons referred to in paragraph (a) above; or
 - (ii) if the mutual fund has only three directors, two of whom are the persons referred to in paragraph (a) above, all the directors of the mutual fund.
- (2) Except in Ontario, if the regulator is satisfied that either or both of the chief executive officer or chief financial officer cannot sign a certificate in a simplified prospectus, the regulator may accept a certificate signed by another officer.

“PART 6 EXEMPTIONS**“6.1 Grant of Exemption**

- (1) The regulator or the securities regulatory authority may grant an exemption from the provisions of this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.
- (2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.
- (3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

“6.2 Evidence of exemption

- (1) Subject to subsection (2) and without limiting the manner in which an exemption may be evidenced, the granting under this Part of an exemption from any form or content requirements relating to a simplified prospectus, annual information form or fund facts document, may be evidenced by the issuance of a receipt for a simplified prospectus and annual information form, or an amendment to a simplified prospectus or annual information form.
- (2) The issuance of a receipt for a simplified prospectus and annual information form or an amendment to a simplified prospectus or annual information form is not evidence that the exemption has been granted unless:
 - (a) the person or company that sought the exemption sent to the regulator or securities regulatory authority a letter or memorandum describing the matters relating to the exemption and indicating why consideration should be given to the granting of the exemption:
 - (i) on or before the date of the filing of the preliminary or pro forma simplified prospectus and annual information form;
 - (ii) at least 10 days before the issuance of the receipt in the case of an amendment to a simplified prospectus or annual information form; or
 - (iii) after the date of the filing of the preliminary or pro forma simplified prospectus and annual information form and received a written acknowledgement from the regulator or securities regulatory authority that the exemption may be evidenced in the manner set out in subsection (1); and

(b) the regulator or securities regulatory authority has not before, or concurrently with, the issuance of the receipt sent notice to the person or company that sought the exemption, that the exemption sought may not be evidenced in the manner set out in subsection (1).

“PART 7 TRANSITIONAL AND EFFECTIVE DATE

“7(1) A mutual fund must, on or before July 8, 2011, file a fund facts document for each class or series of securities of the mutual fund that, on that date, are the subject of disclosure under a simplified prospectus.

(2) Subsection (1) does not apply in respect of a class or series of securities of a mutual fund for which a fund facts document was, on or before July 8, 2011, filed under section 2.1.

(3) The date of a fund facts document filed under subsection (1) must be the date on which it was filed.

(4) Until April 8, 2011:

(a) the requirement to file a fund facts document under subparagraph 2.1(1)(a)(ii), (b)(ii), (c)(ii), (d)(ii) or (iii) of National Instrument 81-101 Mutual Fund Prospectus Disclosure does not apply to a mutual fund; and

(b) section 2.3 applies to a mutual fund except to the extent that section imposes requirements relating to a fund facts document.

(5) This Instrument comes into force on January 1, 2011.

“APPENDIX A

“FORM 81-101F1 CONTENTS OF SIMPLIFIED PROSPECTUS

“GENERAL INSTRUCTIONS:

General

(1) *This Form describes the disclosure required in a simplified prospectus of a mutual fund. Each Item of this Form outlines disclosure requirements. Instructions to help you provide this disclosure are printed in italic type.*

(2) *Terms defined in National Instrument 81-101 Mutual Fund Prospectus Disclosure, National Instrument 81-102 Mutual Funds or National Instrument 81-105 Mutual Fund Sales Practices and used in this Form have the meanings that they have in those national instruments. However, subsection 1.3(3) of National Instrument 81-102 does not apply to this Form.*

(3) *A simplified prospectus shall state the required information concisely and in plain language. Reference should be made to Part 3 of Companion Policy 81-101CP for a discussion concerning plain language and presentation.*

(4) *Respond as simply and directly as is reasonably possible and include only as much information as is necessary for an understanding of the fundamental and particular characteristics of the mutual fund. Brevity is especially important in describing practices or aspects of a mutual fund’s operations that do not differ materially from those of other mutual funds.*

(5) *National Instrument 81-101 requires the simplified prospectus to be presented in a format that assists in readability and comprehension. This Form does not mandate the use of a specific format to achieve these goals. However, mutual funds are encouraged to use, as appropriate, tables, captions, bullet points or other organizational techniques that assist in presenting the required disclosure clearly and concisely.*

(6) *Each Item shall be presented under the heading or sub-heading stipulated in this Form; references to the relevant Item number are optional. If no sub-heading for an Item is stipulated in this Form, a mutual fund may include sub-headings, under the required headings, at its option.*

(7) *A simplified prospectus may contain photographs and artwork only if they are relevant to the business of the mutual fund, mutual fund family or members of the organization of the mutual fund and are not misleading.*

(8) *Any footnotes to tables provided for under any Item in this Form may be deleted if the substance of the footnotes is otherwise provided.*

Contents of a Simplified Prospectus

(9) *A simplified prospectus shall pertain to one mutual fund, and shall consist of two sections, a Part A section and a Part B section.*

(10) *The Part A section of a simplified prospectus contains the response to the Items in Part A of this Form and contains introductory information about the mutual fund, general information about mutual funds and information applicable to the mutual funds managed by the mutual fund organization.*

(11) *The Part B section of a simplified prospectus contains the response to the Items in Part B of this Form and contains specific information about the mutual fund to which the simplified prospectus pertains.*

(12) *Notwithstanding securities legislation, a simplified prospectus shall present each Item in the Part A section and each Item in the Part B section in the respective order provided for in this Form. However, the Part B section of the simplified prospectus may be placed in any location in the simplified prospectus. For a single SP, this means that the Part B section may be placed before the Part A section, somewhere in the middle of the Part A section or after the Part A section, except for the covers.*

(13) *Subsection 5.1(3) of National Instrument 81-101 permits certain documents to be attached to, or bound with, a simplified prospectus. Those documents consist of the documents incorporated by reference into the simplified prospectus, educational material, account application documents, registered tax plan applications and documents and any point of sale disclosure documents required by securities legislation. No other documents may be attached to, or bound with, a simplified prospectus.*

Consolidation of Simplified Prospectuses into a Multiple SP

(14) *Subsection 5.1(1) of National Instrument 81-101 states that simplified prospectuses shall not be consolidated to form a multiple SP unless the Part A sections of each simplified prospectus are substantially similar. The Part A sections in a consolidated document need not be repeated. These provisions permit a mutual fund organization to create a document that contains the disclosure for a number of mutual funds in the same family.*

(15) *As with a single SP, a multiple SP will consist of two Parts:*

(a) *a Part A section that contains general information about the mutual funds, or the mutual fund family, described in the document; and*

(b) a number of Part B sections, each of which will provide specific information about one mutual fund. The Part B sections shall not be consolidated with each other so that, in a multiple SP, information about each of the mutual funds described in the document shall be provided on a fund by fund or catalogue basis and shall set out for each mutual fund separately the information required by Part B of this Form. Each Part B section shall start on a new page.

(16) For a multiple SP in which the Part A and Part B sections are bound together, the Part B sections may be placed at any location in the document; that is, before the Part A section, somewhere in the middle of the Part A section or after the Part A section, except for the back cover. If the Part B sections are bound with the Part A section, the Part B sections shall be kept together in the document.

(17) Section 5.3 of National Instrument 81-101 permits the Part B sections of a multiple SP to be bound separately from the Part A section of the document. If one Part B section is bound separately from the Part A section of the document, all Part B sections must be separate from the Part A section of the document.

(18) Subsection 5.3(2) of National Instrument 81-101 permits Part B sections that have been bound separately from the related Part A section to either be bound individually or together, at the option of the mutual fund organization. There is no prohibition against the same Part B section of a multiple SP being bound by itself for distribution to some investors, and also being bound with the Part B section of other mutual funds for distribution to other investors.

(19) Section 3.2 of National Instrument 81-101 provides that the requirement under securities legislation to deliver a prospectus for a mutual fund will be satisfied by the delivery of a simplified prospectus, either with or without the documents incorporated by reference. Mutual fund organizations that bind separately the Part B sections of a multiple SP from the Part A section are reminded that, since a simplified prospectus consists of a Part A section and a Part B section, delivery of both sections is necessary in order to satisfy the delivery obligations in connection with the sale of securities of a particular mutual fund.

(20) In Items 1 through 4 of Part A of this Form, specific instructions are provided for a single SP and a multiple SP and in some cases for a multiple SP for which the Part A section is either bound with, or separate from, the Part B sections of the document. The remainder of Part A of this Form generally refers to disclosure required for 'a mutual fund' in a 'simplified prospectus'. This disclosure should be modified as appropriate to reflect multiple mutual funds covered by a multiple SP.

Multi-Class Mutual Funds

(21) A mutual fund that has more than one class or series that are referable to the same portfolio may treat each class or series as a separate mutual fund for purposes of this Form, or may combine disclosure of one or more of the classes or series in one simplified prospectus. If disclosure pertaining to more than one class or series is combined in one simplified prospectus, separate disclosure in response to each Item in this Form must be provided for each class or series unless the responses would be identical for each class or series.

(22) As provided in National Instrument 81-102, a section, part, class or series of a class of securities of a mutual fund that is referable to a separate portfolio of assets is considered to be a separate mutual fund. Those principles are applicable to National Instrument 81-101 and this Form.

“PART A GENERAL DISCLOSURE**“Item 1: Front Cover Disclosure****“1.1 For a Single SP**

(1) Indicate on the front cover whether the document is a preliminary simplified prospectus, a *pro forma* simplified prospectus or a simplified prospectus.

(2) Indicate on the front cover the name of the mutual fund to which the simplified prospectus pertains. If the mutual fund has more than one class or series of securities, indicate the name of each of those classes or series covered in the simplified prospectus.

(3) Notwithstanding securities legislation, state on the front cover of a preliminary simplified prospectus the following:

‘A copy of this Simplified Prospectus has been filed with [the securities authority(ies) in each of/certain of the provinces/provinces and territories of Canada] but the Simplified Prospectus has not yet become final for the purpose of a distribution. Information contained in this Simplified Prospectus may not be complete and may have to be amended. The [units/shares] described in this Simplified Prospectus may not be sold to you until a receipt for the Simplified Prospectus is obtained by the mutual fund from the securities regulatory [authority(ies)]’.

(4) If a commercial copy of the preliminary simplified prospectus is prepared, print the legend referred to in subsection (3) in red ink.

(5) For a preliminary simplified prospectus or simplified prospectus, indicate the date of the document, which shall be the date of the certificates contained in the related annual information form. This date shall be within three business days of the date the document is filed with the securities regulatory authority. Write the date in full, writing the name of the month in words. A *pro forma* simplified prospectus need not be dated, but may reflect the anticipated date of the simplified prospectus.

(6) State, in substantially the following words:

‘No securities regulatory authority has expressed an opinion about these [units/shares] and it is an offence to claim otherwise’.

“1.2 For a Multiple SP in which the Part A section and the Part B sections are bound together

(1) Indicate on the front cover whether the document is a preliminary simplified prospectus, a *pro forma* simplified prospectus or a simplified prospectus for each of the mutual funds to which the document pertains.

(2) Indicate on the front cover the names of the mutual funds and, at the option of the mutual funds, the name of the mutual fund family, to which the document pertains. If the mutual fund has more than one class or series of securities, indicate the name of each of those classes or series covered in the simplified prospectus.

(3) Notwithstanding securities legislation, state on the front cover of a document that contains a preliminary simplified prospectus the following:

‘A copy of this document has been filed with [the securities authority(ies) in each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of a distribution. Information contained in this document may not be complete and may have to be amended. The [units/shares] described in this document may not be sold to you until receipts for this document are obtained by the mutual fund from the securities regulatory [authority(ies)]’.

(4) If a commercial copy of the document that contains a preliminary simplified prospectus is prepared, print the legend referred to in subsection (3) in red ink.

(5) If the document contains a preliminary simplified prospectus or a simplified prospectus, indicate the date of the document, which shall be the date of the certificates contained in the related multiple AIF. This date shall be within three business days of the date the document is filed with the securities regulatory authority. Write the date in full, writing the name of the month in words. A document that is a *pro forma* multiple SP need not be dated, but may reflect the anticipated date of the multiple SP.

(6) State, in substantially the following words:

‘No securities regulatory authority has expressed an opinion about these [units/shares] and it is an offence to claim otherwise’.

“1.3 For a Multiple SP in which the Part A section is bound separately from the Part B sections

(1) Comply with Item 1.2.

(2) State prominently, in substantially the following words:

‘A complete simplified prospectus for the mutual funds listed on this page consists of this document and an additional disclosure document that provides specific information about the mutual funds in which you are investing. This document provides general information applicable to all of the [name of mutual fund family] funds. You must be provided with the additional disclosure document’.

“Item 2: Table of Contents

“2.1 For a Single SP

(1) Notwithstanding securities legislation, at the option of the mutual fund, include a table of contents.

(2) If a table of contents is included, begin it on a new page, which may be the inside front cover of the document.

“2.2 For a Multiple SP in which the Part A section and the Part B sections are bound together

(1) Include a table of contents.

(2) Include in the table of contents, under the heading ‘Fund Specific Information’, a list of all of the mutual funds to which the document pertains, with the numbers of the pages where information about each mutual fund can be found.

(3) Begin the table of contents on a new page, which may be the inside front cover of the document.

“2.3 For a Multiple SP in which the Part A section is bound separately from the Part B sections

- (1) Include a table of contents for the Part A section of the multiple SP.
- (2) Begin the table of contents on a new page, which may be the inside front cover of the document.
- (3) Include, immediately following the table of contents and on the same page, a list of the mutual funds to which the multiple SP pertains and details on how the Part B disclosure for each mutual fund will be provided.

“Item 3: Introductory Disclosure**“3.1 For a Single SP**

Provide, either on a new page or immediately under the table of contents, under the heading ‘Introduction’, the following statement in substantially the following words:

‘ This Simplified Prospectus contains selected important information to help you make an informed investment decision and to help you understand your rights.

‘ This Simplified Prospectus contains information about the Fund and the risks of investing in mutual funds generally, as well as the names of the firms responsible for the management of the Fund.

‘ Additional information about the Fund is available in the following documents:

- the Annual Information Form;
- the most recently filed Fund Facts;
- the most recently filed annual financial statements;
- any interim financial statements filed after those annual financial statements;
- the most recently filed annual management report of fund performance;
- any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document. You can get a copy of these documents, at your request, and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Instrument], or from your dealer.

‘ [If applicable] These documents are available on the [mutual fund’s/ mutual fund family’s] Internet site at [insert mutual fund’s Internet site address], or by contacting the [mutual fund/mutual fund family] at [insert mutual fund’s/ mutual fund family’s e-mail address].

‘ These documents and other information about the Fund are available on the Internet at www.sedar.com’.

“3.2 For a Multiple SP

Provide, either on a new page or immediately under the table of contents, under the heading ‘Introduction’ the following statement in substantially the following words:

‘ This document contains selected important information to help you make an informed investment decision and to help you understand your rights as an investor.

‘ This document is divided into two parts. The first part, [from pages through ·], contains general information applicable to all of the [name of fund family] Funds. The second part, [from pages through ·] [which is separately bound], contains specific information about each of the Funds described in this document.

‘ Additional information about each Fund is available in the following documents:

- the Annual Information Form;
- the most recently filed Fund Facts;
- the most recently filed annual financial statements;
- any interim financial statements filed after those annual financial statements;
- the most recently filed annual management report of fund performance;
- any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this document, which means that they legally form part of this document just as if they were printed as a part of this document. You can get a copy of these documents, at your request, and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Instrument], or from your dealer.

‘ [If applicable] These documents are available on the [mutual funds/mutual fund family’s] Internet site at [insert mutual funds/mutual fund family’s Internet site address], or by contacting the [mutual funds/mutual fund family] at [insert e-mail address].

‘ These documents and other information about the Funds are available at www.sedar.com’.

“Item 4: General Investment Risks

(1) Disclose under the heading ‘What is a Mutual Fund and What are the Risks of Investing in a Mutual Fund?’:

- (a) a brief general description of the nature of a mutual fund; and
- (b) the risk factors or other investment considerations that an investor should take into account that are associated with investing in mutual funds generally.

(2) For a multiple SP, at the option of the mutual fund, disclose the risk factors and investment considerations that are applicable to more than one of those mutual funds.

(3) At a minimum, in response to the requirements of subsection (1), include disclosure in substantially the following words:

- ‘ Mutual funds own different types of investments, depending upon their investment objectives. The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions, and market and company news. As a result, the value of a mutual fund’s [units/shares] may go up and down, and the value of your investment in a mutual fund may be more or less when you redeem it than when you purchased it.
- ‘ [If applicable], The full amount of your investment in any [name of mutual fund family] mutual fund is not guaranteed.
- ‘ Unlike bank accounts or GICs, mutual fund [units/shares] are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer’.

(4) State that, under exceptional circumstances, a mutual fund may suspend redemptions. Provide a reference to the disclosure provided in response to Item 6(2) of Part A of this Form.

INSTRUCTIONS:

(1) *Examples of the risks that may be disclosed under subsection (2) are stock market risk, interest rate risk, foreign security risk, foreign currency risk, specialization risk and risk associated with the use of derivatives. If this risk disclosure is provided under this subsection, the fund-specific disclosure about each mutual fund described in the document should contain a reference to the appropriate parts of this risk disclosure.*

(2) *In providing disclosure under subsection (1), follow the instructions under Item 9 of Part B of this Form, as appropriate.*

“Item 5: Organization and Management Details for a Multiple SP

(1) Provide, under the heading ‘Organization and Management of the [name of mutual fund family]’, information about the manager, trustee, portfolio adviser, principal distributor, custodian, registrar and auditor of the mutual funds to which the document relates in the form of a diagram or table.

(2) For each entity listed in the diagram or table, briefly describe the services provided by that entity and the relationship of that entity to the manager.

(3) For each entity listed in the diagram or table, other than the manager of the mutual funds, provide the municipality and the province or country where it principally provides its services to the mutual funds. Provide the complete municipal address for the manager of the mutual funds.

(3.1) Under a separate sub-heading ‘Independent Review Committee’ in the diagram or table, briefly describe the independent review committee of the mutual funds, including:

- (a) an appropriate summary of its mandate;
- (b) its composition;

- (c) that it prepares at least annually a report of its activities for securityholders which is available on the [mutual fund's/mutual fund family's] Internet site at [insert mutual fund's Internet site address], or at the securityholder's request at no cost, by contacting the [mutual fund/mutual fund family] at [insert mutual fund's /mutual fund family's e-mail address]; and
- (d) that additional information about the independent review committee, including the names of the members, is available in the mutual fund's Annual Information Form.
- (4) At the option of the mutual fund, provide, under a separate sub-heading, details of the manager of the mutual fund, including the history and background of the manager and any overall investment strategy or approach used by the manager in connection with the mutual funds for which it acts as manager.
- (4.1) If a mutual fund holds, in accordance with section 2.5 of National Instrument 81-102 Mutual Funds, securities of another mutual fund that is managed by the same manager or an affiliate or associate of the manager, disclose:
- (a) that the securities of the other mutual fund held by the mutual fund will not be voted; and
- (b) if applicable, that the manager may arrange for the securities of the other mutual fund to be voted by the beneficial holders of the securities of the mutual fund.
- (5) Notwithstanding subsection (1), if the information required by subsection (1) is not the same for substantially all of the mutual funds described in the document, provide in the diagram or table contemplated by subsection (1) only that information that is the same for substantially all of the mutual funds and provide the remaining disclosure required by that subsection in the diagram or table required by Item 4(1) of Part B of this Form.
- (6) Despite subsection (3.1), if the information required by subsection (3.1) is not the same for substantially all of the mutual funds described in the document, provide only that information that is the same for substantially all of the mutual funds and provide the remaining disclosure required by that subsection under Item 4(3.1) of Part B of this Form.

INSTRUCTIONS:

- (1) *The information required to be disclosed in this Item shall be presented prominently, using enough space so that it is easy to read.*
- (2) *The descriptions of the services provided by the listed entities should be brief. For instance, the manager may be described as 'manages the overall business and operations of the funds', a portfolio adviser may be described as 'provides investment advice to the manager about the investment portfolio of the funds' or 'manages the investment portfolio of the funds', and a 'principal distributor' may be described as 'markets the securities of the funds and sells securities [through brokers and dealers] [or its own sales force]'.*
- (3) *The information about the independent review committee should be brief. For instance, its mandate may in part be described as 'reviewing, and providing input on, the manager's written policies and procedures which deal with conflict of interest matters for the manager and reviewing such conflict of interest matters.' A cross-reference to the annual information form for additional information on the independent review committee and fund governance should be included.*

“Item 6: Purchases, Switches and Redemptions

- (1) Briefly describe, under the heading ‘Purchases, Switches and Redemptions’, how an investor can purchase and redeem the securities of the mutual fund or switch them for securities of other mutual funds, how often the mutual fund is valued, and state that the issue and redemption price of those securities is based on the mutual fund’s net asset value of a security of that class, or series of a class, next determined after the receipt by the mutual fund of the purchase order or redemption order.
- (2) State that, under extraordinary circumstances, the rights of investors to redeem securities may be suspended by the mutual fund, and describe the circumstances when the suspension of redemption rights could occur.
- (3) For a new mutual fund that is being sold on a best efforts basis, state whether the issue price will be fixed during the initial distribution period, and state when the mutual fund will begin issuing and redeeming securities based on the net asset value per security of the mutual fund.
- (4) Describe all available purchase options and state, if applicable, that the choice of different purchase options requires the investor to pay different fees and expenses and, if applicable, that the choice of different purchase options affects the amount of compensation paid by a member of the organization of the mutual fund to a dealer. Include cross-references to the disclosure provided under Items 8 and 9 of Part A of this Form.
- (5) Under the sub-heading ‘Short-term Trading’:
 - (a) describe the adverse effects, if any, that short-term trades in securities of the mutual fund by an investor may have on other investors in the mutual fund;
 - (b) describe the restrictions, if any, that may be imposed by the mutual fund to deter short-term trades, including the circumstances, if any, under which such restrictions may not apply;
 - (c) where the mutual fund does not impose restrictions on short-term trades, state the specific basis for the view of the manager that it is appropriate for the mutual fund not to do so; and
 - (d) if applicable, state that the annual information form includes a description of all arrangements, whether formal or informal, with any person or company, to permit short-term trades of securities of the mutual fund.

INSTRUCTION:

In the disclosure required by subsection (5), include a brief description of the short-term trading activities in the mutual fund that are considered by the manager to be inappropriate or excessive. Where the manager imposes a short-term trading fee, include a cross-reference to the disclosure provided under Item 8 of Part A of this Form.

“Item 7: Optional Services Provided by the Mutual Fund Organization

If applicable, under the heading ‘Optional Services’, describe the optional services that may be obtained by typical investors from the mutual fund organization.

INSTRUCTION:

Disclosure in this Item should include, for example, any asset allocation services, registered tax plans, foreign content monitoring plans, regular investment and withdrawal plans, U.S. dollar purchase plans, periodic purchase plans, contractual plans, periodic withdrawal plans or switch privileges.

“Item 8: Fees and Expenses**“8.1 General Disclosure**

(1) Set out information about the fees and expenses payable by the mutual fund and by investors in the mutual fund under the heading ‘Fees and Expenses’.

(1.1) If the mutual fund holds securities of other mutual funds, disclose that with respect to securities of another mutual fund:

(a) there are fees and expenses payable by the other mutual fund in addition to the fees and expenses payable by the mutual fund;

(b) no management fees or incentive fees are payable by the mutual fund that, to a reasonable person, would duplicate a fee payable by the other mutual fund for the same service;

(c) no sales fees or redemption fees are payable by the mutual fund in relation to its purchases or redemptions of the securities of the other mutual fund if the other mutual fund is managed by the manager or an affiliate or associate of the manager of the mutual fund; and

(d) no sales fees or redemption fees are payable by the mutual fund in relation to its purchases or redemptions of securities of the other mutual fund that, to a reasonable person, would duplicate a fee payable by an investor in the mutual fund.

(2) The information required by this Item shall first be a summary of the fees, charges and expenses of the mutual fund and investors presented in the form of the following table, appropriately completed, and introduced using substantially the following words:

‘This table lists the fees and expenses that you may have to pay if you invest in the [insert the name of the mutual fund]. You may have to pay some of these fees and expenses directly. The Fund may have to pay some of these fees and expenses, which will therefore reduce the value of your investment in the Fund’.

(3) Include the fees for any optional services provided by the mutual fund organization, as described by Item 7 of Part A of this Form, in the table.

(3.1) Under ‘Operating Expenses’ in the table, include a description of the fees and expenses payable in connection with the independent review committee.

(4) If management fees are payable directly by investors, add a line item in the table to disclose the maximum percentage that could be paid by investors.

(5) If the manager permits negotiation of a management fee rebate, provide disclosure of these arrangements. If these arrangements are not available for each mutual fund described in the document, make this disclosure in the description of fees and expenses required for each fund by Item 5 of Part B of this Form and include a cross-reference to that information in the table required by this Item.

(6) Despite subsection (3.1), if the information required by subsection (3.1) is not the same for each mutual fund described in the document, make this disclosure in the description of fees and expenses required for each fund by Item 5 of Part B of this Form and include a cross-reference to that information in the table required by this Item.

Fees and Expenses Payable by the Fund	
Management Fees	<i>[See Instruction (1)] [disclosure re management fee rebate program]</i>
Operating Expenses	<i>[See Instructions (2) and (3)] Fund[s] pay[s] all operating expenses, including _____</i>
Fees and Expenses Payable Directly by You	
Sales Charges	<i>[specify percentage, as a percentage of _____]</i>
Switch Fees	<i>[specify percentage, as a percentage of _____ , or specify amount]</i>
Redemption Fees	<i>[specify percentage, as a percentage of _____ , or specify amount]</i>
Short-term Trading Fee	<i>[specify percentage, as a percentage of _____]</i>
Registered Tax Plan Fees <i>[include this disclosure and specify the type of fees if the registered tax plan is sponsored by the mutual fund and is described in the simplified prospectus]</i>	<i>[specify amount]</i>
Other Fees and Expenses <i>[specify type]</i>	<i>[specify amount]</i>

INSTRUCTIONS:

(1) If the table pertains to more than one mutual fund and not all of the mutual funds pay the same management fees, under 'Management Fees' in the table, either:

(a) state that the management fees are unique to each mutual fund, include management fee disclosure for each mutual fund as a separate line item in the table required by Item 5 of Part B of this Form for that mutual fund, and include a cross-reference to that table; or

- (b) list the amount of the management fee, including any performance or incentive fee, for each mutual fund separately.
- (2) If the table pertains to more than one mutual fund and not all of the mutual funds have the same obligations to pay operating expenses, either:
- (a) state that the operating expenses payable by the mutual funds are unique to each mutual fund, include the description of the operating expenses payable by each mutual fund as a separate line item in the table required by Item 5 of Part B of this Form for that mutual fund, and include a cross-reference to that table; or
- (b) provide the disclosure concerning the operating expenses for each mutual fund contemplated by this Item separately.
- (3) Under 'Operating Expenses', state whether the mutual fund pays all of its operating expenses and list the main components of those expenses. If the mutual fund pays only certain operating expenses and is not responsible for payment of all such expenses, adjust the statement in the table to reflect the proper contractual responsibility of the mutual fund.
- (4) Show all fees or expenses payable by the mutual fund, even if it is expected that the manager of the mutual fund or other member of the organization of the mutual fund will waive or absorb some or all of those fees and expenses.
- (5) If the management fees of a mutual fund are payable directly by a securityholder and vary so that specific disclosure of the amount of the management fees cannot be disclosed in the simplified prospectus of the mutual fund, or cannot be derived from disclosure in the simplified prospectus, provide as much disclosure as is possible about the management fees to be paid by securityholders, including the highest possible rate or range of those management fees.

“8.2 Illustrations of Different Purchase Options

- (1) Under the sub-heading 'Impact of Sales Charges' provide information, substantially in the form of the following table, concerning the amount of fees payable by an investor under the available purchase options and introduced using substantially the following words:

'The following table shows the amount of fees that you would have to pay under the different purchase options available to you if you made an investment of \$1,000 in the Fund, if you held that investment for one, three, five or ten years and redeemed immediately before the end of that period'.

	At Time of Purchase	1 Year	3 Years	5 Years	10 Years
Sales Charge Option	\$•	---	---	---	---
Redemption Charge Option ⁽¹⁾	---	\$•	\$•	\$•	\$•
No Load Option	---	---	---	---	---
[Other purchase options]	\$•	\$•	\$•	\$•	\$•

⁽¹⁾Redemption charges may apply only if you redeem your [units/shares] in a particular year. Redemption charges are shown under 'Fees and Expenses' above.

(2) In preparing the table contemplated by this Item, assume, in determining the fees paid under the sales charge option, that:

- (a) the maximum sales commission disclosed in the simplified prospectus is paid by the investor; and
- (b) if the mutual fund has a deferred sales charge option in which the amount paid by an investor at the time of a redemption of securities is based upon the net asset value of those securities at that time, an annual return of five percent since time of purchase, and disclose that assumption in a footnote to the table.

“Item 9: Dealer Compensation

“9.1 General

Provide, under the heading ‘Dealer Compensation’, the disclosure of sales practices and equity interests required by sections 8.1 and 8.2 of National Instrument 81-105.

INSTRUCTIONS:

(1) Briefly state the compensation paid and the sales practices followed by the members of the organization of the mutual fund in a concise and explicit manner, without explaining the requirements and parameters for permitted compensation contained in National Instrument 81-105.

(2) For example, if the manager of the mutual fund pays an up-front sales commission to participating dealers, so state and include the range of commissions paid. If the manager permits participating dealers to retain the sales commissions paid by investors as compensation, so state and include the range of commissions that can be retained. If the manager or another member of the mutual fund’s organization pays trailing commissions, so state and provide an explanation of the basis of calculation of these commissions and the range of the rates of such commissions. If the mutual fund organization from time to time pays the permitted marketing expenses of participating dealers on a co-operative basis, so state. If the mutual fund organization from time to time holds educational conferences that sales representatives of participating dealers may attend or from time to time pays certain of the expenses incurred by participating dealers in holding educational conferences for sales representatives, so state.

(3) If the members of the organization of the mutual funds follow any other sales practices permitted by National Instrument 81-105, briefly describe these sales practices.

(4) Include a brief summary of the equity interests between the members of the organization of the mutual fund and participating dealers and representatives as required by section 8.2 of National Instrument 81-105. This disclosure may be provided by means of a diagram or table.

“9.2 Dealer Compensation from Management Fees

Disclose, under the heading ‘Dealer Compensation from Management Fees’, the approximate percentage obtained from a fraction:

- (a) the numerator of which is the aggregate amount of cash paid to registered dealers in the last completed financial year of the manager of the mutual fund, for payments made:
 - (i) by:
 - (A) the manager of the mutual fund; or
 - (B) an affiliate of the manager;

- (ii) in order to:
 - (A) pay compensation to registered dealers in connection with the distribution of securities of the mutual fund or mutual funds that are members of the same mutual fund family as the mutual fund; or
 - (B) pay for any marketing, fund promotion or educational activity in connection with the mutual fund or mutual funds that are members of the same mutual fund family as the mutual fund; and
- (b) the denominator of which is the aggregate amount of management fees received by the managers of the mutual fund and all other mutual funds in the same mutual fund family as the mutual fund in the last completed financial year of the manager.

INSTRUCTION:

- (1) *The disclosure presented under this Item should be described as information about the approximate percentage of management fees paid by mutual funds in the same family as the mutual fund that were used to fund commissions or other promotional activities of the mutual fund family in the most recently completed financial year of the manager of the mutual fund.*
- (2) *The calculations made under this Item should take into account the payment of sales and trailing commissions and the costs of participation in co-operative marketing, fund promotion and educational conferences.*
- (3) *Amounts paid out by a mutual fund organization as sales commissions should be netted against amounts received from deferred sales charges.*

“Item 10: Income Tax Considerations for Investors

- (1) Briefly describe under the heading ‘Income Tax Considerations for Investors’ the income tax consequences for investors of income and capital gains distributions made by the mutual fund, as well as of the gains or losses that occur on the disposition of securities of the mutual fund by the investor.
- (2) This description shall explain the different tax treatment applicable to mutual fund securities held in a registered tax plan as compared to mutual fund securities held in non-registered accounts.
- (3) Describe the impact of the mutual fund’s distribution policy on a taxable investor who acquires securities of the mutual fund late in a calendar year.
- (4) If material, describe the potential impact of the mutual fund’s anticipated portfolio turnover rate on a taxable investor.
- (5) Describe how the adjusted cost base of a security of a mutual fund can be calculated by those investors holding outside a registered tax plan.

INSTRUCTION:

- (1) *If management fees are paid directly by investors, describe generally the income tax consequences to taxable investors of this arrangement.*
- (2) *Subsection (2) is particularly relevant for investors who hold their mutual fund investments through RRSPs, if they have invested in a mutual fund that requires management fees to be paid directly by the investors. Detailed disclosure of the tax consequences of this arrangement on those investors should be made by such mutual funds.*

“Item 11: Statement of Rights

Provide a brief explanation, under the heading ‘What are your Legal Rights?’, of an investor’s statutory rights of rescission and damages, including the right of action for misrepresentations contained in the simplified prospectus and in any documents incorporated by reference into the simplified prospectus, in substantially the following words:

‘Securities legislation in some provinces gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the Simplified Prospectus, or to cancel your purchase within 48 hours of receiving confirmation of your order.

‘Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund [units/shares] and get your money back, or to make a claim for damages, if the Simplified Prospectus, Annual Information Form or financial statements misrepresent any facts about the Fund. These rights must usually be exercised within certain time limits.

‘For more information, refer to the securities legislation of your province or territory or consult your lawyer’.

“Item 12: Additional Information

(1) Provide any specific disclosure required or permitted to be disclosed in a prospectus under securities legislation or by an order or ruling of the securities regulatory authority pertaining to the mutual fund that is not otherwise required to be disclosed by this Form.

(2) This Item does not apply to the requirements of securities legislation that are form requirements for a prospectus.

INSTRUCTIONS:

(1) An example of a provision of securities legislation that may be relevant to this Item is the requirement contained in the conflict of interest provisions of the Canadian securities legislation of a number of jurisdictions to the effect that a mutual fund shall not make an investment in respect of which a related person will receive any fee or compensation except for fees paid pursuant to a contract disclosed in, among other things, a prospectus. Another example is the requirement of some jurisdictions that certain statements be included in a simplified prospectus of a mutual fund with a non-Canadian manager.

(2) For a single SP, provide this disclosure either under this Item or under Item 14 of Part B of this Form, whichever is more appropriate.

(3) For a multiple SP, this disclosure should be provided under this Item if the disclosure pertains to all of the mutual funds described in the document. If the disclosure does not pertain to all of those funds, the disclosure should be provided in the fund-specific disclosure required or permitted under Item 14 of Part B of this Form.

“Item 13: Part B Introduction

(1) For a multiple SP, at the option of the mutual fund, include in a separate section any explanatory information that would otherwise be repeated identically in each Part B section of the document.

(2) Any information included in an introductory section under subsection (1) may be omitted elsewhere in the Part B section of the document.

INSTRUCTION:

- (1) *This Item may be used to avoid the need for repetition of standard information in each Part B section of a multiple SP.*
- (2) *Examples of the type of information that may be moved to an introductory section from other parts of the Part B section are:*
 - (a) *definitions or explanations of terms used in each Part B section, such as 'portfolio turnover rate' and 'management expense ratio'; and*
 - (b) *discussion or explanations of the tables or charts that are required in each Part B section of the document.*
- (3) *A similar Item is contained in Item 3 of Part B of this Form. A mutual fund organization may include this section either at the end of the Part A section of the multiple SP or at the beginning of the Part B section, at its option.*

“Item 14: Back Cover

- (1) State on the back cover the name of the mutual fund or funds included in the document or the mutual fund family, as well as the name, address and telephone number of the manager of the mutual fund or funds.
- (2) State, in substantially the following words:
 - ‘ Additional information about the Fund[s] is available in the Fund[‘s/s’] Annual Information Form, Fund Facts, management reports of fund performance and financial statements. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document.
 - ‘ You can get a copy of these documents, at your request, and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Instrument], or from your dealer or by e-mail at [insert e-mail address].
 - ‘ These documents and other information about the Fund[s], such as information circulars and material contracts, are also available [on the [insert name of mutual fund manager] internet site at [insert website address] or] at www.sedar.com’.
- (3) For a multiple SP in which the Part A section is bound separately from the Part B sections, state, in substantially the following words:

‘A complete simplified prospectus for the mutual funds listed on this cover consists of this document and any additional disclosure document that provides specific information about the mutual funds in which you are investing. This document provides general information applicable to all of the [name of mutual fund family] funds. When you request a simplified prospectus, you must be provided with the additional disclosure document’.

“PART B FUND-SPECIFIC INFORMATION**“Item 1: General**

(1) For a multiple SP in which the Part B sections are bound separately from the Part A section, include at the bottom of each page of a Part B section a footer in substantially the following words and in a type size consistent with the rest of the document:

‘This document provides specific information about [name of Fund]. It should be read in conjunction with the rest of the simplified prospectus of the [name of mutual fund family] dated [insert date]. This document and the document that provides general information about [name of mutual fund family] together constitute the simplified prospectus’.

(2) If the Part B section is an amended and restated document, add to the footer required by subsection (1) a statement that the document has been amended and restated on [insert date].

“Item 2: Introductory**“2.1 For a Single SP**

Include at the top of the first page of the Part B section of the simplified prospectus, the heading ‘Specific Information about the [name of Fund]’.

“2.2 For a Multiple SP in which the Part A section and the Part B sections are bound together

Include:

(a) at the top of the first page of the first Part B section in the document, the heading ‘Specific Information about Each of the Mutual Funds Described in this Document’; and

(b) at the top of each page of a Part B section of the document, a heading consisting of the name of the mutual fund described on that page.

“2.3 For a Multiple SP in which the Part A section is bound separately from the Part B sections

Include at the top of each page of a Part B section of the document, a heading consisting of the name of the mutual fund described on that page.

“Item 3: General Information

(1) For a multiple SP, at the option of the mutual fund, include in an introductory section any explanatory information that would otherwise be repeated identically in each Part B section of the document.

(2) Any information included in an introductory section under subsection (1) may be omitted elsewhere in the Part B section of the document.

INSTRUCTIONS:

(1) *See the Instruction to Item 13 of Part A of this Form.*

(2) *If the disclosure contemplated by this Item is included in Part A of the multiple SP under Item 13 of Part A of this Form, include in the introduction section of each Part B section of the multiple SP a cross-reference to where this disclosure is located in the Part A section of the multiple SP.*

“Item 4: Organization and Management Details

(1) For a single SP, under the heading ‘Organization and Management of the [name of mutual fund]’, provide information about the manager, trustee, portfolio adviser, principal distributor, custodian, registrar and auditor of the mutual fund in the form of a diagram or table.

(2) For each entity listed in the diagram or table, briefly describe the services provided by that entity and the relationship of that entity to the manager.

(3) For each entity listed in the diagram or table, other than the manager of the mutual fund, provide the municipality and the province or country where it principally provides its services to the mutual funds. Provide the complete municipal address for the manager of the mutual fund.

(3.1) Under a separate sub-heading ‘Independent Review Committee’ in the diagram or table, briefly describe the independent review committee of the mutual funds, including:

- (a) an appropriate summary of its mandate;
- (b) its composition;
- (c) that it prepares at least annually a report of its activities for securityholders which is available on the [mutual fund’s/mutual fund family’s] Internet site at [insert mutual fund’s Internet site address], or at securityholder’s request at no cost, by contacting the [mutual fund/mutual fund family] at [insert mutual fund’s /mutual fund family’s e-mail address]; and
- (d) that additional information about the independent review committee, including the names of the members, is available in the mutual fund’s Annual Information Form.

(4) At the option of the mutual fund, include under a separate sub-heading, details of the manager of the mutual fund, including the history and background of the manager and any overall investment strategy or approach used by the manager in connection with its mutual funds.

(4.1) If a mutual fund holds, in accordance with section 2.5 of National Instrument 81-102 Mutual Funds, securities of another mutual fund that is managed by the same manager or an affiliate or associate of the manager, disclose that:

- (a) the securities of the other mutual fund held by the mutual fund shall not be voted; and
- (b) if applicable, that the manager may arrange for the securities of the other mutual fund to be voted by the beneficial holders of the securities of the mutual fund.

(5) Follow the requirements and instructions of Item 5 of Part A of this Form in connection with the diagram or table.

“Item 5: Fund Details

Under the heading ‘Fund Details’, disclose, in a table:

- (a) the type of mutual fund that the mutual fund is best characterized as;
- (b) the date on which the mutual fund was started;
- (c) the nature of the securities offered by the simplified prospectus;

- (d) whether the mutual fund is eligible as an investment for registered retirement savings plans, registered retirement income funds or deferred profit sharing plans;
- (e) whether securities of the mutual fund will constitute foreign property under the ITA;
- (f) if this information is not contained in the table required by Item 8.1 of Part A of this Form:
 - (i) the amount of the management fee, including any performance or incentive fee, charged to the mutual fund;
 - (ii) details concerning the operating expenses paid by the mutual fund contemplated by Instruction (3) of Item 8.1 of Part A of this Form; and
 - (iii) the amount of the fees and expenses payable in connection with the independent review committee, charged to the mutual fund;
- (g) any information required by subsection (5) of Item 5 of Part A of this Form to be contained in Part B.

INSTRUCTIONS:

- (1) *In disclosing the date on which the mutual fund started, use the date on which the securities of the mutual fund first became available to the public, which will be on, or about, the date of the issuance of the first receipt for a prospectus of the mutual fund. For a mutual fund that formerly offered its securities privately, disclose this fact.*
- (2) *If the mutual fund pays a fee that is determined by the performance of the mutual fund, the disclosure required by clause 7.1(c) of National Instrument 81-102 to be described in a simplified prospectus of the mutual fund should be included in a footnote to the description of the incentive fee in the table.*
- (3) *Examples of types of mutual funds that could be listed in response to clause (a) are money market, equity, bond or balanced funds related, if appropriate, to a geographical region, or any other description that accurately identifies the type of mutual fund.*
- (4) *If the rights attached to the securities being offered are materially limited or qualified by those attached to any other class or series of securities of the mutual fund or if another class or series of securities of the mutual fund ranks ahead of or equally with the securities being offered, include, as part of the disclosure provided in response to clause (c), information regarding those other securities that will enable investors to understand the rights attaching to the securities being offered.*
- (5) *In providing the disclosure contemplated by clause (f), provide any disclosure required by, and follow, the Instructions to Item 8.1 of Part A of this Form.*

“Item 6: Fundamental Investment Objectives

- (1) Set out under the heading ‘What Does the Fund Invest In?’ and under the sub-heading ‘Investment Objectives’ the fundamental investment objectives of the mutual fund, including information that describes the fundamental nature of the mutual fund, or the fundamental features of the mutual fund, that distinguish it from other mutual funds.
- (2) Describe the nature of any securityholder or other approval that may be required in order to change the fundamental investment objectives of the mutual fund and any of the material investment strategies to be used to achieve those investment objectives.

- (3) Describe any restrictions on investments adopted by the mutual funds, beyond what is required under securities legislation, that pertain to the fundamental nature of the mutual fund.
- (4) If the mutual fund purports to arrange a guarantee or insurance in order to protect all or some of the principal amount of an investment in the mutual fund, include this fact as a fundamental investment objective of the mutual fund and:
 - (a) identify the person or company providing the guarantee or insurance;
 - (b) provide the material terms of the guarantee or insurance, including the maturity date of the guarantee or insurance;
 - (c) if applicable, state that the guarantee or insurance does not apply to the amount of any redemptions before the maturity date of the guarantee or before the death of the securityholder and that redemptions before that date would be based on the net asset value of the mutual fund at the time; and
 - (d) modify any other disclosure required by this section appropriately.
- (5) For an index mutual fund:
 - (a) disclose the name or names of the permitted index or permitted indices on which the investments of the index mutual fund are based,
 - (b) briefly describe the nature of that permitted index or those permitted indices,
 - (c) **Repealed.** 2 Jan 2004 SR 123/2003 s4.
 - (d) **Repealed.** 2 Jan 2004 SR 123/2003 s4.

INSTRUCTIONS:

- (1) *State the type or types of securities, such as money market instruments, bonds, equity securities or securities of another mutual fund, in which the mutual fund will primarily invest under normal market conditions.*
- (2) *If the mutual fund primarily invests, or intends to primarily invest, or if its name implies that it will primarily invest:*
 - (a) *in a particular type of issuer, such as foreign issuers, small capitalization issuers or issuers located in emerging market countries;*
 - (b) *in a particular geographic location or industry segment; or*
 - (c) *in portfolio assets other than securities;*

the mutual fund's fundamental investment objectives should so indicate.
- (3) *If a particular investment strategy is an essential aspect of the mutual fund, as evidenced by the name of the mutual fund or the manner in which the mutual fund is marketed, disclose this strategy as an investment objective. This instruction would be applicable, for example, to a mutual fund that described itself as an 'asset allocation fund' or a 'mutual fund that invests primarily through the use of derivatives'.*

“Item 7: Investment Strategies

- (1) Describe under the heading ‘What Does The Fund Invest In?’ and under the sub-heading ‘Investment Strategies’:
 - (a) the principal investment strategies that the mutual fund intends to use in achieving its investment objectives; and

- (b) the process by which the mutual fund's portfolio adviser selects securities for the fund's portfolio, including any investment approach, philosophy, practices or techniques used by the portfolio adviser or any particular style of portfolio management that the portfolio adviser intends to follow;
- (c) if the mutual fund may hold other mutual funds:
 - (i) whether the mutual fund intends to purchase securities of, or enter into specified derivative transactions for which the underlying interest is based on the securities of, other mutual funds;
 - (ii) whether or not the other mutual funds may be managed by the manager or an affiliate or associate of the manager of the mutual fund;
 - (iii) what percentage of net assets of the mutual fund is dedicated to the investment in the securities of, or the entering into of specified derivative transactions for which the underlying interest is based on the securities of, other mutual funds; and
 - (iv) the process or criteria used to select the other mutual funds.
- (2) Indicate what types of securities, other than those held by the mutual fund in accordance with its fundamental investment objectives, may form part of the mutual fund's portfolio assets under normal market conditions.
- (3) If the mutual fund intends to use derivatives:
 - (a) for hedging purposes only, state that the mutual fund may use derivatives for hedging purposes only;
 - (b) for non-hedging purposes, or for hedging and non-hedging purposes, briefly describe:
 - (i) how derivatives are or will be used in conjunction with other securities to achieve the mutual fund's investment objectives;
 - (ii) the types of derivatives expected to be used and give a brief description of the nature of each type; and
 - (iii) the limits of the mutual fund's use of derivatives.
- (4) If the mutual fund is managed so that its securities do not constitute foreign property for purposes of the ITA, state whether any, and if so what proportion, of the assets of the mutual fund may or will be invested in foreign securities.
- (5) If the mutual fund is not a money market fund, and intends to engage in active and frequent trading of portfolio securities as a principal investment strategy to achieve its investment objectives such that the portfolio turnover rate of the mutual fund is expected to be more than 70 percent, describe:
 - (a) the tax consequences to securityholders of an active portfolio turnover; and
 - (b) how the tax consequences of, or trading costs associated with, the mutual fund's portfolio turnover may affect the mutual fund's performance.
- (6) If the mutual fund may depart temporarily from its fundamental investment objectives as a result of adverse market, economic, political or other considerations, disclose any temporary defensive tactics the mutual fund's portfolio adviser may use or intends to use in response to such conditions.

- (7) Describe any restrictions on investments adopted by the mutual fund, beyond what is required under securities legislation, that do not pertain to the fundamental nature of the mutual fund.
- (8) If the mutual fund intends to enter into securities lending, repurchase or reverse repurchase transactions under sections 2.12, 2.13 or 2.14 of National Instrument 81-102:
- (a) state that the mutual fund may enter into securities lending, repurchase or reverse repurchase transactions; and
 - (b) briefly describe:
 - (i) how those transactions are or will be entered into in conjunction with other strategies and investments of the mutual fund to achieve the mutual fund's investment objectives;
 - (ii) the types of those transactions to be entered into and give a brief description of the nature of each type, and
 - (iii) the limits of the mutual fund's entering into of those transactions.
- (9) For an index mutual fund:
- (a) for the 12-month period immediately preceding the date of the simplified prospectus:
 - (i) indicate whether one or more securities represented more than 10% of the permitted index or permitted indices;
 - (ii) identify that security or those securities; and
 - (iii) disclose the maximum percentage of the permitted index or permitted indices that the security or securities represented in the 12-month period; and
 - (b) disclose the maximum percentage of the permitted index or permitted indices that the security or securities referred to in paragraph (a) represented at the most recent date for which that information is available.

INSTRUCTION:

A mutual fund may, in responding to this Item, provide a discussion of the general investment approach or philosophy followed by the portfolio adviser of the mutual fund.

“Item 8: Repealed. 10 Jne 2005 SR 49/2005 s5.

“Item 9: Risks

- (1) Set out specific information concerning any material risks associated with an investment in the mutual fund, other than those risks previously discussed in response to Item 4 of Part A of this Form, under the heading ‘What are the Risks of Investing in the Fund?’.
- (1.1) If more than 10% of the securities of a mutual fund are held by a securityholder, including another mutual fund, the mutual fund must disclose:
- (a) the percentage of securities held by the securityholder as at a date within 30 days of the date of the simplified prospectus of the mutual fund; and
 - (b) the risks associated with a possible redemption requested by the securityholder.

(1.2) If the mutual fund may hold securities of a foreign mutual fund, in accordance with subsection 2.5(3)(b) of National Instrument 81-102 Mutual Funds, disclose the risks associated with that investment.

(2) For a money market fund, include disclosure to the effect that although the mutual fund intends to maintain a constant price for its securities, there is no guarantee that the price will not go up and down.

(3) Include specific cross-references to the risks described in response to clause (1)(b) of Item 4 of Part A of this Form that are applicable to the mutual fund.

(4) If the mutual fund offers more than one class or series of securities, disclose the risks that the investment performance, expenses or liabilities of one class or series may affect the value of the securities of another class or series, if applicable.

(5) For an index mutual fund, disclose that the mutual fund may, in basing its investment decisions on one or more permitted indices, have more of its net assets invested in one or more issuers than is usually permitted for mutual funds, and disclose the risks associated with that fact, including the possible effect of that fact on the liquidity and diversification of the mutual fund, its ability to satisfy redemption requests and on the volatility of the mutual fund.

(6) If, at any time during the 12 month period immediately preceding the date of the simplified prospectus, more than 10 percent of the net assets of a mutual fund were invested in the securities of an issuer, other than a government security or a security issued by a clearing corporation, disclose:

- (a) the name of the issuer and the securities;
- (b) the maximum percentage of the net assets of the mutual fund that securities of that issuer represented during the 12 month period; and
- (c) disclose the risks associated with these matters, including the possible or actual effect of that fact on the liquidity and diversification of the mutual fund, its ability to satisfy redemption requests and on the volatility of the mutual fund.

(7) If the mutual fund is to enter into securities lending, repurchase or reverse repurchase transactions, describe the risks associated with the mutual fund entering into those transactions.

INSTRUCTIONS:

(1) *Consider the mutual fund's portfolio investments as a whole.*

(2) *Provide the disclosure in the context of the mutual fund's fundamental investment objectives and investment strategies, outlining the risks associated with any particular aspect of those fundamental investment objectives and investment strategies.*

(3) *Include a discussion of general market, political, market sector, liquidity, interest rate, foreign currency, diversification, credit, legal and operational risks, as appropriate.*

(4) *Include a brief discussion of general investment risks, such as specific company developments, stock market conditions, general economic and financial conditions in those countries where the investments of the mutual fund are listed for trading, applicable to the particular mutual fund.*

(5) *If derivatives are to be used by the mutual fund for non-hedging purposes, describe the risks associated with any use or intended use by the mutual fund of derivatives.*

(6) *In responding to subsection (6) above, it is necessary to disclose only that at a time during the 12 month period referred to, more than 10 percent of the net assets of the mutual fund were invested in the securities of an issuer. Other than the maximum percentage required to be disclosed under paragraph (6)(b), the mutual fund is not required to provide particulars or a summary of any such occurrences.*

“Item 9.1: Investment Risk Classification Methodology

(1) Briefly describe the methodology used by the manager for the purpose of identifying the investment risk level of the mutual fund as required by Item 5(2) in Part I of 81-101F3.

(2) State how frequently the investment risk level of the mutual fund is reviewed.

(3) Disclose that the methodology that the manager uses to identify the investment risk level of the mutual fund is available on request, at no cost, by calling [toll-free/collect call telephone number] or by writing to [address].

INSTRUCTION:

Include a brief description of the formulas, methods or criteria used by the manager of the mutual fund in identifying the investment risk level of the mutual fund.

“Item 10: Suitability

Provide a brief statement of the suitability of the mutual fund for particular investors under the heading ‘Who Should Invest in this Fund?’, describing either or both of the characteristics of the investor for whom the mutual fund may or may not be an appropriate investment, and the portfolios for which the mutual fund is suited or for which the mutual fund should not be used.

INSTRUCTIONS:

(1) *In responding to the disclosure required by this Item, indicate the level of investor risk tolerance that would be appropriate for investment in the mutual fund.*

(1.1) *Briefly describe how the manager has determined the level of investor risk tolerance that would be appropriate for investment in the mutual fund.*

(2) *If the mutual fund is particularly unsuitable for certain types of investors or for certain types of investment portfolios, emphasize this aspect of the mutual fund, and disclose both the types of investors who should not invest in the mutual fund, with regard to investments on both a short and long term basis, and the types of portfolios that should not invest in the mutual fund. Conversely, it might be appropriate to discuss whether the mutual fund is particularly suitable for particular investment objectives.*

“Item 11: Repealed. 10 Jne 2005 SR 49/2005 s5.

“Item 12: Distribution Policy

State under the heading ‘Distribution Policy’ whether distributions are made by the mutual fund in cash or reinvested in securities of the mutual fund, and indicate when distributions are made.

“Item 13: Financial Highlights**“13.1 Repealed. 10 Jne 2005 SR 49/2005 s5.****“13.2 Illustration of Fund Expenses Indirectly Borne by Investors**

- (1) Under the heading ‘Fund Expenses Indirectly Borne by Investors’, provide an example of the share of the expenses of the mutual fund indirectly borne by investors, containing the information and based on the assumptions described in (2).
- (2) The information to be provided under this Item shall be an investor’s cumulative proportional share of the fees and expenses paid by the mutual fund, in dollars, over a period of one, three, five and 10 years, assuming:
 - (a) an initial investment of \$1,000;
 - (b) a total annual return of the mutual fund of five percent in each year, calculated in accordance with section 15 of National Instrument 81-102;
 - (c) a management expense ratio of the mutual fund the same throughout the 10 year period as they were in the last completed financial year of the mutual fund, excluding any performance fees paid in a year which would not have been paid had the mutual fund earned a total return of five percent in that last completed financial year.
- (3) Provide an introduction to the disclosure that explains that the disclosure is intended to help an investor compare the cost of investing in the mutual fund with the cost of investing in other mutual funds, shows the amount of fees and expenses paid by the mutual fund that are indirectly borne by an investor, and describes the assumptions used.
- (4) The management expense ratio used in calculating the disclosure provided under this Item must be the management expense ratio calculated in accordance with Part 15 of National Instrument 81-106 *Investment Fund Continuous Disclosure*.
- (5) Provide a cross-reference to the disclosure provided under Item 8 of Part A of this Form for information about fees and expenses paid directly by the investor which are not included in the calculation of the management expense ratio.

“Item 14: Additional Information

- (1) Provide any specific disclosure required or permitted to be disclosed in a prospectus under securities legislation or by an order or ruling of the securities regulatory authority pertaining to the mutual fund that is not otherwise required to be disclosed by this Form.
- (2) This Item does not apply to requirements of securities legislation that are form requirements for a prospectus.

INSTRUCTIONS:

- (1) See Instruction (1) to Item 12 of Part A of this Form for examples of disclosure that might appropriately be made under these Items.
- (2) For a simplified prospectus that is not part of a multiple SP, provide this disclosure either under this Item or under Item 12 of Part A of this Form, whichever is more appropriate.
- (3) For a multiple SP, this disclosure should be provided under this Item if the disclosure does not pertain to all of the mutual funds described in the document. If the disclosure pertains to all of those funds, the disclosure should be provided in the fund-specific disclosure required or permitted under Item 12 of Part A of this Form.

“APPENDIX B**“FORM 81-101F2
CONTENTS OF ANNUAL INFORMATION FORM****GENERAL INSTRUCTIONS:***General*

(1) *This Form describes the disclosure that is required in an annual information form of a mutual fund. Each Item of this Form outlines disclosure requirements. Instructions to help you provide this disclosure are printed in italic type.*

(2) *Terms defined in National Instrument 81-101 Mutual Fund Prospectus Disclosure, National Instrument 81-102 Mutual Funds or National Instrument 81-105 Mutual Fund Sales Practices and used in this Form have the meanings that they have in those national instruments. However, subsection 1.3(3) of National Instrument 81-102 does not apply to this Form.*

(3) *An annual information form is intended to supplement the information contained in the related simplified prospectus. Information contained in the related simplified prospectus need not be repeated except as required to make the annual information form comprehensible as an independent document. Generally speaking, all of the disclosure required to be provided in connection with a particular requirement of Form 81-101F1 (‘the SP Form’) in order to satisfy statutory disclosure requirements should be contained in the simplified prospectus. For some Items, it may be appropriate to expand in the annual information form on matters discussed in the simplified prospectus; for instance, a mutual fund organization may wish to describe in an annual information form some of its optional services in more detail than in the simplified prospectus. Generally speaking, however, an annual information form is intended to provide disclosure about different matters than those discussed in the simplified prospectus, which may be of assistance or interest to some investors.*

(4) *Unless otherwise required by this Form, information may be presented in a different format and style in an annual information form than in a simplified prospectus. An annual information form is required by National Instrument 81-101 to be presented in a format that assists in readability and comprehension. This Form generally does not mandate the use of a specific format to achieve this goal and mutual funds are encouraged to use, as appropriate, tables, captions, bullet points or other organizational techniques that assist in presenting the disclosure clearly.*

(5) *An annual information form may contain photographs and artwork only if they are relevant to the business of the mutual fund, mutual fund family or members of the organization of the mutual fund and are not misleading.*

(6) *As with a simplified prospectus, an annual information form is to be prepared using plain language. Reference should be made to Part 3 of Companion Policy 81-101CP for a discussion concerning plain language and presentation.*

(7) *Any footnotes provided for under any Item of this Form may be deleted if the substance of the footnotes is otherwise provided.*

Contents of an Annual Information Form

(8) *An annual information form pertains to one mutual fund but, unlike a simplified prospectus, is not required to be divided into a discrete Part A section, pertaining to general disclosure, and a Part B section, pertaining to fund-specific disclosure.*

(9) *It is not necessary to disclose the Items required by this Form in an annual information form in any particular order or under any particular heading. This is unlike the rule for a simplified prospectus, which provides that information contained in a simplified prospectus must be in the order and under the headings required by the SP Form.*

Consolidation of Annual Information Forms into a Multiple AIF

(10) *Section 5.4 of National Instrument 81-101 requires an annual information form to be consolidated with one or more other annual information forms into a multiple AIF if the related simplified prospectuses are consolidated into a multiple SP. As the Instrument does not prevent the consolidation of annual information forms even if the related simplified prospectuses are not consolidated, a mutual fund organization may prepare one multiple AIF that pertains to all of its mutual funds, even if the simplified prospectuses for those mutual funds are not fully or even partially consolidated.*

(11) *Unlike the situation with a multiple SP, National Instrument 81-101 does not permit parts of a multiple AIF to be bound separately.*

(12) *Unlike the requirements for a multiple SP, there are no requirements that disclosure concerning each mutual fund described in a multiple AIF be organized in any particular manner or order. In particular, it is not necessary to use the catalogue approach required to be used in a multiple SP in which disclosure about individual mutual funds is required to be separately presented. Information may be presented separately for each mutual fund, or consolidated, at the option of the mutual fund organization.*

(13) *The requirements in this Form generally speak of ‘a mutual fund’. These requirements apply to each mutual fund to which a multiple AIF pertains.*

Multi-Class Mutual Funds

(14) *A mutual fund that has more than one class or series that are referable to the same portfolio may treat each class or series as a separate mutual fund for purposes of this Form, or may combine disclosure of one or more of the classes or series in one annual information form. If disclosure pertaining to more than one class or series is combined in one annual information form, separate disclosure in response to each Item in this Form must be provided for each class or series unless the responses would be identical for each class or series.*

(15) *As provided in National Instrument 81-102, a section, party, class or series of a class of securities of a mutual fund that is referable to a separate portfolio of assets is considered to be a separate mutual fund. Those principles are applicable to National Instrument 81-101 and this Form.*

“Item 1: Front Cover Disclosure

“1.1 For a Single AIF

(1) Indicate on the front cover whether the document is a preliminary annual information form, a *pro forma* annual information form or an annual information form.

(2) Indicate on the front cover the name of the mutual fund to which the annual information form pertains. If the mutual fund has more than one class or series of securities, indicate the name of each of those classes or series covered in the annual information form.

(3) Notwithstanding securities legislation, state on the front cover of a preliminary annual information form the following:

‘A copy of this annual information form has been filed with [the securities authority(ies) in each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of a distribution. Information contained in this annual information form may not be complete and may have to be amended. The securities described in this annual information form may not be distributed to you until a receipt for the annual information form is obtained by the mutual fund from the securities regulatory [authority(ies)]’.

(4) If a commercial copy of the preliminary annual information form is prepared, print the legend referred to in subsection (3) in red ink.

(5) For a preliminary annual information form or annual information form, indicate the date of the document, which shall be the date of the certificates for the document. This date shall be within three business days of the date it is filed with the securities regulatory authority. Write the date of the document in full, writing the name of the month in words. A *pro forma* annual information form need not be dated, but may reflect the anticipated date of the annual information form.

(6) State, in substantially the following words:

‘No securities regulatory authority has expressed an opinion about these [units/shares] and it is an offence to claim otherwise’.

“1.2 For a Multiple AIF

(1) Indicate on the front cover whether the document is a preliminary annual information form, a *pro forma* annual information form or an annual information form for each of the mutual funds to which the document pertains.

(2) Indicate on the front cover the names of the mutual funds and, at the option of the mutual funds, the name of the mutual fund family to which the document pertains. If the mutual fund has more than one class or series of securities, indicate the name of each of those classes or series covered in the document.

(3) Notwithstanding securities legislation, state on the front cover of a document that contains a preliminary annual information form the following:

‘A copy of this annual information form has been filed with [the securities authority(ies) in each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of a distribution. Information contained in this annual information form may not be complete and may have to be amended. The securities described in this annual information form may not be distributed to you until a receipt for the annual information form is obtained by the mutual fund from the securities regulatory [authority(ies)]’.

(4) If a commercial copy of a document that contains a preliminary annual information form is prepared, print the legend referred to in subsection (3) in red ink.

(5) If the document contains a preliminary annual information form or annual information form, indicate the date of the document, which shall be the date of the certificates for the document. This date shall be within three business days of the date it is filed with the securities regulatory authority. Write the date of the document in full, writing the name of the month in words. A document that is a *pro forma* multiple AIF need not be dated, but may reflect the anticipated date of the multiple AIF.

(6) State, in substantially the following words:

'No securities regulatory authority has expressed an opinion about these [units/shares] and it is an offence to claim otherwise'.

“Item 2: Table of Contents

Include a table of contents.

“Item 3: Name, Formation and History of the Mutual Fund

(1) State the full name of the mutual fund and the address of its head or registered office.

(2) State the laws under which the mutual fund was formed and the date and manner of its formation.

(3) Identify the constating documents of the mutual fund and, if material, state whether the constating documents have been amended in the last 10 years and describe the amendments.

(4) If the mutual fund's name has been changed in the last 10 years, state the mutual fund's former name or names and the date on which it was changed.

(5) Disclose, and provide details about, any major events affecting the mutual fund in the last 10 years. Include information, if applicable, about:

(a) the mutual fund having participated in, or been formed from, an amalgamation or merger with one or more other mutual funds;

(b) the mutual fund having participated in any reorganization or transfer of assets in which the securityholders of another issuer became securityholders of the mutual fund;

(c) any changes in fundamental investment objectives or material investment strategies;

(d) any changes in the portfolio adviser or changes in, or of control of, the manager; and

(e) the mutual fund, before it filed a prospectus as a mutual fund, having existed as a closed-end investment fund, non-public mutual fund or other entity.

“Item 4: Investment Restrictions

(1) Include a statement to the effect that the mutual fund is subject to certain restrictions and practices contained in securities legislation, including National Instrument 81-102, which are designed in part to ensure that the investments of the mutual fund are diversified and relatively liquid and to ensure the proper administration of the mutual fund, and state that the mutual fund is managed in accordance with these restrictions and practices.

(2) If the mutual fund has received the approval of the securities regulatory authorities to vary any of the investment restrictions and practices contained in securities legislation, including National Instrument 81-102, provide details of the permitted variations.

(2.1) If the mutual fund has relied on the approval of the independent review committee and the relevant requirements of NI 81-107 to vary any of the investment restrictions and practices contained in securities legislation, including NI 81-102, provide details of the permitted variations.

- (2.2) If the mutual fund has relied on the approval of the independent review committee to implement a reorganization with, or transfer of assets to, another mutual fund or to proceed with a change of auditor of the mutual fund as permitted by NI 81-102, provide details.
- (3) Describe the nature of any securityholder or other approval that may be required in order to change the fundamental investment objectives and any of the material investment strategies to be used to achieve the investment objectives.
- (4) State the restrictions on the investment objectives and strategies that arise out of any of the following matters:
- (a) whether the securities of the mutual fund are or will be a qualified investment within the meaning of the ITA for retirement savings plans, retirement income funds, education savings plans, deferred profit sharing plans or other plans registered under the ITA;
 - (b) whether the securities of the mutual fund are or will be recognized as a registered investment within the meaning of the ITA;
 - (c) whether the securities of the mutual fund will constitute foreign property within the meaning of the ITA.
- (5) State whether the mutual fund has deviated in the last year from the rules under the ITA that apply to the status of its securities as:
- (a) qualified investments within the meaning of the ITA for retirement savings plans, retirement income funds, education savings plans, deferred profit sharing plans or other plans registered under the ITA;
 - (b) registered investments within the meaning of the ITA; or
 - (c) non-foreign property under the ITA.
- (6) State the consequences of any deviation described in response to subsection (5).

“Item 5: Description of Securities Offered by the Mutual Fund

- (1) State the description or the designation of securities, or the series or classes of securities, offered by the mutual fund under the related simplified prospectus and describe the securities or all material attributes and characteristics, including:
- (a) dividend or distribution rights;
 - (b) voting rights;
 - (c) liquidation or other rights upon the termination of the mutual fund;
 - (d) conversion rights;
 - (e) redemption rights; and
 - (f) provisions as to amendment of any of these rights or provisions.
- (2) Describe the rights of securityholders to approve:
- (a) the matters set out in section 5.1 of National Instrument 81-102; and
 - (b) any matters provided for in the constating documents of the mutual fund.

“Item 6: Valuation of Portfolio Securities

(1) Describe the methods used to value the various types or classes of portfolio assets of the mutual fund and its liabilities for the purpose of calculating net asset value.

(1.1) If the valuation principles and practices established by the manager differ from Canadian GAAP, describe the differences.

(2) If the manager has discretion to deviate from the mutual fund’s valuation practices described in subsection (1), disclose when and to what extent that discretion may be exercised and, if it has been exercised in the past three years, provide an example of how it has been exercised or, if it has not been exercised in the past three years, so state.

“Item 7: Calculation of Net Asset Value

(1) State that the issue and redemption price of securities of the mutual fund is based on the mutual fund’s net asset value next determined after the receipt of a purchase order and a redemption order. Describe the method followed or to be followed by the mutual fund in determining the net asset value.

(2) State the frequency at which the net asset value is determined and the date and time of day at which it is determined.

(3) If a money market mutual fund intends to maintain a constant net asset value per security, disclose this intention and disclose how the mutual fund intends to maintain this constant net asset value.

“Item 8: Purchases and Switches

(1) Describe the procedure followed or to be followed by investors who desire to purchase securities of the mutual fund or switch them for securities of other mutual funds.

(2) State that the issue price of securities is based on the net asset value of a security of that class, or series of a class, next determined after the receipt by the mutual fund of the purchase order.

(3) Describe how the securities of the mutual fund are distributed. If sales are effected through a principal distributor, give brief details of any arrangements with the principal distributor.

(4) Describe all available purchase options and state, if applicable, that the choice of different purchase options requires the investor to pay different fees and expenses and, if applicable, that the choice of different purchase options affects the amount of compensation paid by a member of the organization of the mutual fund to the dealer.

(5) Disclose that a dealer may make provision in arrangements that it has with an investor that will require the investor to compensate the dealer for any losses suffered by the dealer in connection with a failed settlement of a purchase of securities of the mutual fund caused by the investor.

(6) For a mutual fund that is being sold on a best efforts basis, state whether the issue price will be fixed during the initial distribution period, and state when the mutual fund will begin issuing securities at the net asset value per security of the mutual fund.

“Item 9: Redemption of Securities

- (1) Describe the procedures followed, or to be followed, by an investor who desires to redeem securities of the mutual fund, specifying the procedures to be followed and documents to be delivered before a redemption order pertaining to securities of the mutual fund is accepted by the mutual fund for processing and before payment of the proceeds of redemption is made by the mutual fund.
- (2) State that the redemption price of the securities is based on the net asset value of a security of that class, or series of a class, next determined after the receipt by the mutual fund of the redemption order.
- (3) Disclose that a dealer may make provision in arrangements that it has with an investor that will require the investor to compensate the dealer for any losses suffered by the dealer in connection with any failure of the investor to satisfy the requirements of the mutual fund or securities legislation for a redemption of securities of the mutual fund.
- (4) Discuss the circumstances under which the mutual fund may suspend redemptions of the securities of the mutual fund.

“Item 10: Responsibility for Mutual Fund Operations**“10.1 General**

Describe how each of the following aspects of the operations of the mutual fund are administered and who administers those functions:

- (a) the management and administration of the mutual fund, including valuation services, fund accounting and securityholder records, other than the management of the portfolio assets;
- (b) the management of the portfolio assets, including the provision of investment analysis or investment recommendations and the making of investment decisions;
- (c) the purchase and sale of portfolio assets by the mutual fund and the making of brokerage arrangements relating to the portfolio assets;
- (d) the distribution of the securities of the mutual fund;
- (e) if the mutual fund is a trust, the trusteeship of the mutual fund;
- (f) if the mutual fund is a corporation, the oversight of the affairs of the mutual fund by the directors of the mutual fund;
- (g) the custodianship of the assets of the mutual fund; and
- (h) the oversight of the manager of the mutual fund by the independent review committee.

INSTRUCTION:

The disclosure required under Item 10.1 may be provided separately from, or combined with, the detailed disclosure concerning the persons or companies that provide services to the mutual fund required by Items 10.2 through 10.10.

“10.2 Manager

- (1) State the name, address, telephone number, e-mail address and, if applicable, website address of the manager of the mutual fund.
- (2) List the names and home addresses in full or, alternatively, solely the municipality of residence or postal address, and the respective positions and offices held with the manager and their respective principal occupations at, and within the five years preceding, the date of the annual information form, of all partners, directors and officers of the manager of the mutual fund at the date of the annual information form.
- (3) If a partner, director or officer of the manager of the mutual fund has held more than one office with the manager of the mutual fund within the past five years, state only the current office held.
- (4) If the principal occupation of a director or officer of the manager of the mutual fund is with an organization other than the manager of the mutual fund, state the principal business in which the organization is engaged.
- (5) Describe the circumstances under which any agreement with the manager of the mutual fund may be terminated, and include a brief description of the essential terms of this agreement.

“10.3 Portfolio Adviser

- (1) If the manager of the mutual fund provides the portfolio management services in connection with the mutual fund, so state.
- (2) If the manager does not provide portfolio management services, state the names and municipality of the principal or head office for each portfolio adviser of the mutual fund.
- (3) State:
 - (a) the extent to which investment decisions are made by certain individuals employed by the manager or a portfolio adviser and whether those decisions are subject to the oversight, approval or ratification of a committee; and
 - (b) the name, title, and length of time of service of the person or persons employed by or associated with either the manager or a portfolio adviser of the mutual fund who is or are principally responsible for the day-to-day management of a material portion of the portfolio of the mutual fund, implementing a particular material strategy or managing a particular segment of the portfolio of the mutual fund, and each person’s business experience in the last five years.
- (4) Describe the circumstances under which any agreement with a portfolio adviser of the mutual fund may be terminated, and include a brief description of the essential terms of this agreement.

“10.4 Brokerage Arrangements

- (1) If any brokerage transactions involving the client brokerage commissions of the mutual fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, state:
 - (a) the process for, and factors considered in, selecting a dealer to effect securities transactions for the mutual fund, including whether receiving goods or services in addition to order execution is a factor, and whether and how the process may differ for a dealer that is an affiliated entity;

- (b) the nature of the arrangements under which order execution goods and services or research goods and services might be provided;
 - (c) each type of good or service, other than order execution, that might be provided; and
 - (d) the method by which the portfolio adviser makes a good faith determination that the mutual fund, on whose behalf the portfolio adviser directs any brokerage transactions involving client brokerage commissions to a dealer in return for the provision of any order execution goods and services or research goods and services, by the dealer or a third party, receives reasonable benefit considering both the use of the goods or services and the amount of client brokerage commissions paid.
- (2) Since the date of the last annual information form, if any brokerage transactions involving the client brokerage commissions of the mutual fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or third party, other than order execution, state:
- (a) each type of good or service, other than order execution, that has been provided to the manager or the portfolio adviser of the mutual fund; and
 - (b) the name of any affiliated entity that provided any good or service referred to in paragraph (a), separately identifying each affiliated entity and each type of good or service provided by each affiliated entity.
- (3) If any brokerage transactions involving the client brokerage commissions of the mutual fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, state that the name of any other dealer or third party that provided a good or service referred to in paragraph (2)(a), that was not disclosed under paragraph (2)(b), will be provided upon request by contacting the mutual fund or mutual fund family at [insert telephone number] or at [insert mutual fund or mutual fund family e-mail address].

INSTRUCTIONS:

Terms defined in NI 23-102 – Use of Client Brokerage Commissions have the same meaning where used in this Item.

“10.5 Principal Distributor

- (1) If applicable, state the name and address of the principal distributor of the mutual fund.
- (2) Describe the circumstances under which any agreement with the principal distributor of the mutual fund may be terminated, and include a brief description of the essential terms of this agreement.

“10.6 Directors, Officers and Trustees

- (1) List the names and home addresses in full or, alternatively, solely the municipality of residence or postal address, and the principal occupations at, or within the five years preceding, the date of the annual information form, of all directors or officers of an incorporated mutual fund or of the individual trustee or trustees, if any, of a mutual fund that is a trust.
- (2) State, for a mutual fund that is a trust, the names and municipality of residence for each person or company that is responsible for performing the trusteeship function of the mutual fund.
- (3) Indicate, for an incorporated mutual fund, all positions and offices with the mutual fund then held by each person named in response to subsection (1).

(4) If the principal occupation of a director, officer or trustee is that of a partner, director or officer of a company other than the mutual fund, state the business in which the company is engaged.

(5) If a director or officer of an incorporated mutual fund has held more than one position in the mutual fund, state only the first and last position held.

(6) For a mutual fund that is a limited partnership, provide the information required by this Item for the general partner of the mutual fund, modified as appropriate.

“10.7 Custodian

(1) State the name, municipality of the principal or head office, and nature of business of the custodian and any principal sub-custodian of the mutual fund.

(2) Describe generally the sub-custodian arrangements of the mutual fund.

INSTRUCTION:

A ‘principal sub-custodian’ is a sub-custodian to whom custodial authority has been delegated in respect of a material portion or segment of the portfolio assets of the mutual fund.

“10.8 Auditor

State the name and municipality of the auditor of the mutual fund.

“10.9 Registrar

If applicable, state the name of the registrar of securities of the mutual fund and the municipalities in which the register of securities of the mutual fund are kept.

“10.10 Other Service Providers

State the name, municipality of the principal or head office, and the nature of business of each other person or company that provides services relating to portfolio valuation, securityholder records, fund accounting, or other material services, in respect of the mutual fund, and describe the material features of the contractual arrangements by which the person or company has been retained.

“Item 11: Conflicts of Interest

“11.1 Principal Holders of Securities

(1) The information required in response to this Item shall be given as of a specified date within 30 days before the date of the annual information form.

(2) Disclose the number and percentage of securities of each class or series of voting securities of the mutual fund and of the manager of the mutual fund owned of record or beneficially, directly or indirectly, by each person or company that owns of record, or is known by the mutual fund or the manager to own beneficially, directly or indirectly, more than 10 percent of any class or series of voting securities, and disclose whether the securities are owned both of record and beneficially, of record only, or beneficially only.

(3) For any entity that is named in response to subsection (2), disclose the name of any person or company of which that entity is a ‘controlled entity’.

(4) If any person or company named in respect of subsection (2) owns of record or beneficially, directly or indirectly, more than 10 percent of any class of voting securities of the principal distributor of the mutual fund, disclose the number and percentage of securities of the class so owned.

(5) Disclose the percentage of securities of each class or series of voting or equity securities beneficially owned, directly or indirectly, in aggregate, by all the directors, senior officers and trustees:

- (a) of the mutual fund:
 - (i) in the mutual fund if the aggregate level of ownership exceeds 10 percent;
 - (ii) in the manager; or
 - (iii) in any person or company that provides services to the mutual fund or the manager; and
- (b) of the manager:
 - (i) in the mutual fund if the aggregate level of ownership exceeds 10 percent;
 - (ii) in the manager; or
 - (iii) in any person or company that provides services to the mutual fund or the manager.

(6) Disclose the percentage of securities of each class or series of voting or equity securities beneficially owned, directly or indirectly, in aggregate, by all the independent review committee members of the mutual fund:

- (a) in the mutual fund, if the aggregate level of ownership exceeds 10%;
- (b) in the manager; or
- (c) in any person or company that provides services to the mutual fund or the manager.

“11.2 Affiliated Entities

- (1) State whether any person or company that provides services to the mutual fund or the manager in relation to the mutual fund is an affiliated entity of the manager, and show the relationships of those affiliated entities in the form of an appropriately labelled diagram.
- (2) State that disclosure of the amount of fees received from the mutual fund by each person or company described in subsection (1) is contained in the audited financial statements of the mutual fund.
- (3) Identify any individual who is a director or senior officer of the mutual fund or partner, director or officer of the manager and also of any affiliated entity of the manager described in response to subsection (1), and give particulars of the relationship.

INSTRUCTIONS:

- (1) *A person or company is an ‘affiliated entity’ of another person or company if one is a subsidiary entity of the other or if both are subsidiary entities of the same person or company or if each of them is a controlled entity of the same person or company.*

- (2) *A person or company is a ‘controlled entity’ of a person or company if:*
- (a) *in the case of a person or company:*
 - (i) *voting securities of the first-mentioned person or company carrying more than 50 percent of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the other person or company; and*
 - (ii) *the votes carried by the securities are entitled, if exercised, to elect a majority of the directors of the first-mentioned person or company;*
 - (b) *in the case of a partnership that does not have directors, other than a limited partnership, the second-mentioned person or company holds more than 50 percent of the interests in the partnership; or*
 - (c) *in the case of a limited partnership, the general partner is the second-mentioned person or company.*
- (3) *A person or company is a ‘subsidiary entity’ of another person or company if:*
- (a) *it is a controlled entity of:*
 - (i) *that other;*
 - (ii) *that other and one or more persons or companies, each of which is a controlled entity of that other; or*
 - (iii) *two or more persons or companies, each of which is a controlled entity of that other; or*
 - (b) *it is a subsidiary entity of a person or company that is that other’s subsidiary entity.*
- (4) *For the purposes of subsection (1) of Item 11.2, the provision of services includes the provision of brokerage services in connection with execution of portfolio transactions for the mutual fund.*

“11.3 Dealer Manager Disclosure

If the mutual fund is dealer managed, disclose this fact and that the mutual fund is subject to the restrictions set out in section 4.1 of National Instrument 81-102, and summarize section 4.1 of National Instrument 81-102.

“Item 12: Fund Governance

- (1) Provide detailed information concerning the governance of the mutual fund, including information concerning:
- (a) the mandate and responsibilities of the independent review committee and the reasons for any change in the composition of the independent review committee since the date of the most recently filed annual information form;
 - (a.1) any other body or group that has responsibility for fund governance and the extent to which its members are independent of the manager of the mutual fund; and
 - (b) descriptions of the policies, practices or guidelines of the mutual fund or the manager relating to business practices, sales practices, risk management controls and internal conflicts of interest, and if the mutual fund or the manager have no such policies, practices or guidelines, a statement to that effect.

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- (2) If the mutual fund intends to use derivatives, describe the policies and practices of the mutual fund to manage the risks associated with the use of derivatives.
- (3) In the disclosure provided under subsection (2), include disclosure of:
- (a) whether there are written policies and procedures in place that set out the objectives and goals for derivatives trading and the risk management procedures applicable to derivatives trading;
 - (b) who is responsible for setting and reviewing the policies and procedures referred to in clause (a), how often are the policies and procedures reviewed, and the extent and nature of the involvement of the board of directors or trustee in the risk management process;
 - (c) whether there are trading limits or other controls on derivative trading in place and who is responsible for authorizing the trading and placing limits or other controls on the trading;
 - (d) whether there are individuals or groups that monitor the risks independent of those who trade; and
 - (e) whether risk measurement procedures or simulations are used to test the portfolio under stress conditions.
- (4) If the mutual fund intends to enter into securities lending, repurchase or reverse repurchase transactions, describe the policies and practices of the mutual fund to manage the risks associated with those transactions.
- (5) In the disclosure provided under subsection (4), include disclosure of:
- (a) the involvement of an agent to administer the transactions on behalf of the mutual fund, and the details of the instructions provided by the mutual fund to the agent under the agreement between the mutual fund and the agent;
 - (b) whether there are written policies and procedures in place that set out the objectives and goals for securities lending, repurchase transactions or reverse repurchase transactions, and the risk management procedures applicable to the mutual fund's entering into of those transactions;
 - (c) who is responsible for setting and reviewing the agreement referred to in paragraph (a) and the policies and procedures referred to in paragraph (b), how often the policies and procedures are reviewed, and the extent and nature of the involvement of the board of directors or trustee in the risk management process;
 - (d) whether there are limits or other controls in place on the entering into of those transactions by the mutual fund and who is responsible for authorizing those limits or other controls on those transactions;
 - (e) whether there are individuals or groups that monitor the risks independent of those who enter into those transactions on behalf of the mutual fund; and
 - (f) whether risk measurement procedures or simulations are used to test the portfolio under stress conditions.

(6) If the mutual fund held securities of other mutual funds during the year, provide details on how the manager of the mutual fund exercised its discretion with regard to the voting rights attached to the securities of the other mutual funds when the securityholders of the other mutual funds were called upon to vote.

(7) Unless the mutual fund invests exclusively in non-voting securities, describe the policies and procedures that the mutual fund follows when voting proxies relating to portfolio securities including:

(a) the procedures followed when a vote presents a conflict between the interests of securityholders and those of the mutual fund's manager, portfolio adviser, or any affiliate or associate of the mutual fund, its manager or its portfolio adviser;

(b) any policies and procedures of the mutual fund's portfolio adviser, or any other third party, that the mutual fund follows, or that are followed on the mutual fund's behalf, to determine how to vote proxies relating to portfolio securities.

State that the policies and procedures that the mutual fund follows when voting proxies relating to portfolio securities are available on request, at no cost, by calling [toll-free/collect call telephone number] or by writing to [address].

(8) State that the mutual fund's proxy voting record for the most recent period ended June 30 of each year is available free of charge to any securityholder of the mutual fund upon request at any time after August 31 of that year. If the proxy voting record is available on the mutual fund's website, provide the website address.

(9) Describe the policies and procedures of the mutual fund relating to the monitoring, detection and deterrence of short-term trades of mutual fund securities by investors. If the mutual fund has no such policies and procedures, provide a statement to that effect.

(10) Describe any arrangements, whether formal or informal, with any person or company, to permit short-term trades in securities of the mutual fund, including:

(a) the name of such person or company; and

(b) the terms of such arrangements, including:

(i) any restrictions imposed on the short-term trades; and

(ii) any compensation or other consideration received by the manager, the mutual fund or any other party pursuant to such arrangements.

INSTRUCTION:

(1) *The mutual fund's proxy voting policies and procedures must address the requirements of section 10.2 of National Instrument 81-106 Investment Fund Continuous Disclosure.*

(2) *If the mutual fund has an independent review committee, state in the disclosure provided under clause (1)(b) that NI 81-107 requires the manager to have policies and procedures relating to conflicts of interest.*

“Item 13: Fees and Expenses**“13.1 Management Fee Rebate or Distribution Programs**

- (1) Disclose details of all arrangements that are in effect or will be in effect during the currency of the annual information form that will result, directly or indirectly, in one securityholder in the mutual fund paying as a percentage of the securityholder’s investment in the mutual fund a management fee that differs from that payable by another securityholder.
- (2) In the disclosure required by subsection (1), describe:
 - (a) who pays the management fee;
 - (b) whether a reduced fee is paid at the relevant time or whether the full fee is paid at that time with a repayment of a portion of the management fee to follow at a later date;
 - (c) who funds the reduction or repayment of management fees, when the reduction or repayment is made and whether it is made in cash or in securities of the mutual fund;
 - (d) whether the differing management fees are negotiable or calculated in accordance with a fixed schedule;
 - (e) if the management fees are negotiable, the factors or criteria relevant to the negotiations and state who negotiates the fees with the investor;
 - (f) whether the differing management fees payable are based on the number or value of the securities of the mutual fund purchased during a specified period or the number or value of the securities of the mutual fund held at a particular time; and
 - (g) any other factors that could affect the amount of the management fees payable.
- (3) Disclose the income tax consequences to the mutual fund and its securityholders of a management fee structure that results in one securityholder paying a management fee that differs from another.

“Item 14: Income Tax Considerations

- (1) State in general terms the bases upon which the income and capital receipts of the mutual fund are taxed.
- (2) State in general terms the income tax consequences to the holders of the securities offered of:
 - (a) any distribution to the holders in the form of dividends or otherwise, including amounts reinvested in securities of the mutual fund;
 - (b) the redemption of securities;
 - (c) the issue of securities; and
 - (d) any transfers between mutual funds.

“Item 15: Remuneration of Directors, Officers and Trustees

- (1) If the management functions of the mutual fund are carried out by employees of the mutual fund, provide for those employees the disclosure concerning executive compensation that is required to be provided for executive officers of an issuer under securities legislation.
- (2) Describe any arrangements under which compensation was paid or payable by the mutual fund during the most recently completed financial year of the mutual fund, for the services of directors of the mutual fund, members of an independent board of governors or advisory board of the mutual fund and members of the independent review committee of the mutual fund, including the amounts paid, the name of the individual and any expenses reimbursed by the mutual fund to the individual:
 - (a) in that capacity, including any additional amounts payable for committee participation or special assignments; and
 - (b) as consultant or expert.
- (3) For a mutual fund that is a trust, describe the arrangements, including the amounts paid and expenses reimbursed, under which compensation was paid or payable by the mutual fund during the most recently completed financial year of the mutual fund for the services of the trustee or trustees of the mutual fund.

INSTRUCTION:

The disclosure required under Item 15(1) regarding executive compensation for management functions carried out by employees of a mutual fund must be made in accordance with the disclosure requirements of Form 51-102F6 Statement of Executive Compensation.

“Item 16: Material Contracts

- (1) List and provide particulars of:
 - (a) the articles of incorporation, continuation or amalgamation, the declaration of trust or trust agreement of the mutual fund, the limited partnership agreement or any other constating or establishing documents of the mutual fund;
 - (b) any agreement of the mutual fund or trustee with the manager of the mutual fund;
 - (c) any agreement of the mutual fund, the manager or trustee with the portfolio adviser or portfolio advisers of the mutual fund;
 - (d) any agreement of the mutual fund, the manager or trustee with the custodian of the mutual fund;
 - (e) any agreement of the mutual fund, the manager or trustee with the principal distributor of the mutual fund; and
 - (f) any other contract or agreement that can reasonably be regarded as material to an investor in the securities of the mutual fund.
- (2) State a reasonable time at which and place where the contracts or agreements listed in response to subsection (1) may be inspected by prospective or existing securityholders.
- (3) Include, in describing particulars of contracts, the date of, parties to, consideration paid by the mutual fund under, termination provisions of, and general nature of, the contracts.

INSTRUCTION:

This Item does not require disclosure of contracts entered into in the ordinary course of business of the mutual fund.

“Item 17: Legal and Administrative Proceedings

- (1) Describe briefly any ongoing legal and administrative proceedings material to the mutual fund, to which the mutual fund, its manager or principal distributor is a party.
- (2) For all matters disclosed under subsection (1), disclose:
 - (a) the name of the court or agency having jurisdiction;
 - (b) the date on which the proceeding was instituted;
 - (c) the principal parties to the proceeding;
 - (d) the nature of the proceeding and, if applicable, the amount claimed; and
 - (e) whether the proceedings are being contested and the present status of the proceedings.
- (3) Provide similar disclosure about any proceedings known to be contemplated.
- (4) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of any settlement agreement and the circumstances that gave rise to the settlement agreement, if the manager of the mutual fund, or a director or officer of the mutual fund or the partner, director or officer of the manager of the mutual fund has:
 - (a) in the 10 years before the date of the simplified prospectus, been subject to any penalties or sanctions imposed by a court or securities regulator relating to trading in securities, promotion or management of a publicly-traded mutual fund, or theft or fraud, or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in determining whether to purchase securities of the mutual fund; or
 - (b) in the 10 years before the date of the simplified prospectus but after the date that National Instrument 81-101 came into force, entered into a settlement agreement with a court, securities regulatory or other regulatory body, in relation to any of the matters referred to in clause (a).
- (5) If the manager of the mutual fund, or a director or officer of the mutual fund or the partner, director or officer of the manager of the mutual fund has, within the 10 years before the date of the simplified prospectus, been subject to any penalties or sanctions imposed by a court or securities regulator relating to trading in securities, promotion or management of a publicly traded mutual fund, or theft or fraud, or has entered into a settlement agreement with a regulatory authority in relation to any of these matters, describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement.

“Item 18: Other Material Information

- (1) Give particulars of any other material facts relating to the securities proposed to be offered that are not otherwise required to be disclosed by this Form or the SP Form.
- (2) Provide any specific disclosure required or permitted to be disclosed in a prospectus under securities legislation that is not otherwise required to be disclosed by this Form.
- (3) Subsection (2) does not apply to requirements of securities legislation that are form requirements for a prospectus.

INSTRUCTION:

The disclosure provided under subsection (2) may also be provided under Item 12 of Part A or Item 14 of Part B of the SP Form. If the disclosure is provided under one of these Items, it need not be provided under this Item.

“Item 19: Certificate of the Mutual Fund

- (1) Include a certificate of the mutual fund that states:
 - (a) for a simplified prospectus and annual information form:

“This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of [insert the jurisdictions in which qualified] and do not contain any misrepresentations”;
 - (b) for an amendment to a simplified prospectus or annual information form that does not restate the simplified prospectus or annual information form:

“This amendment no. [specify amendment number and date], together with the [amended and restated] annual information form dated [specify], [amending and restating the annual information form dated [specify],] [as amended by (specify prior amendments and dates)] and the [amended and restated] simplified prospectus dated [specify], [amending and restating the simplified prospectus dated [specify],] [as amended by (specify prior amendments and dates)] and the documents incorporated by reference into the [amended and restated] simplified prospectus, [as amended,] constitute full, true and plain disclosure of all material facts relating to the securities offered by the [amended and restated] simplified prospectus, [as amended,] as required by the securities legislation of [insert the jurisdictions in which qualified] and do not contain any misrepresentations”; and

- (c) for an amendment that amends and restates a simplified prospectus or annual information form:

‘This amended and restated annual information form dated [specify], amending and restating the annual information form dated [specify] [as amended by (specify prior amendments and dates)], together with the [amended and restated] simplified prospectus dated [specify] [as amended and restating the simplified prospectus dated [specify]] [as amended by (specify prior amendments and dates)] and the documents incorporated by reference into the [amended and restated] simplified prospectus, [as amended,] constitute full, true and plain disclosure of all material facts relating to the securities offered by the [amended and restated] simplified prospectus, [as amended,] as required by the securities legislation of [insert the jurisdictions in which qualified] and do not contain any misrepresentations’.

- (1.1) For a non-offering prospectus, change ‘securities offered by the simplified prospectus’ to ‘securities previously issued by the mutual fund’ wherever it appears in the statement in Item 19(1)(a).
- (2) The certificate required to be signed by the mutual fund shall, if the mutual fund is established as a trust, be signed:
- (a) if any trustee of the mutual fund is an individual, by each individual who is a trustee or by a duly authorized attorney of the individual; or
- (b) if any trustee of the mutual fund is a body corporate, by the duly authorized signing officer or officers of the body corporate.
- (3) Notwithstanding subsection (2), if the declaration of trust or trust agreement establishing the mutual fund delegates the authority to do so, or otherwise authorizes a person to do so, the certificate form required to be signed by the trustee or trustees of the mutual fund may be signed by the person to whom the authority is delegated or who is authorized.
- (4) Notwithstanding subsections (2) and (3), if the trustee of the mutual fund is also its manager, the certificate shall indicate that it is being signed by the person or company both in its capacity of trustee and in its capacity as manager of the mutual fund and shall be signed in the manner prescribed by Item 20.

“Item 20: Certificate of the Manager of the Mutual Fund

- (1) Include a certificate of the manager of the mutual fund in the same form as the certificate signed by the mutual fund.
- (2) The certificate shall, if the manager is a company, be signed by the chief executive officer and the chief financial officer of the manager, and on behalf of the board of directors of the manager by any two directors of the manager other than the chief executive officer or chief financial officer, duly authorized to sign.
- (3) Notwithstanding subsection (2), if the manager has only three directors, two of whom are the chief executive officer and chief financial officer, the certificate required by subsection (2) to be signed on behalf of the board of directors of the manager shall be signed by the remaining director of the manager.

“Item 21: Certificate of Each Promoter of the Mutual Fund

- (1) Include a certificate of each promoter of the mutual fund in the same form as the certificate signed by the mutual fund.
- (2) The certificate to be signed by the promoter shall be signed by any officer or director of the promoter duly authorized to sign.

“Item 22: Certificate of the Principal Distributor of the Mutual Fund

- (1) Include a certificate of the principal distributor of the mutual fund that states:

‘To the best of our knowledge, information and belief, this annual information form, the financial statements of the fund [specify] for the financial period ended [specify] and the auditors’ report on those financial statements, together with the simplified prospectus and the fund facts document dated [specify], constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus and do not contain any misrepresentation’.

- (2) The certificate to be signed by the principal distributor shall be signed by any officer or director of the principal distributor duly authorized to sign.

INSTRUCTION:

For a mutual fund that has a principal distributor, the certificate required by this Item is necessary to satisfy the requirements of securities legislation that an underwriter sign a certificate to a prospectus.

“Item 23: Exemptions and Approvals

- (1) Describe all exemptions from, or approvals under, this Instrument, National Instrument 81-102, National Instrument 81-105 or National Policy Statement No. 39, obtained by the mutual fund or the manager that continue to be relied upon by the mutual fund or the manager.
- (2) Include the disclosure required by subsection (1) in the section of the annual information form that describes the matter to which the exemption pertains.

“Item 24: Back Cover

- (1) State on the back cover the name of the mutual fund or funds included in the annual information form or the mutual fund family, as well as the name, address and telephone number of the manager of the mutual fund or funds.
- (2) State, in substantially the following words:
 - ‘ Additional information about the Fund[s] is available in the Fund[‘s/s’] Fund Facts, management reports of fund performance and financial statements.
 - ‘ You can get a copy of these documents at no cost by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Instrument], or from your dealer or by e-mail at [insert e-mail address].
 - ‘ These documents and other information about the Fund[s], such as information circulars and material contracts, are also available [on the [insert name of mutual fund manager] internet site at [insert website address] or] at www.sedar.com’.

“APPENDIX C**“FORM 81-101F3
CONTENTS OF FUND FACTS DOCUMENT****GENERAL INSTRUCTIONS:***General*

- (1) This Form describes the disclosure required in a fund facts document for a mutual fund. Each Item of this Form outlines disclosure requirements. Instructions to help you provide this disclosure are in italic type.*
- (2) Terms defined in National Instrument 81-101 Mutual Fund Prospectus Disclosure, National Instrument 81-102 Mutual Funds, National Instrument 81-105 Mutual Fund Sales Practices or National Instrument 81-106 Investment Fund Continuous Disclosure and used in this Form have the meanings that they have in those national instruments.*
- (3) A fund facts document must state the required information concisely and in plain language.*
- (4) Respond as simply and directly as is reasonably possible. Include only the information necessary for a reasonable investor to understand the fundamental and particular characteristics of the mutual fund.*
- (5) National Instrument 81-101 Mutual Fund Prospectus Disclosure requires the fund facts document to be presented in a format that assists in readability and comprehension. This Form does not mandate the use of a specific format or template to achieve these goals. However, mutual funds must use, as appropriate, tables, captions, bullet points or other organizational techniques that assist in presenting the required disclosure clearly and concisely.*
- (6) This Form does not mandate the use of a specific font size or style but the font must be legible. Where the fund facts document is made available online, information must be presented in a way that enables it to be printed in a readable format.*
- (7) A fund facts document can be produced in colour or in black and white, and in portrait or landscape orientation.*
- (8) A fund facts document must contain only the information that is specifically mandated or permitted by this Form. In addition, each Item must be presented in the order and under the heading or sub-heading stipulated in this Form.*
- (9) A fund facts document must not contain design elements (e.g., graphics, photos, artwork) that detract from the information disclosed in the document.*

Contents of a Fund Facts Document

- (10) A fund facts document must disclose information about only one class or series of securities of a mutual fund. Mutual funds that have more than one class or series that are referable to the same portfolio of assets must prepare a separate fund facts document for each class or series.*
- (11) The fund facts document must be prepared on letter-size paper and must consist of two Parts: Part I and Part II.*
- (12) The fund facts document must begin with the responses to the Items in Part I of this Form.*

(13) *Part I must be followed by the responses to the Items in Part II of this Form.*

(14) *Each of Part I and Part II must not exceed one page in length, unless the required information in any section causes the disclosure to exceed this limit. Where this is the case, a fund facts document must not exceed a total of four pages in length.*

(15) *A mutual fund must not attach or bind other documents to a fund facts document, except those documents permitted under section 5.4 of National Instrument 81-101 Mutual Fund Prospectus Disclosure.*

Consolidation of Fund Facts Document into a Multiple Fund Facts Document

(16) *Fund facts documents must not be consolidated with each other to form a multiple fund facts document, except as permitted by section 5.4 of National Instrument 81-101 Mutual Fund Prospectus Disclosure. When a multiple fund facts document is permitted under the Instrument, a mutual fund must provide information about each of the mutual funds described in the document on a fund-by-fund or catalogue basis and must set out for each mutual fund separately the information required by this Form. Each fund facts document must start on a new page.*

Multi-Class Mutual Funds

(17) *As provided in National Instrument 81-102 Mutual Funds, a section, part, class or series of a class of securities of a mutual fund that is referable to a separate portfolio of assets is considered to be a separate mutual fund. Those principles apply to National Instrument 81-101 Mutual Fund Prospectus Disclosure and this Form.*

“PART I INFORMATION ABOUT THE FUND

“Item 1: Introduction

Include at the top of the first page a heading consisting of:

- (a) the title ‘Fund Facts’;
- (b) the name of the manager of the mutual fund;
- (c) the name of the mutual fund to which the fund facts document pertains and, if the mutual fund has more than one class or series of securities, the name of the class or series described in the fund facts document;
- (d) the date of the document; and
- (e) a brief introduction to the document using wording similar to the following:

“This document contains key information you should know about [insert name of the mutual fund]. You can find more detailed information in the fund’s simplified prospectus. Ask your adviser for a copy, contact [insert name of the manager of the mutual fund] at [insert if applicable the toll-free number and e-mail address of the manager of the mutual fund] [if applicable] or visit [insert the website of the mutual fund, the mutual fund’s family or the manager of the mutual fund] [as applicable].”

INSTRUCTION:

The date for a fund facts document that is filed with a preliminary simplified prospectus or simplified prospectus must be the date of the certificate contained in the related annual information form. The date for a fund facts document that is filed with a pro forma simplified prospectus must be the date of the anticipated simplified prospectus. The date for an amended fund facts document must be the date of the certificate contained in the related amended annual information form.

“Item 2: Quick Facts

Under the heading ‘Quick Facts’, include disclosure in the form of the following table:

Date fund created: (see instruction 1)	Portfolio manager: (see instruction 4)
Total value on [date]: (see instruction 2)	Distributions: (see instruction 5)
Management expense ratio (MER): (see instruction 3)	Minimum investment: (see instruction 6)

INSTRUCTIONS:

(1) *Use the date that the securities of the class or series of the mutual fund described in the fund facts document first became available to the public.*

(2) *Specify the net asset value of the mutual fund as at a date within 30 days before the date of the fund facts document. The amount disclosed must take into consideration all classes or series that are referable to the same portfolio of assets. For a newly established mutual fund, simply state that this information is not available because it is a new mutual fund.*

(3) *Use the management expense ratio (MER) disclosed in the most recently filed management report of fund performance (MRFP) for the mutual fund. The MER must be net of fee waivers or absorptions and, despite section 15.1(2) of National Instrument 81-106 Investment Fund Continuous Disclosure, need not include any additional disclosure about the waivers or absorptions. For a newly established mutual fund that has not yet filed a management report of fund performance, state that the MER is not available because it is a new mutual fund.*

(4) *Specify the name of the company or companies providing portfolio management services to the mutual fund. The mutual fund may also include the name of the specific individual(s) responsible for portfolio selection.*

(5) *Include disclosure under this element of the ‘Quick Facts’ only if distributions are a fundamental feature of the mutual fund. Disclose the expected frequency and timing of distributions. If there is a targeted amount for distributions, the mutual fund may include this information.*

(6) *Specify both the minimum amount for an initial investment and for each additional investment. This can include minimum amounts for pre-authorized contribution plans.*

“Item 3: Investments of the Fund

- (1) Briefly set out under the heading ‘What does the fund invest in?’ a description of the fundamental nature of the mutual fund, or the fundamental features of the mutual fund that distinguish it from other mutual funds.
- (2) For an index mutual fund:
 - (a) disclose the name or names of the permitted index or permitted indices on which the investments of the index mutual fund are based; and
 - (b) briefly describe the nature of that permitted index or those permitted indices.
- (3) Include an introduction to the information provided in response to subsection (4) and subsection (5) using wording similar to the following:

The charts below give you a snapshot of the fund’s investments on [insert date]. The fund’s investments will change.
- (4) Include under the sub-heading ‘Top 10 investments [date]’ a table disclosing:
 - (a) the top 10 positions held by the mutual fund;
 - (b) the total number of positions; and
 - (c) the percentage of net asset value of the mutual fund represented by the top 10 positions.
- (5) Under the sub-heading ‘Investment mix [date]’ include at least one, and up to two, charts or tables that illustrate the investment mix of the mutual fund’s investment portfolio.

INSTRUCTIONS:

- (1) *Include in the information under ‘What does this fund invest in?’ a description of what the mutual fund primarily invests in, or intends to primarily invest in, or that its name implies that it will primarily invest in, such as:*
 - (a) *particular types of issuers, such as foreign issuers, small capitalization issuers or issuers located in emerging market countries;*
 - (b) *particular geographic locations or industry segments; or*
 - (c) *portfolio assets other than securities.*
- (2) *Include a particular investment strategy only if it is an essential aspect of the mutual fund, as evidenced by the name of the mutual fund or the manner in which the mutual fund is marketed.*
- (3) *If a mutual fund’s stated objective is to invest primarily in Canadian securities, specify the maximum exposure to investments in foreign markets.*
- (4) *The information under ‘Top 10 investments’ and ‘Investment mix’ is intended to give a snapshot of the composition of the mutual fund’s investment portfolio. The information required to be disclosed under these sub-headings must be as at a date within 30 days before the date of the fund facts document. The date shown must be the same as the one used in Item 2 for the total value of the mutual fund.*
- (5) *If the mutual fund owns more than one class of securities of an issuer, those classes should be aggregated for the purposes of this Item, however, debt and equity securities of an issuer must not be aggregated.*
- (6) *Portfolio assets other than securities should be aggregated if they have substantially similar investment risks and profiles. For instance, gold certificates should be aggregated, even if they are issued by different financial institutions.*

- (7) *Treat cash and cash equivalents as one separate discrete category.*
- (8) *In determining its holdings for purposes of the disclosure required by this Item, a mutual fund must, for each long position in a derivative that is held by the mutual fund for purposes other than hedging and for each index participation unit held by the mutual fund, consider that it holds directly the underlying interest of that derivative or its proportionate share of the securities held by the issuer of the index participation unit.*
- (9) *If a mutual fund invests substantially all of its assets directly or indirectly (through the use of derivatives) in securities of one other mutual fund, list the 10 largest holdings of the other mutual fund and show the percentage of the other mutual fund's net asset value represented by the top 10 positions. If the mutual fund is not able to disclose this information as at a date within 30 days before the date of the fund facts document, the mutual fund must include this information as disclosed by the other mutual fund in the other mutual fund's most recently filed fund facts document, or its most recently filed management report of fund performance, whichever is most recent.*
- (10) *Indicate whether any of the mutual fund's top 10 positions are short positions.*
- (11) *Each investment mix chart or table must show a breakdown of the mutual fund's investment portfolio into appropriate subgroups and the percentage of the aggregate net asset value of the mutual fund constituted by each subgroup. The names of the subgroups are not prescribed and can include security type, industry segment or geographic location. The mutual fund should use the most appropriate categories given the nature of the mutual fund. The choices made must be consistent with disclosure provided under 'Summary of Investment Portfolio' in the mutual fund's MRFP.*
- (12) *In presenting the investment mix of the mutual fund, consider the most effective way of conveying the information to investors. All tables or charts must be clear and legible.*
- (13) *For new mutual funds where the information required to be disclosed under 'Top 10 investments' and 'Investment mix' is not available, include the required sub-headings and provide a brief statement explaining why the required information is not available.*

“Item 4: Past Performance

- (1) Under the heading ‘How has the fund performed?’ include an introduction using wording similar to the following:

This section tells you how the fund has performed over the past [insert the lesser of 10 years or the number of completed calendar years] years. Returns are after expenses have been deducted. These expenses reduce the fund's returns.

It's important to note that this doesn't tell you how the fund will perform in the future. Also, your actual after-tax return will depend on your personal tax situation.

- (2) Under the sub-heading 'Average return' show:
 - (a) the final value, of a hypothetical \$1,000 investment in the mutual fund as at the end of the period that ends within 30 days before the date of the fund facts document and consists of the lesser of:
 - (i) 10 years, or
 - (ii) the time since inception of the mutual fund; and
 - (b) the annual compounded rate of return that would equate the initial \$1,000 investment to the final value.
- (3) Under the sub-heading 'Year-by-year returns' provide a bar chart that shows the annual total return of the mutual fund, in chronological order with the most recent year on the right of the bar chart, for the lesser of:
 - (a) each of the 10 most recently completed calendar years; and
 - (b) each of the completed calendar years in which the mutual fund has been in existence and which the mutual fund was a reporting issuer.
- (4) Provide an introduction to the bar chart indicating:
 - (a) that the bar chart shows the mutual fund's annual performance for each of the years shown; and
 - (b) for the particular years shown, the number of years in which the value of the mutual fund dropped.

INSTRUCTIONS

- (1) *In responding to the requirements of this Item, a mutual fund must comply with the relevant sections of Part 15 of National Instrument 81-102 Mutual Funds as if those sections applied to a fund facts document.*
- (2) *Use a linear scale for each axis of the bar chart required by this Item.*
- (3) *The x-axis and y-axis for the bar chart required by this Item must intersect at 0.*
- (4) *A mutual fund that distributes different classes or series of securities that are referable to the same portfolio of assets must only show performance data related to the specific class or series of securities being described in the fund facts document.*
- (5) *If the information required to be disclosed under this Item for 'Average return' and 'Year-by-year returns' is not reasonably available, include the required sub-headings and provide a brief statement explaining why the required information is not available. Information under 'Average return' will generally not be available for a mutual fund that has been distributing securities under a simplified prospectus for less than 12 consecutive months. Information under 'Year-by-year returns' will generally not be available for a mutual fund that has been distributing securities under a simplified prospectus for less than one calendar year.*
- (6) *The dollar amount shown under 'Average return' may be rounded up to the nearest dollar.*
- (7) *The percentage amounts shown under 'Average return' and 'Year-by-year returns' may be rounded up to the nearest decimal place.*

“Item 5: Risks

(1) Under the heading ‘How risky is it?’ provide an introduction using wording similar to the following:

When you invest in a fund, the value of your investment can go down as well as up. [Insert name of the manager of the mutual fund] has rated this fund’s risk as [insert rating on the scale in Item 5(2)].

For a description of the specific risks of this fund, see the fund’s simplified prospectus.

(2) Using the investment risk classification methodology adopted by the manager, identify the mutual fund’s investment risk level on the following scale:

Low	Low to Medium	Medium	Medium to High	High
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INSTRUCTIONS:

(1) *Based upon the investment risk classification methodology adopted by the manager of the mutual fund, identify where the mutual fund fits on the continuum of investment risk levels by showing the full investment risk scale set out in Item 5(2) and highlighting the applicable category on the scale.*

(2) *Where the mutual fund is a newly established mutual fund and it is not possible for the manager of the mutual fund to apply its investment risk classification methodology to the mutual fund, include a statement explaining that it is a new mutual fund and use the chart to indicate the investment risk level that the manager of the mutual fund would expect for the mutual fund.*

“Item 6: Guarantee

(1) Under the heading ‘Are there any guarantees?’, if the mutual fund has an insurance or guarantee feature protecting all or some of the principal amount of an investment in the mutual fund:

- (a) identify the person or company providing the guarantee or insurance;
- (b) provide a brief description of the material terms of the guarantee or insurance, including the maturity date of the guarantee or insurance.

(2) If the mutual fund does not have any guarantee or insurance, state in wording similar to the following:

Like most mutual funds, this fund doesn’t have any guarantees. You may not get back the money you invest.

INSTRUCTION:

If applicable, state that the guarantee or insurance does not apply to the amount of any redemptions before the maturity date of the guarantee or before the death of the securityholder and that redemptions before that date would be based on the net asset value of the mutual fund at the time.

“Item 7: Suitability

(1) Provide a brief statement of the suitability of the mutual fund for particular investors under the heading ‘Who is this fund for?’. Describe the characteristics of the investor for whom the mutual fund may or may not be an appropriate investment, and the portfolios for which the mutual fund is and is not suited.

- (2) State in bold font in wording similar to the following:

Before you invest in any fund, you should consider how it would work with your other investments and your tolerance for risk.

INSTRUCTION:

If the mutual fund is particularly unsuitable for certain types of investors or for certain types of investment portfolios, emphasize this aspect of the mutual fund. Disclose both the types of investors who should not invest in the mutual fund, with regard to investments on both a short- and long-term basis, and the types of portfolios that should not invest in the mutual fund. If the mutual fund is particularly suitable for investors who have particular investment objectives, this can also be disclosed.

“Item 8: Impact of Income Taxes on Investor Returns

Under the heading ‘A word about tax’ provide a brief explanation of the income tax consequences for investors using wording similar to the following:

In general, you’ll have to pay income tax on any money you make on a fund. How much you pay depends on the tax laws where you live and whether or not you hold the fund in a registered plan such as a Registered Retirement Savings Plan, or a Tax-Free Savings Account.

Keep in mind that if you hold your fund in a non-registered account, fund distributions are included in your taxable income, whether you get them in cash or have them reinvested.

“PART II COSTS, RIGHTS AND OTHER INFORMATION

“Item 1: Costs of Buying, Owning and Selling the Fund

“1.1 Introduction

- (1) Under the heading ‘How much does it cost?’, state using wording similar to the following:

The following tables show the fees and expenses you could pay to buy, own and sell [name of the class or series of securities covered in the fund facts document] [units/shares] of the fund.

- (2) If applicable, state that:

- the mutual fund has other classes or series of securities;
- the fees and expenses for each class or series of securities of the mutual fund are different; and
- the investor should ask about other classes or series of securities that may be suitable for the investor.

“1.2 Illustrations of Different Sales Charge Options

- (1) For a mutual fund with multiple sales charge options, include an introduction under the sub-heading ‘Sales charges’ using wording similar to the following:

You have to choose a sales charge option when you buy the fund. Ask about the pros and cons of each option.

(2) Provide information about the sales charges payable by an investor under the available sales charge options in the form of the following table:

Sales charge option	What you pay		How it works
	in per cent (%)	in dollars (\$)	
(see instruction 1)	(see instruction 2)	(see instruction 3)	(see instruction 4)

(3) If the mutual fund has only one sales charge option, replace the introductory statement required in paragraph (1) above with a statement highlighting the sales charge option applicable to the mutual fund.

(4) If the mutual fund does not have any sales charges, replace the introductory statement and the table required in paragraph (1) and paragraph (2) above with a general statement explaining that no sales charges apply.

INSTRUCTIONS:

(1) *The mutual fund must disclose all sales charge options (e.g., initial sales charge, deferred sales charge) that apply to the class or series being described in the fund facts document. It is not necessary to disclose sales charge options that do not apply to the series or class to which the fund facts document relates.*

(2) *Specify each sales charge option as a percentage. For an initial sales charge, include a range for the amount that can be charged, if applicable. For a deferred sales charge, provide the full sales charge schedule.*

(3) *Specify each sales charge option in dollar terms. For an initial sales charge, include a range for the amount that can be charged on every \$1,000 investment, if applicable. For a deferred sales charge, include a range for the amount that can be charged on every \$1,000 redemption.*

(4) *Provide a brief overview of the key elements of how each sales charge option works including:*

- *whether the amount payable is negotiable;*
- *whether the amount payable is deducted from the amount paid at the time of purchase or from the amount received at the time of sale;*
- *who pays and who receives the amount payable under each sales charge option.*

In the case of a deferred sales charge, the disclosure must also briefly state:

- *any amount payable as an upfront sales commission;*
- *who pays and who receives the amount payable as the upfront sales commission;*
- *any free redemption amount and key details about how it works;*
- *whether switches can be made without incurring a sales charge; and*
- *how the amount paid by an investor at the time of a redemption of securities is calculated, for example, whether it is based on the net asset value of those securities at the time of redemption or another time.*

“1.3 Fund expenses

(1) Under the sub-heading ‘Fund expenses’ include an introduction using wording similar to the following:

You don’t pay these expenses directly. They affect you because they reduce the fund’s returns.

(2) Unless the mutual fund has not yet filed a management report of fund performance, provide information about the expenses of the mutual fund in the form of the following table:

	Annual rate (as a % of the fund’s value)
Management expense ratio (MER) This is the total of the fund’s management fee and operating expenses. (see instruction 1)	(see instruction 2)
Trading expense ratio (TER) These are the fund’s trading costs.	(see instruction 3)
Fund expenses	(see instruction 4)

(3) Unless the mutual fund has not yet filed a management report of fund performance, above the table required under subsection (2), include a statement using wording similar to the following:

As of [see instruction 5], the fund’s expenses were [insert amount included in table required under subsection (2)]% of its value. This equals \$[see instruction 6] for every \$1,000 invested.

(4) For a mutual fund that has not yet filed a management report of fund performance, include wording similar to the following:

The fund’s expenses are made up of the management fee, operating expenses and trading costs. The fund’s annual management fee is [see instruction 7]% of the fund’s value. Because this fund is new, its operating expenses and trading costs are not yet available.

(5) If the mutual fund pays an incentive fee that is determined by the performance of the mutual fund, provide a brief statement disclosing the amount of the fee and the circumstances where the mutual fund will pay it.

(6) If the manager of the mutual fund or another member of the mutual fund’s organization pays trailing commissions, include a brief description of these commissions under the sub-heading ‘Trailing commission’.

(7) The description of trailing commissions must include a statement in substantially the following words:

The trailing commission is paid out of the management fee. The trailing commission is paid for as long as you own the fund.

INSTRUCTIONS:

(1) *If any fees or expenses otherwise payable by the mutual fund were waived or otherwise absorbed by a member of the organization of the mutual fund, despite section 15.1(2) of National Instrument 81-106 Investment Fund Continuous Disclosure, only include a statement in substantially the following words:*

[Insert name of the manager of the mutual fund] waived some of the fund's expenses. If it had not done so, the MER would have been higher.

(2) *Use the same MER that is disclosed in Item 2 of Part I of this Form.*

(3) *Use the trading expense ratio disclosed in the most recently filed management report of fund performance (MRFP) for the mutual fund.*

(4) *The amount included for fund expenses is the amount arrived at by adding the MER and the trading expense ratio. Use a bold font or other formatting to indicate that fund expenses is the total of all ongoing expenses set out in the chart and is not a separate expense charged to the fund.*

(5) *Insert the date of the most recently filed management report of fund performance.*

(6) *Insert the equivalent dollar amount of the ongoing expenses of the fund for each \$1,000 investment.*

(7) *The percentage disclosed for the management fee must correspond to the percentage shown in the fee table in the simplified prospectus.*

(8) *The description of trailing commissions must briefly and concisely explain the purpose of the commission, how the commissions are paid and the range of the rates of the commission for each sales charge option. In addition to the percentage amount of the commission, this description must also set out the equivalent dollar amount for each \$1,000 investment.*

“1.4 Other Fees

(1) Under the sub-heading ‘Other fees’ provide an introduction using wording similar to the following:

You may have to pay other fees when you sell or switch [units/shares] of the fund.

(2) Provide information about the amount of fees, other than sales charges, payable by an investor when they sell or switch units or shares of the mutual fund, substantially in the form of the following table:

Fee	What you pay
(see instruction 1)	(see instruction 2)

INSTRUCTIONS:

(1) *Under this Item, it is only necessary to include fees that apply to the particular series or class of the mutual fund. Examples include short-term trading fee, switch fee and change fee. If there are no other fees associated with selling or switching units or shares of the mutual fund, replace the table with a statement to this effect.*

(2) *Provide a brief description of each fee disclosing the amount to be paid as a percentage (or, if applicable, a fixed dollar amount) and state who charges the fee.*

“Item 2: Statement of Rights

Under the heading ‘What if I change my mind?’ state in substantially the following words:

Under securities law in some provinces and territories, you have the right to:

- withdraw from an agreement to buy mutual fund units within two business days after you receive a simplified prospectus; or
- cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the simplified prospectus, annual information form or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

“Item 3: More Information About the Fund

(1) Under the heading ‘For more information’ state in substantially the following words:

Contact [insert name of the manager of the mutual fund] or your adviser for the fund’s simplified prospectus and other disclosure documents. These documents and the Fund Facts make up the fund’s legal documents.

(2) State the name, address and toll-free telephone number of the manager of the mutual fund. If applicable, also state the e-mail address and website of the manager of the mutual fund”.

Part VI of Appendix amended

7(1) Part VI of the Appendix is amended in the manner set forth in this section.

(2) Section 1.1 is amended by adding the following subclause after subclause (b)(ii) in the definition of “sales communication”:

“(ii.1) a fund facts document or preliminary or *pro forma* fund facts document”.

(3) Section 3.3 is amended by striking out “preliminary annual information form, initial simplified prospectus or annual information form” and substituting “preliminary annual information form, preliminary fund facts document, initial simplified prospectus, annual information form or fund facts document”.

(4) Subclauses 5.6(1)(f)(ii) and (iii) are repealed and the following substituted:

“(ii) the current simplified prospectus or the most recently filed fund facts document; and

“(iii) a statement that securityholders may obtain, in respect of the reorganized mutual fund, at no cost a simplified prospectus, an annual information form, the most recently filed fund facts document, the most recent annual and interim financial statements, and the most recent management report of fund performance that have been made public, by contacting the reorganized mutual fund at an address or telephone number specified in the statement, or by accessing the documents at a website address specified in the statement”.

(5) Clause 5.7(1)(d) is repealed and the following substituted:

“(d) if the application relates to a matter that would constitute a material change for the mutual fund, a draft amendment to the simplified prospectus and, if applicable, to the fund facts document of the mutual fund reflecting the change”.

(6) Clause 15.2(1)(b) is repealed and the following substituted:

“(b) include a statement that conflicts with information that is contained in the preliminary simplified prospectus, the preliminary annual information form, the preliminary fund facts document, the simplified prospectus, the annual information form or the fund facts document:

- (i) of a mutual fund; or
- (ii) in which an asset allocation service is described”.

Part XII of Appendix amended

8 Form 41-101F1 of Part XII of the Appendix is amended by repealing Item 5.5 and substituting the following:

“**5.5(1)** If the issuer is engaged in oil and gas activities defined in NI 51-101 and any of the oil and gas information is material as contemplated under NI 51-101 in respect of the issuer, disclose that information in accordance with Form 51-101F1:

- (a) as at the end of, and for, the most recent financial year for which the prospectus includes an audited balance sheet of the issuer;
 - (b) in the absence of a completed financial year referred to in paragraph (a), as at the most recent date for which the prospectus includes an audited balance sheet of the issuer, and for the most recent financial period for which the prospectus includes an audited income statement of the issuers; or
 - (c) if the issuer was not engaged in oil and gas activities at the date set out in paragraphs (a) or (b), as of a date subsequent to the date the issuer first engaged in oil and gas activities as defined in NI 51-101 and prior to the date of the preliminary prospectus.
- (2) Include with the disclosure under subsection (1) a report in the form of Form 51-101F2, on the reserves data included in the disclosure required under subsection (1).
- (3) Include with the disclosure under subsection (1) a report in the form of Form 51-101F3 that refers to the information disclosed under subsection (1).
- (4) To the extent not reflected in the information disclosed in response to subsection (1), disclose the information contemplated by Part 6 of NI 51-101 in respect of material changes that occurred after the applicable balance sheet referred to in subsection (1).

INSTRUCTION:

Disclosure in a prospectus must be consistent with NI 51-101 if the issuer is engaged in oil and gas activities as defined in NI 51-101”.

New Part XII of Appendix

9 Part XII of the Appendix is repealed and the following substituted:

“PART XII
[*clause 2(l)*]

“NATIONAL INSTRUMENT 41-101

GENERAL PROSPECTUS REQUIREMENTS

“PART 1: Definitions and Interpretations

“1.1 Definitions - In this Instrument:

‘**acquisition**’ has the same meaning as in Part 8 of NI 51-102;

‘**acquisition date**’ has the same meaning as in section 1.1 of NI 51-102;

‘**acquisition of related businesses**’ has the same meaning as in Part 8 of NI 51-102;

‘**alternative credit support**’ has the same meaning as in section 13.4 of NI 51-102;

‘**approved rating organization**’ has the same meaning as in section 1.1 of NI 51-102;

‘**asset-backed security**’ has the same meaning as in section 1.1 of NI 51-102;

‘**base offering**’ means the number or principal amount of the securities distributed under a prospectus by an issuer or selling securityholder, excluding:

(a) any over-allotment option granted in connection with the distribution, or the securities issuable on the exercise of any such over-allotment option; and

(b) securities issued or paid as compensation to a person or company for acting as an underwriter in respect of securities that are distributed under the prospectus, on an ‘as-if-converted’ basis if these securities include securities that are convertible or exchangeable securities;

‘**board of directors**’ has the same meaning as in section 1.1 of NI 51-102;

‘**business acquisition report**’ has the same meaning as in section 1.1 of NI 51-102;

‘**business day**’ means any day other than a Saturday, a Sunday or a statutory holiday;

‘**class**’ has the same meaning as in section 1.1 of NI 51-102;

‘**credit supporter**’ has the same meaning as in section 13.4 of NI 51-102;

‘**custodian**’ means the institution appointed by an investment fund to act as custodian of the portfolio assets of the investment fund;

‘**date of transition to IFRS**’ has the same meaning as in section 1.1 of NI 51-102;

‘**derivative**’ means an instrument, agreement or security, the market price, value or payment obligation of which is derived from, referenced to, or based on an underlying interest;

'designated foreign jurisdiction' has the same meaning as in section 1.1 of NI 52-107;

'equity investee' has the same meaning as in section 1.1 of NI 51-102;

'equity security' means a security of an issuer that carries a residual right to participate in the earnings of the issuer and, on the liquidation or winding up of the issuer, in its assets;

'executive officer' means, for an issuer, an individual who is:

- (a) a chair, vice-chair or president;
- (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or
- (c) performing a policy-making function in respect of the issuer;

'financial statements' includes interim financial reports;

'first IFRS financial statements' has the same meaning as in section 1.1 of NI 51-102;

'foreign disclosure requirements' has the same meaning as in section 1.1 of NI 52-107;

'Form 41-101F1' means Form 41-101F1 *Information Required in a Prospectus* of this Instrument;

'Form 41-101F2' means Form 41-101F2 *Information Required in an Investment Fund Prospectus* of this Instrument;

'Form 44-101F1' means Form 44-101F1 *Short Form Prospectus* of NI 44-101;

'Form 51-101F1' means Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information* of NI 51-101;

'Form 51-101F2' means Form 51-101F2 *Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor* of NI 51-101;

'Form 51-101F3' means Form 51-101F3 *Report of Management and Directors on Oil and Gas Disclosure* of NI 51-101;

'Form 51-102F1' means Form 51-102F1 *Management's Discussion & Analysis* of NI 51-102;

'Form 51-102F2' means Form 51-102F2 *Annual Information Form* of NI 51-102;

'Form 51-102F4' means Form 51-102F4 *Business Acquisition Report* of NI 51-102;

'Form 51-102F5' means Form 51-102F5 *Information Circular* of NI 51-102;

'Form 51-102F6' means Form 51-102F6 *Statement of Executive Compensation* of NI 51-102;

'Form 52-110F1' means Form 52-110F1 *Audit Committee Information Required in an AIF* of NI 52-110;

'Form 52-110F2' means Form 52-110F2 *Disclosure by Venture Issuers* of NI 52-110;

'Form 58-101F1' means Form 58-101F1 *Corporate Governance Disclosure* of NI 58-101;

'Form 58-101F2' means Form 58-101F2 *Corporate Governance Disclosure (Venture Issuers)* of NI 58-101;

'full and unconditional credit support' means:

- (a) alternative credit support that:
 - (i) entitles the holder of the securities to receive payment from the credit supporter, or enables the holder to receive payment from the issuer, within 15 days of any failure by the issuer to make a payment; and
 - (ii) results in the securities receiving the same credit rating as, or a higher credit rating than, the credit rating they would have received if payment had been fully and unconditionally guaranteed by the credit supporter, or would result in the securities receiving such a rating if they were rated; or
- (b) a full and unconditional guarantee of the payments to be made, as interpreted in section 1.5, by the issuer of securities, as stipulated in the terms of the securities or in an agreement governing rights of holders of the securities, that results in the holder of such securities being entitled to receive payment from the credit supporter within 15 days of any failure by the issuer to make a payment;

'independent review committee' means an independent review committee under NI 81-107;

'information circular' has the same meaning as in section 1.1 of NI 51-102;

'interim period' has the same meaning as in:

- (a) section 1.1 of NI 51-102 for an issuer other than an investment fund; or
- (b) section 1.1 of NI 81-106 for an investment fund;

'IPO venture issuer' means an issuer that:

- (a) files a long form prospectus;
- (b) is not a reporting issuer in any jurisdiction immediately before the date of the final long form prospectus; and
- (c) at the date of the long form prospectus, does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on:
 - (i) the Toronto Stock Exchange;
 - (ii) a U.S. marketplace; or
 - (iii) a marketplace outside of Canada and the United States of America, other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc;

'issuer's GAAP' has the same meaning as in section 1.1 of NI 52-107;

'junior issuer' means an issuer:

- (a) that files a preliminary prospectus;
- (b) that is not a reporting issuer in any jurisdiction;
- (c) whose total consolidated assets as at the date of the most recent statement of financial position of the issuer included in the preliminary prospectus are less than \$10,000,000;

(d) whose consolidated revenue as shown in the most recent annual statement of comprehensive income of the issuer included in the preliminary prospectus is less than \$10,000,000; and

(e) whose equity as at the date of the most recent statement of financial position of the issuer included in the preliminary prospectus is less than \$10,000,000;

taking into account all adjustments to asset, revenue and equity calculations necessary to reflect each significant proposed acquisition of a business or related business by an issuer that has progressed to a state where a reasonable person would believe that the likelihood of the issuer completing the acquisition is high, and each completed significant acquisition of a business or related business that was completed;

(f) for paragraphs (c) and (e), before the date of the preliminary prospectus and after the date of the issuer's most recent statement of financial position included in the preliminary prospectus as if each acquisition had taken place as at the date of the issuer's most recent statement of financial position included in the preliminary prospectus; and

(g) for paragraph (d), after the last day of the most recent annual statement of comprehensive income of the issuer included in the preliminary prospectus as if each acquisition had taken place at the beginning of the issuer's most recently completed financial year for which a statement of comprehensive income is included in the preliminary prospectus;

'labour sponsored or venture capital fund' has the same meaning as in section 1.1 of NI 81-106;

'long form prospectus' means a prospectus filed in the form of Form 41-101F1 or Form 41-101F2;

'marketplace' has the same meaning as in section 1.1 of NI 51-102;

'material contract' means any contract that an issuer or any of its subsidiaries is a party to, that is material to the issuer;

'mineral project' has the same meaning as in section 1.1 of NI 43-101;

'NI 14-101' means National Instrument 14-101 *Definitions*;

'NI 33-105' means National Instrument 33-105 *Underwriting Conflicts*;

'NI 43-101' means National Instrument 43-101 *Standards of Disclosure for Mineral Projects*;

'NI 44-101' means National Instrument 44-101 *Short Form Prospectus Distributions*;

'NI 44-102' means National Instrument 44-102 *Shelf Distributions*;

'NI 44-103' means National Instrument 44-103 *Post-Receipt Pricing*;

'NI 45-106' means National Instrument 45-106 *Prospectus and Registration Exemptions*;

'NI 51-101' means National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*;

'NI 51-102' means National Instrument 51-102 *Continuous Disclosure Obligations*;

'NI 52-107' means National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

'NI 52-110' means National Instrument 52-110 *Audit Committees*;

'NI 58-101' means National Instrument 58-101 *Disclosure of Corporate Governance Practices*;

'NI 81-101' means National Instrument 81-101 *Mutual Fund Prospectus Disclosure*;

'NI 81-102' means National Instrument 81-102 *Mutual Funds*;

'NI 81-106' means National Instrument 81-106 *Investment Fund Continuous Disclosure*;

'NI 81-107' means National Instrument 81-107 *Independent Review Committee for Investment Funds*;

'non-voting security' means a restricted security that does not carry the right to vote generally, except for a right to vote that is mandated, in special circumstances, by law;

'old financial year' means the financial year of an issuer that immediately precedes a transition year;

'over-allocation position' means the amount, determined as at the closing of a distribution, by which the aggregate number or principal amount of securities that are sold by one or more underwriters of the distribution exceeds the base offering;

'over-allotment option' means a right granted to one or more underwriters by an issuer or a selling securityholder of the issuer in connection with the distribution of securities under a prospectus to acquire, for the purposes of covering the underwriter's over-allocation position, a security of an issuer that has the same designation and attributes as a security that is distributed under such prospectus, and which:

- (a) expires not later than the 60th day after the date of the closing of the distribution; and
- (b) is exercisable for a number or principal amount of securities that is limited to the lesser of:
 - (i) the over-allocation position; and
 - (ii) 15% of the base offering;

'principal securityholder' means a person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the issuer;

'private issuer' has the same meaning as in section 2.4 of NI 45-106;

'profit or loss attributable to owners of the parent' has the same meaning as in Canadian GAAP applicable to publicly accountable enterprises;

'profit or loss from continuing operations attributable to owners of the parent' has the same meaning as in Canadian GAAP applicable to publicly accountable enterprises;

'publicly accountable enterprise' has the same meaning as in Part 3 of NI 52-107;

'related credit supporter' of an issuer means a credit supporter of the issuer that is an affiliate of the issuer;

‘restricted security’ means an equity security that is not a preferred security of an issuer if any of the following apply:

- (a) there is another class of securities of the issuer that carries a greater number of votes per security relative to the equity security;
- (b) the conditions attached to the class of equity securities, the conditions attached to another class of securities of the issuer, or the issuer’s constating documents have provisions that nullify or significantly restrict the voting rights of the equity securities;
- (c) the issuer has issued another class of equity securities that entitle the owners of securities of that other class to participate in the earnings or assets of the issuer to a greater extent, on a per security basis, than the owners of the first class of equity securities; or
- (d) except in Ontario and British Columbia, the regulator determines that the equity security is a restricted security;

‘restricted security reorganization’ means any event resulting in the creation of restricted securities, directly or through the creation of subject securities or securities that are, directly or indirectly, convertible, or exercisable or exchangeable for, restricted securities or subject securities or any change in the rights attaching to restricted securities, subject securities or securities that are, directly or indirectly, convertible into, or exercisable or exchangeable for, restricted securities or subject securities, including:

- (a) any:
 - (i) amendment to an issuer’s constating documents;
 - (ii) resolution of the board of directors of an issuer setting the terms of a series of securities of the issuer; or
 - (iii) restructuring, recapitalization, reclassification, arrangement, amalgamation or merger; or
- (b) if the issuer has one or more classes of restricted securities outstanding, an amendment to an issuer’s constating documents to increase:
 - (i) the per security voting rights attached to any class of securities without at the same time making a proportionate increase in the per security voting rights attached to any other securities of the issuer; or
 - (ii) the number of a class of securities authorized, other than a restricted security;

‘restricted security term’ means each of the terms **‘non-voting security’**, **‘subordinate voting security’**, and **‘restricted voting security’**;

‘restricted voting security’ means a restricted security that carries a right to vote subject to a restriction on the number or percentage of securities that may be voted or owned by one or more persons or companies, unless the restriction is:

- (a) permitted or prescribed by statute or regulation; and
- (b) is applicable only to persons or companies that are not citizens or residents of Canada or that are otherwise considered as a result of any law applicable to the issuer to be non-Canadians;

'restructuring transaction' has the same meaning as in section 1.1 of NI 51-102;

'retrospective' has the same meaning as in section 1.1 of NI 51-102;

'retrospectively' has the same meaning as in section 1.1 of NI 51-102;

'reverse takeover' has the same meaning as in section 1.1 of NI 51-102;

'reverse takeover acquirer' has the same meaning as in section 1.1 of NI 51-102;

'SEC issuer' has the same meaning as in section 1.1 of NI 52-107;

'short form prospectus' means a prospectus filed in the form of Form 44-101F1;

'special warrant' means a security that, by its terms or the terms of an accompanying contractual obligation:

(a) entitles or requires the holder to acquire another security without payment of material additional consideration and obliges the issuer of either security to undertake efforts to file a prospectus to qualify the distribution of the other security; or

(b) entitles or requires the holder to acquire another security without payment of material additional consideration and the issuer files a prospectus to qualify the distribution of the other security;

'subject security' means a security that results, or would result if and when issued, in an existing class of securities being considered restricted securities;

'subordinate voting security' means a restricted security that carries a right to vote, if there are securities of another class outstanding that carry a greater right to vote on a per security basis;

'transition year' means the financial year of an issuer or business in which the issuer or business changes its financial year-end;

'U.S. AICPA GAAS' has the same meaning as in section 1.1 of NI 52-107;

'U.S. GAAP' has the same meaning as in section 1.1 of NI 52-107;

'U.S. marketplace' has the same meaning as in section 1.1 of NI 51-102;

'U.S. PCAOB GAAS' has the same meaning as in section 1.1 of NI 52-107;

'venture issuer' has the same meaning as in section 1.1 of NI 51-102 except the **'applicable time'** is the date the prospectus is filed;

'waiting period' means the period of time between the issuance of a receipt by the regulator for a preliminary prospectus and the issuance of a receipt by the regulator for a final prospectus.

"1.2 Interpretation of 'prospectus', 'preliminary prospectus', 'final prospectus', 'long form prospectus', and 'short form prospectus'

(1) In this Instrument, a reference to a 'prospectus' includes a preliminary long form prospectus, a final long form prospectus, a preliminary short form prospectus, and a final short form prospectus.

(2) In this Instrument, a reference to a 'preliminary prospectus' includes a preliminary long form prospectus and a preliminary short form prospectus.

(3) In this Instrument, a reference to a 'final prospectus' includes a final long form prospectus and a final short form prospectus.

- (4) In this Instrument, a reference to a 'long form prospectus' includes a preliminary long form prospectus and a final long form prospectus.
- (5) In this Instrument, a reference to a 'short form prospectus' includes a preliminary short form prospectus and a final short form prospectus.
- (6) Despite subsections (1), (2), and (3), in Form 41-101F1 and Form 41-101F2:
- (a) a reference to a 'prospectus' only includes a preliminary long form prospectus and a final long form prospectus;
 - (b) a reference to a 'preliminary prospectus' only includes a preliminary long form prospectus; and
 - (c) a reference to a 'final prospectus' only includes a final long form prospectus.

"1.3 Interpretation of 'business'"

In this Instrument, unless otherwise stated, a reference to a business includes an interest in an oil and gas property to which reserves, as defined in NI 51-101, have been specifically attributed.

"1.4 Interpretation of 'affiliate'"

In this Instrument, an issuer is an affiliate of another issuer if the issuer would be an affiliate of the other issuer under subsection 1.1(2) of NI 51-102.

"1.5 Interpretation of 'payments to be made'"

For the purposes of the definition of 'full and unconditional credit support', payments to be made by an issuer of securities as stipulated in the terms of the securities include:

- (a) any amounts to be paid as dividends in accordance with, and on the dividend payment dates stipulated in, the provisions of the securities, whether or not the dividends have been declared; and
- (b) any discretionary dividends, provided that the terms of the securities or an agreement governing rights of holders of the securities expressly provides that the holder of the securities will be entitled, once the discretionary dividend is declared, to receive payment from the credit supporter within 15 days of any failure by the issuer to pay the declared dividend.

"PART 2: Requirements for All Prospectus Distributions"

"2.1 Application of the Instrument"

- (1) Subject to subsection (2), this Instrument applies to a prospectus filed under securities legislation and a distribution of securities subject to the prospectus requirement.
- (2) This Instrument does not apply to a prospectus filed under NI 81-101 or a distribution of securities under such a prospectus.

"2.2 Language"

- (1) An issuer must file a prospectus and any other document required to be filed under this Instrument or NI 44-101 in French or in English.
- (2) In Québec, a prospectus and any document required to be incorporated by reference into a prospectus must be in French or in French and English.

- (3) Despite subsection (1), if an issuer files a document only in French or only in English but delivers to an investor or prospective investor a version of the document in the other language, the issuer must file that other version not later than when it is first delivered to the investor or prospective investor.
- (4) If an issuer files a document under this Instrument that is a translation of a document prepared in a language other than French or English, the issuer must:
 - (a) attach a certificate as to the accuracy of the translation to the filed document; and
 - (b) make a copy of the document in the original language available on request.

“2.3 General requirements

- (1) An issuer must not file a final prospectus more than 90 days after the date of the receipt for the preliminary prospectus that relates to the final prospectus.
- (2) An issuer must not file:
 - (a) a prospectus more than three business days after the date of the prospectus; and
 - (b) an amendment to a prospectus more than three business days after the date of the amendment to the prospectus.

“2.4 Special warrants

- (1) An issuer must not file a prospectus or an amendment to a prospectus to qualify the distribution of securities issued upon the exercise of special warrants or other securities acquired on a prospectus-exempt basis unless holders of the special warrants or other securities have been provided with a contractual right of rescission.
- (2) A contractual right of rescission under subsection (1) must provide that, if a holder of a special warrant who acquires another security of the issuer on exercise of the special warrant as provided for in the prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the prospectus or an amendment to the prospectus containing a misrepresentation:
 - (a) the holder is entitled to rescission of both the holder's exercise of its special warrant and the private placement transaction under which the special warrant was initially acquired;
 - (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the underwriter or issuer, as the case may be, on the acquisition of the special warrant; and
 - (c) if the holder is a permitted assignee of the interest of the original special warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

“PART 3: Form of Prospectus**“3.1 Form of prospectus**

- (1) Subject to subsection (2) and (3), an issuer filing a prospectus must file the prospectus in the form of Form 41-101F1.
- (2) An issuer that is an investment fund filing a prospectus must file the prospectus in the form of Form 41-101F2.
- (3) An issuer that is qualified to file a short form prospectus may file a short form prospectus.

“PART 4: Financial Statements and Related Documents in a Long Form Prospectus**“4.1 Application**

- (1) An issuer, other than an investment fund, that files a long form prospectus must include in the long form prospectus the financial statements and the management’s discussion and analysis required by this Instrument.
- (2) Subject to Part 15, an investment fund that files a long form prospectus must include in the long form prospectus the financial statements and the management reports of fund performance required by this Instrument.
- (3) For the purposes of this Part, ‘financial statements’ do not include pro forma financial statements.

“4.2 Audit of financial statements

- (1) Any financial statements included in a long form prospectus filed in the form of Form 41-101F1 must be audited in accordance with NI 52-107 unless an exception in section 32.5 or subsection 35.1(3) of Form 41-101F1 applies.
- (2) Any financial statements, other than an interim financial report, included in or incorporated by reference into a long form prospectus of an investment fund filed in the form of Form of 41-101F2 must meet the audit requirements of Part 2 of NI 81-106.

“4.3 Review of unaudited financial statements

- (1) Subject to subsection (2) and (3), any unaudited financial statements included in, or incorporated by reference into, a long form prospectus must have been reviewed in accordance with the relevant standards set out in the Handbook for a review of financial statements by the person or company’s auditor or a review of financial statements by a public accountant.
- (2) Subsection (1) does not apply to an investment fund’s unaudited financial statements filed after the date of filing of the prospectus that are incorporated by reference into the prospectus under Part 15.
- (3) If NI 52-107 permits the financial statements of the person or company in subsection (1) to be audited in accordance with:
 - (a) U.S. AICPA GAAS, the unaudited financial statements may be reviewed in accordance with the review standards issued by the American Institute of Certified Public Accountants;
 - (a.1) U.S. PCAOB GAAS, the unaudited financial statements may be reviewed in accordance with the review standards issued by the Public Company Accounting Oversight Board (United States of America);

- (b) International Standards on Auditing, the unaudited financial statements may be reviewed in accordance with International Standards on Review Engagement issued by the International Auditing and Assurance Standards Board; or
- (c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the person or company is subject, the unaudited financial statements:
 - (i) may be reviewed in accordance with review standards that meet the foreign disclosure requirements of the designated foreign jurisdiction; or
 - (ii) do not have to be reviewed if:
 - (A) the designated foreign jurisdiction does not have review standards for unaudited financial statements; and
 - (B) the long form prospectus includes disclosure that the unaudited financial statements have not been reviewed.

“4.4 Approval of financial statements and related documents

- (1) An issuer must not file a long form prospectus unless each financial statement, each management’s discussion and analysis, and each management report of fund performance, as applicable, of a person or company included in, or incorporated by reference into, the long form prospectus has been approved by the board of directors of the person or company.
- (2) An investment fund that is a trust must not file a long form prospectus unless each financial statement and each management report of fund performance of the investment fund included in, or incorporated by reference into, the long form prospectus has been approved by the trustee or trustees of the investment fund or another person or company authorized to do so by the constating documents of the investment fund.

“PART 5: Certificates

“5.1 Interpretation

For the purposes of this Part:

- (a) ‘issuer certificate form’ means a certificate in the form set out in:
 - (i) section 37.2 of Form 41-101F1;
 - (ii) section 39.1 of Form 41-101F2;
 - (iii) section 21.2 of Form 44-101F1;
 - (iv) NI 44-102 in:
 - (A) section 1.1 of Appendix A;
 - (B) section 2.1 of Appendix A;
 - (C) section 1.1 of Appendix B; or
 - (D) section 2.1 of Appendix B; or
 - (v) NI 44-103 in:
 - (A) paragraph 7 of subsection 3.2(1); or
 - (B) paragraph 3 of subsection 4.5(2); and

- (b) ‘underwriter certificate form’ means a certificate in the form set out in:
- (i) section 37.3 of Form 41-101F1;
 - (ii) section 39.3 of Form 41-101F2;
 - (iii) section 21.3 of Form 44-101F1;
 - (iv) NI 44-102 in:
 - (A) section 1.2 of Appendix A;
 - (B) section 2.2 of Appendix A;
 - (C) section 1.2 of Appendix B; or
 - (D) section 2.2 of Appendix B; or
 - (v) NI 44-103 in:
 - (A) paragraph 8 of subsection 3.2(1); or
 - (B) paragraph 4 of subsection 4.5(2).

“5.2 Date of certificates

The date of the certificates in a prospectus or an amendment to a prospectus must be the same as the date of the prospectus or the amendment to the prospectus, as applicable.

“5.3 Certificate of issuer

(1) Except in Ontario, a prospectus must contain a certificate signed by the issuer.

[**Note:** In Ontario, section 58 of the Securities Act (Ontario) imposes a similar requirement that a prospectus contain a certificate of the issuer.]

(2) A prospectus certificate that is required to be signed by the issuer under this Instrument or other securities legislation must be in the applicable issuer certificate form.

“5.4 Corporate issuer

(1) Except in Ontario, if the issuer is a company, a prospectus certificate that is required to be signed by the issuer under this Instrument or other securities legislation must be signed:

- (a) by the chief executive officer and the chief financial officer of the issuer; and
- (b) on behalf of the board of directors, by:
 - (i) any two directors of the issuer, other than the persons referred to in paragraph (a) above; or
 - (ii) if the issuer has only three directors, two of whom are the persons referred to in paragraph (a), all of the directors of the issuer.

(2) Except in Ontario, if the regulator is satisfied that either or both of the chief executive officer or chief financial officer cannot sign a certificate in a prospectus, the regulator may accept a certificate signed by another officer.

[**Note:** In Ontario, section 58 of the Securities Act (Ontario) imposes similar requirements regarding who must sign the issuer certificate.]

“5.5 Trust issuer

- (1) If the issuer is a trust, a prospectus certificate that is required to be signed by the issuer under this Instrument or other securities legislation must be signed by:
 - (a) the individuals who perform functions for the issuer similar to those performed by the chief executive officer and the chief financial officer of a company; and
 - (b) two trustees of the issuer, on behalf of the trustees of the issuer.
- (2) If a trustee that is signing the certificate of the issuer is:
 - (a) an individual, the individual must sign the certificate;
 - (b) a company, the certificate must be signed:
 - (i) by the chief executive officer and the chief financial officer of the trustee; and
 - (ii) on behalf of the board of directors of the trustee, by:
 - (A) any two directors of the trustee, other than the persons referred to in subparagraph (i); or
 - (B) if the trustee has only three directors, two of whom are the persons referred to in subparagraph (i), all of the directors of the trustee;
 - (c) a limited partnership, the certificate must be signed by each general partner of the limited partnership as described in subsection 5.6(2) in relation to an issuer that is a limited partnership; or
 - (d) not referred to in paragraphs (a), (b) or (c), the certificate may be signed by any person or company with authority to bind the trustee.
- (3) Despite subsections (1) and (2), if the issuer is an investment fund and the declaration of trust, trust indenture or trust agreement establishing the investment fund delegates the authority to do so, or otherwise authorizes an individual or company to do so, the certificate may be signed by the individual or company to whom the authority is delegated or that is authorized to sign the certificate.
- (4) Despite subsections (1) and (2), if the trustees of an issuer, other than an investment fund, do not perform functions for the issuer similar to those performed by the directors of a company, the trustees are not required to sign the prospectus certificate of the issuer provided that at least two individuals who do perform functions for the issuer similar to those performed by the directors of a company sign the certificate.
- (5) If the regulator is satisfied that an individual who performs functions for the issuer similar to those performed by either the chief executive officer or the chief financial officer of a company cannot sign a certificate in a prospectus, the regulator may accept a certificate signed by another individual.

“5.6 Limited partnership issuer

(1) If the issuer is a limited partnership, a prospectus certificate that is required to be signed by the issuer under this Instrument or other securities legislation must be signed by:

(a) the individuals who perform functions for the issuer similar to those performed by the chief executive officer and the chief financial officer of a company; and

(b) each general partner of the issuer.

(2) If a general partner of the issuer is:

(a) an individual, the individual must sign the certificate;

(b) a company, the certificate must be signed:

(i) by the chief executive officer and the chief financial officer of the general partner; and

(ii) on behalf of the board of directors of the general partner, by:

(A) any two directors of the general partner, other than the persons referred to in subparagraph (i); or

(B) if the general partner has only three directors, two of whom are the persons referred to in subparagraph (i), all of the directors of the general partner;

(c) a limited partnership, the certificate must be signed by each general partner of the limited partnership and, for greater certainty, this subsection applies to each general partner required to sign;

(d) a trust, the certificate must be signed by the trustees of the general partner as described in subsection 5.5(2) in relation to an issuer that is a trust; or

(e) not referred to in paragraphs (a) to (d), the certificate may be signed by any person or company with authority to bind the general partner.

(3) If the regulator is satisfied that an individual who performs functions for the issuer similar to those performed by either the chief executive officer or the chief financial officer of a company cannot sign a certificate in a prospectus, the regulator may accept a certificate signed by another individual.

“5.7 Other issuer

If an issuer is not a company, trust or limited partnership, a prospectus certificate that is required to be signed by the issuer under this Instrument or other securities legislation must be signed by the persons or companies that, in relation to the issuer, are in a similar position or perform a similar function to the persons or companies required to sign under sections 5.4, 5.5 and 5.6.

“5.8 Reverse takeovers

Except in Ontario, if an issuer is involved in a proposed reverse takeover that has progressed to a state where a reasonable person would believe that the likelihood of the reverse takeover being completed is high, a prospectus must contain a certificate, in the applicable issuer certificate form, signed:

(a) by the chief executive officer and the chief financial officer of the reverse takeover acquirer; and

- (b) on behalf of the board of directors of the reverse takeover acquirer, by:
 - (i) any two directors of the reverse takeover acquirer, other than the persons referred to in paragraph (a) above; or
 - (ii) if the reverse takeover acquirer has only three directors, two of whom are the persons referred to in paragraph (a), all of the directors of the reverse takeover acquirer.

“5.9 Certificate of underwriter

(1) Except in Ontario, a prospectus must contain a certificate signed by each underwriter who, with respect to the securities offered by the prospectus, is in a contractual relationship with the issuer or a securityholder whose securities are being offered by the prospectus.

[**Note:** In Ontario, subsection 59(1) of the Securities Act (Ontario) imposes a similar requirement that a prospectus contain a certificate signed by each underwriter in a contractual relationship with the issuer.]

(2) A prospectus certificate that is required to be signed by an underwriter under this Instrument or other securities legislation must be in the applicable underwriter certificate form.

(3) Except in Ontario, with the consent of the regulator, a certificate in a prospectus may be signed by the underwriter’s agent duly authorized in writing by the underwriter.

[**Note:** In Ontario, subsection 59(2) of the Securities Act (Ontario) provides a similar discretion to the Director to permit the certificate to be signed by an underwriter’s agent.]

“5.10 Certificate of investment fund manager

(1) If the issuer has an investment fund manager, a prospectus must contain a certificate, in the applicable issuer certificate form, signed by the investment fund manager.

(2) If the investment fund manager is a company, the certificate must be signed:

- (a) by the chief executive officer and the chief financial officer of the investment fund manager; and
- (b) on behalf of the board of directors, by:
 - (i) any two directors of the investment fund manager, other than the persons referred to in paragraph (a) above; or
 - (ii) if the investment fund manager has only three directors, two of whom are the persons referred to in paragraph (a), all of the directors of the investment fund manager.

(3) If the investment fund manager is a limited partnership, the certificate must be signed by the general partner of such limited partnership as described in subsection 5.6(2) in relation to an issuer that is a limited partnership.

“5.11 Certificate of promoter

(1) Except in Ontario, a prospectus must contain a certificate signed by each promoter of the issuer.

[**Note:** In Ontario, subsection 58(1) of the Securities Act (Ontario) imposes a similar requirement that a prospectus shall contain a certificate signed by each promoter of the issuer.]

(2) A prospectus certificate required to be signed by a promoter under this Instrument or other securities legislation must be in the applicable issuer certificate form.

(3) Except in Ontario, the regulator may require any person or company who was a promoter of the issuer within the two preceding years to sign a certificate to the prospectus, in the applicable issuer certificate form.

[**Note:** In Ontario, subsection 58(6) of the Securities Act (Ontario) provides the Director with similar discretion to require a person or company who was a promoter of the issuer within the two preceding years to sign a prospectus certificate, subject to such conditions as the Director considers proper.]

(4) Despite subsection (3), in British Columbia, the powers of the regulator with respect to the matters described in subsection (3) are set out in the Securities Act (British Columbia).

(5) Except in Ontario, with the consent of the regulator, a certificate of a promoter in a prospectus may be signed by an agent duly authorized in writing by the person or company required to sign the certificate.

[**Note:** In Ontario, subsection 58(7) of the Securities Act (Ontario) provides the Director with similar discretion to permit a certificate in a prospectus to be signed by an agent of a promoter.]

“5.12 Certificate of credit supporter

(1) If there is a related credit supporter of the issuer or a subsidiary of the issuer, a prospectus must contain a certificate of the related credit supporter, in the applicable issuer certificate form, signed:

(a) by the chief executive officer and the chief financial officer of the credit supporter; and

(b) on behalf of the board of directors of the credit supporter, by:

(i) any two directors of the credit supporter, other than the persons referred to in paragraph (a) above; or

(ii) if the credit supporter has only three directors, two of whom are the persons referred to in paragraph (a), all of the directors of the credit supporter.

(2) With the consent of the regulator, a certificate in a prospectus may be signed by the credit supporter’s agent duly authorized in writing by the credit supporter.

(3) Except in Ontario, the regulator may require any other person or company that is a credit supporter of either the issuer or a subsidiary of the issuer to sign a certificate to the prospectus, in the applicable issuer certificate form.

[**Note:** In Ontario, subsection 58(6) of the Securities Act (Ontario) provides the Director with similar discretion to require a person or company who is a guarantor of the securities being distributed to sign a prospectus certificate, subject to such conditions as the Director considers proper.]

(4) Despite subsection (3), in British Columbia, the powers of the regulator with respect to the matters described in subsection (3) are set out in the Securities Act (British Columbia).

“5.13 Certificate of selling securityholders

- (1) Except in Ontario, the regulator may require any person or company that is a selling securityholder to sign a certificate to the prospectus, in the applicable issuer certificate form.
- (2) Despite subsection (1), in British Columbia, the powers of the regulator with respect to the matters described in subsection (1) are set out in the Securities Act (British Columbia).

“5.14 Certificate of operating entity

- (1) For the purposes of this section, the term ‘operating entity’ means, in relation to an issuer, a person or company through which the business of the issuer, or a material part of the business of the issuer, is conducted and for which the issuer is required under securities legislation, or has undertaken, to provide to its securityholders separate financial statements of the person or company if the issuer’s financial statements do not include consolidated information concerning the person or company.
- (2) A prospectus of an issuer that is a trust must contain a certificate, in the applicable issuer certificate form, signed:
 - (a) by the chief executive officer and the chief financial officer of the operating entity; and
 - (b) on behalf of the board of directors of the operating entity, by:
 - (i) any two directors of the operating entity, other than the persons referred to in paragraph (a) above; or
 - (ii) if the operating entity has only three directors, two of whom are the persons referred to in paragraph (a), all of the directors of the operating entity.

“5.15 Certificate of other persons

- (1) Except in Ontario, the regulator may, in its discretion, require any person or company to sign a certificate to the prospectus, in the form that the regulator considers appropriate.
- (2) Despite subsection (1), in British Columbia, the powers of the regulator with respect to the matters described in subsection (1) are set out in the Securities Act (British Columbia).

“PART 6: Amendments**“6.1 Form of amendment**

- (1) An amendment to a prospectus must be either:
 - (a) an amendment that does not fully restate the text of the prospectus; or
 - (b) an amended and restated prospectus.
- (2) An amendment to a prospectus must be identified as follows:
 - (a) for an amendment that does not restate the text of the prospectus:

‘Amendment no. [insert amendment number] dated [insert date of amendment] to [identify prospectus] dated [insert date of prospectus being amended]’; or

- (b) for an amended and restated prospectus:

‘Amended and restated [identify prospectus] dated [insert date of amendment], amending and restating [identify prospectus] dated [insert date of prospectus being amended]’.

“6.2 Required documents for filing an amendment

An issuer that files an amendment to a prospectus must:

- (a) file a signed copy of the amendment;
- (b) deliver to the regulator a copy of the prospectus blacklined to show the changes made by the amendment, if the amendment is also a restatement of the prospectus;
- (c) file or deliver any supporting documents required under this Instrument or other securities legislation to be filed or delivered with a prospectus, unless the documents originally filed or delivered with the prospectus are correct as of the date the amendment is filed; and
- (d) in case of an amendment to a final prospectus, file any consent letter required to be filed with a final prospectus, dated as of the date of the amendment.

“6.3 Auditor’s comfort letter

An issuer must deliver a new auditor’s comfort letter, if an amendment to:

- (a) a preliminary long form prospectus materially affects, or relates to, an auditor’s comfort letter delivered under subparagraph 9.1(b)(iii);
- (b) a preliminary short form prospectus materially affects, or relates to, an auditor’s comfort letter delivered under subparagraph 4.1(b)(ii) of NI 44-101.

“6.4 Delivery of amendments

Except in Ontario, an issuer must deliver an amendment to a preliminary prospectus as soon as practicable to each recipient of the preliminary prospectus according to the record of recipients required to be maintained under securities legislation.

[**Note:** In Ontario, subsection 57(3) of the Securities Act (Ontario) imposes a similar requirement regarding the delivery of amendments to a preliminary prospectus.]

“6.5 Amendment to a preliminary prospectus

(1) Except in Ontario, if, after a receipt for a preliminary prospectus is issued but before a receipt for the final prospectus is issued, a material adverse change occurs, an amendment to the preliminary prospectus must be filed as soon as practicable, but in any event within 10 days after the day the change occurs.

[**Note:** In Ontario, subsection 57(1) of the Securities Act (Ontario) imposes a similar requirement to file an amendment to a preliminary prospectus where there has been a material adverse change.]

(2) The regulator must issue a receipt for an amendment to a preliminary prospectus as soon as practicable after the amendment is filed.

“6.6 Amendment to a final prospectus

(1) Except in Ontario, if, after a receipt for a final prospectus is issued but before the completion of the distribution under the final prospectus, a material change occurs, an issuer must file an amendment to the final prospectus as soon as practicable, but in any event within 10 days after the day the change occurs.

[**Note:** In Ontario, subsection 57(1) of the Securities Act (Ontario) imposes a similar requirement to file an amendment to a final prospectus where there has been a material change.]

(2) Except in Ontario, if, after a receipt for a final prospectus or an amendment to the final prospectus is issued but before the completion of the distribution under the final prospectus or the amendment to the final prospectus, securities in addition to the securities previously disclosed in the final prospectus or the amendment to the final prospectus are to be distributed, an amendment to the final prospectus disclosing the additional securities must be filed, as soon as practicable, but in any event within 10 days after the decision to increase the number of securities offered.

[**Note:** In Ontario, subsection 57(2) of the Securities Act (Ontario) imposes a similar requirement to file an amendment to a prospectus any time there is a proposed distribution of securities in addition to that disclosed under the prospectus.]

(3) Except in Ontario, the regulator must issue a receipt for an amendment to a final prospectus filed under this section unless the regulator considers that there are grounds set out in securities legislation that would cause the regulator not to issue the receipt for a prospectus.

[**Note:** In Ontario, subsection 57(2.1) of the Securities Act (Ontario) imposes a similar obligation for the Director to issue a receipt for an amendment to a prospectus unless there are proper grounds for refusing the receipt.]

(4) Except in Ontario, the regulator must not refuse to issue a receipt under subsection (3) without giving the issuer who filed the prospectus an opportunity to be heard.

[**Note:** In Ontario, subsections 57(2.1) and 61(3) of the Securities Act (Ontario) impose a similar restriction on the Director to refuse to issue a receipt for a prospectus without first giving an issuer an opportunity to be heard.]

(5) Except in Ontario, an issuer must not proceed with a distribution or additional distribution if an amendment to a final prospectus is required to be filed until a receipt for the amendment to the final prospectus is issued by the regulator.

[**Note:** In Ontario, subsection 57(2.2) of the Securities Act (Ontario) imposes a similar restriction in respect of a distribution or additional distribution before a receipt is issued for an amendment to the final prospectus.]

(6) Subsection (5) does not apply to an investment fund in continuous distribution.

[**Note:** In Ontario, section 2.2 of OSC Rule 41-801 Implementing National Instrument 41-101 General Prospectus Requirements and Consequential Amendments provides a similar exemption for an investment fund in continuous distribution from the requirement to obtain a receipt prior to making a distribution or additional distribution under an amendment to a final prospectus.]

“PART 7: Non-fixed Price Offerings and Reduction of Offering Price under a Final Prospectus**“7.1 Application**

This Part does not apply to an investment fund in continuous distribution.

“7.2 Non-fixed price offerings and reduction of offering price

- (1) A person or company distributing a security under a prospectus must do so at a fixed price.
- (2) Despite subsection (1), securities may be distributed for cash at non-fixed prices under a prospectus if the securities have received a rating, on a provisional or final basis, from at least one approved rating organization at the time of:
 - (a) the filing of the preliminary short form prospectus, if the issuer is filing a prospectus in the form of a short form prospectus under NI 44-101; or
 - (b) the filing of the long form prospectus.
- (3) Despite subsection (1), if securities are distributed for cash under a prospectus, the price of the securities may be decreased from the initial offering price disclosed in the prospectus and, after such a decrease, changed from time to time to an amount not greater than the initial offering price, without filing an amendment to the prospectus to reflect the change, if:
 - (a) the securities are distributed through one or more underwriters that have agreed to purchase all of the securities at a specified price;
 - (b) the proceeds to be received by the issuer or selling securityholders are disclosed in the prospectus as being fixed; and
 - (c) the underwriters have made a reasonable effort to sell all of the securities distributed under the prospectus at the initial offering price disclosed in the final prospectus.
- (4) Despite subsections (2) and (3), the price at which securities may be acquired on exercise of rights must be fixed.

“PART 8: Best Efforts Distributions**“8.1 Application**

This Part does not apply to an investment fund in continuous distribution.

“8.2 Distribution period

- (1) Unless an amendment to the final prospectus is filed and the regulator has issued a receipt for the amendment, if securities are being distributed on a best efforts basis, the distribution must cease within 90 days after the date of the receipt for the final prospectus.
- (2) Unless a further amendment to the final prospectus is filed and the regulator has issued a receipt for the further amendment, if an amendment to a final prospectus is filed and the regulator has issued a receipt for the amendment under subsection (1), the distribution must cease within 90 days after the date of the receipt for the amendment to the final prospectus.
- (3) The total period of the distribution under subsections (1) and (2) must not end more than 180 days from the date of receipt for the final prospectus.

“8.3 Minimum amount of funds

If securities are being distributed on a best efforts basis, other than an offering of securities to be distributed continuously, and the prospectus discloses that a minimum amount of funds must be raised:

- (a) the issuer must appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practicing member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until the minimum amount of funds stipulated in the final prospectus has been raised; and
- (b) if the minimum amount of funds is not raised within the appropriate period of the distribution prescribed by section 8.2, the person or company holding the funds in trust referred to in paragraph (a) must return the funds to the subscribers without any deductions.

“PART 9: Requirements for Filing a Long Form Prospectus**“9.1 Required documents for filing a preliminary or pro forma long form prospectus**

An issuer that files a preliminary or pro forma long form prospectus must:

- (a) file the following with the preliminary or pro forma long form prospectus:
 - (i) Signed Copy - in the case of a preliminary long form prospectus, a signed copy of the preliminary long form prospectus;
 - (ii) Documents Affecting the Rights of Securityholders - a copy of the following documents, and any amendments to the following documents, that have not previously been filed:
 - (A) articles of incorporation, amalgamation, continuation or any other constating or establishing documents of the issuer, unless the constating or establishing document is a statutory or regulatory instrument;
 - (B) by-laws or other corresponding instruments currently in effect;
 - (C) any securityholder or voting trust agreement that the issuer has access to and that can reasonably be regarded as material to an investor in securities of the issuer;
 - (D) any securityholders' rights plans or other similar plans; and
 - (E) any other contract of the issuer or a subsidiary of the issuer that creates or can reasonably be regarded as materially affecting the rights or obligations of the issuer's securityholders generally;
 - (iii) Material Contracts - a copy of any material contract required to be filed under section 9.3;
 - (iv) Investment Fund Documents - if the issuer is an investment fund, the documents filed under subparagraphs (ii) and (iii) must include a copy of:
 - (A) any declaration of trust or trust agreement of the investment fund, limited partnership agreement, or any other constating or establishing documents of the investment fund;

- (B) any agreement of the investment fund or the trustee with the manager of the investment fund;
 - (C) any agreement of the investment fund, the manager or trustee with the portfolio advisers of the investment fund;
 - (D) any agreement of the investment fund, the manager or trustee with the custodian of the investment fund; and
 - (E) any agreement of the investment fund, the manager or trustee with the principal distributor of the investment fund;
- (v) Mining Reports - if the issuer has a mineral project, the technical reports required to be filed with a preliminary long form prospectus under NI 43-101; and
- (vi) Reports and Valuations - a copy of each report or valuation referred to in the preliminary long form prospectus for which a consent is required to be filed under section 10.1 and that has not previously been filed, other than a technical report that:
- (A) deals with a mineral project or oil and gas activities; and
 - (B) is not otherwise required to be filed under subparagraph (v); and
- (b) deliver to the regulator, concurrently with the filing of the preliminary or pro forma long form prospectus, the following:
- (i) Blacklined Copy - in the case of a pro forma prospectus, a copy of the pro forma prospectus blacklined to show changes and the text of deletions from the latest prospectus previously filed;
 - (ii) Personal Information Form and Authorization to Collect, Use and Disclose Personal Information - a completed Appendix A for:
 - (A) each director and executive officer of an issuer;
 - (B) if the issuer is an investment fund, each director and executive officer of the manager of the issuer;
 - (C) each promoter of the issuer; and
 - (D) if the promoter is not an individual, each director and executive officer of the promoter;
- for whom the issuer has not previously filed or delivered;
- (E) a completed personal information form and authorization in the form set out in Appendix A;
 - (F) before March 17, 2008, a completed authorization in:
 - (I) the form set out in Appendix B of NI 44-101;
 - (II) the form set out in Ontario Form 41-501F2 Authorization of Indirect Collection of Personal Information; or
 - (III) the form set out in Appendix A of Québec Regulation Q-28 Respecting General Prospectus Requirements; or

(G) before March 17, 2008, a completed personal information form or authorization in a form substantially similar to a personal information form or authorization in clause (E) or (F), as permitted under securities legislation; and

(iii) Auditor's Comfort Letter regarding Audited Financial Statements - if a financial statement of an issuer or a business included in, or incorporated by reference into, a preliminary or pro forma long form prospectus is accompanied by an unsigned auditor's report, a signed letter addressed to the regulator from the auditor of the issuer or of the business, as applicable, prepared in accordance with the form suggested for this circumstance in the Handbook.

“9.2 Required documents for filing a final long form prospectus

An issuer that files a final long form prospectus must:

- (a) file the following with the final long form prospectus:
 - (i) Signed Copy - a signed copy of the final long form prospectus;
 - (ii) Documents Affecting the Rights of Securityholders - a copy of any document described under subparagraph 9.1(a)(ii) that has not previously been filed;
 - (iii) Material Contracts - a copy of each material contract required to be filed under section 9.3 that has not previously been filed under subparagraph 9.1(a)(iii);
 - (iv) Investment Fund Documents - a copy of any document described under subparagraph 9.1(a)(iv) that has not previously been filed;
 - (v) Other Reports and Valuations - a copy of any report or valuation referred to in the final long form prospectus, for which a consent is required to be filed under section 10.1 and that has not previously been filed, other than a technical report that:
 - (A) deals with a mineral project or oil and gas activities of the issuer; and
 - (B) is not otherwise required to be filed under subparagraph 9.1(a)(v) or 9.1(a)(vi);
 - (vi) Issuer's Submission to Jurisdiction - a submission to jurisdiction and appointment of agent for service of process of the issuer in the form set out in Appendix B, if an issuer is incorporated or organized in a foreign jurisdiction and does not have an office in Canada;
 - (vii) Non-Issuer's Submission to Jurisdiction - a submission to jurisdiction and appointment of agent for service of process of:
 - (A) each selling securityholder; and
 - (B) each person or company required to sign a certificate under Part 5 or other securities legislation, other than an issuer;
 in the form set out in Appendix C, if the person or company is incorporated or organized in a foreign jurisdiction and does not have an office in Canada or is an individual who resides outside of Canada;
 - (viii) Expert's Consents - the consents required to be filed under section 10.1;

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- (ix) Credit Supporter's Consent - the written consent of the credit supporter to the inclusion of its financial statements in the final long form prospectus, if financial statements of a credit supporter are required under Item 33 of Form 41-101F1 to be included in a final long form prospectus and a certificate of the credit supporter is not required under section 5.12 to be included in the final long form prospectus;
- (x) Undertaking in Respect of Credit Supporter Disclosure - an undertaking of the issuer to file the periodic and timely disclosure of a credit supporter similar to the disclosure provided under section 12.1 of Form 44-101F1, so long as the securities being distributed are issued and outstanding;
- (xi) Undertaking in Respect of Continuous Disclosure - An undertaking of the issuer to provide to its securityholders separate financial statements for an operating entity that investors need to make an informed decision about investing in the issuer's securities if:
- (A) the issuer is an income trust that is formed as a mutual fund trust as that term is used in the Income Tax Act (Canada), other than an 'investment fund' as defined in section 1.1 of NI 81-106;
 - (B) the underlying business or income producing assets of the operating entity generate net cash flow available for distribution to the issuer's securityholders; and
 - (C) the issuer's performance and prospects depend primarily on the performance and operations of the operating entity;
- (xii) Undertaking to File Documents and Material Contracts - if a document referred to in subparagraph (ii), (iii) or (iv) has not been executed or become effective before the filing of the final long form prospectus but will be executed or become effective on or before the completion of the distribution, the issuer must file with the securities regulatory authority, no later than the time of filing of the final long form prospectus, an undertaking of the issuer to the securities regulatory authority to file the document promptly and in any event within seven days after the completion of the distribution; and
- (xiii) Undertaking in Respect of Restricted Securities - for distributions of non-voting securities, an undertaking of the issuer to give notice to holders of non-voting securities of a meeting of securityholders if a notice of such a meeting is given to its registered holders of voting securities; and
- (b) deliver to the regulator, no later than the filing of the final long form prospectus:
- (i) Blackline Copy - a copy of the final long form prospectus blacklined to show changes from the preliminary or pro forma long form prospectus; and
 - (ii) Communication with Exchange - if the issuer has made an application to list the securities being distributed on an exchange in Canada, a copy of a communication in writing from the exchange stating that the application for listing has been made and has been accepted subject to the issuer meeting the requirements for listing of the exchange.

“9.3 Material contracts

- (1) Unless previously filed, an issuer that files a long form prospectus must file a material contract entered into:
 - (a) since the beginning of the last financial year ending before the date of the prospectus; or
 - (b) before the beginning of the last financial year ending before the date of the prospectus if that material contract is still in effect.
- (2) Despite subsection (1), an issuer is not required to file a material contract entered into in the ordinary course of business unless the material contract is:
 - (a) a contract to which directors, officers, promoters, selling securityholders or underwriters are parties, other than a contract of employment;
 - (b) a continuing contract to sell the majority of the issuer's products or services or to purchase the majority of the issuer's requirements of goods, services, or raw materials;
 - (c) a franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name;
 - (d) a financing or credit agreement with terms that have a direct correlation with anticipated cash distributions;
 - (e) an external management or external administration agreement; or
 - (f) a contract on which the issuer's business is substantially dependent.
- (3) A provision in a material contract filed pursuant to subsections (1) or (2) may be omitted or marked to be unreadable if an executive officer of the issuer reasonably believes that disclosure of that provision would be seriously prejudicial to the interests of the issuer or would violate confidentiality provisions.
- (4) Subsection (3) does not apply if the provision relates to:
 - (a) debt covenants and ratios in financing or credit agreements;
 - (b) events of default or other terms relating to the termination of the material contract; or
 - (c) other terms necessary for understanding the impact of the material contract on the business of the issuer.
- (5) If a provision is omitted or marked to be unreadable under subsection (3), the issuer must include a description of the type of information that has been omitted or marked to be unreadable immediately after the provision in the copy of the material contract filed by the issuer.
- (6) Despite subsections (1) and (2), an issuer is not required to file a material contract entered into before January 1, 2002 if the issuer is a reporting issuer in at least one jurisdiction immediately before filing the prospectus.

“PART 10: Consents and Licences, Registrations and Approvals**“10.1 Consents of experts**

- (1) An issuer must file the written consent of:
 - (a) any solicitor, auditor, accountant, engineer, or appraiser;
 - (b) any notary in Québec; and
 - (c) any person or company whose profession or business gives authority to a statement made by that person or company if that person or company is named in a prospectus or an amendment to a prospectus, directly or, if applicable, in a document incorporated by reference;

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- (d) as having prepared or certified any part of the prospectus or the amendment;
- (e) as having opined on financial statements from which selected information included in the prospectus has been derived and which audit opinion is referred to in the prospectus directly or in a document incorporated by reference; or
- (f) as having prepared or certified a report, valuation, statement or opinion referred to in the prospectus or the amendment, directly or in a document incorporated by reference.
- (2) A consent referred to in subsection (1) must:
- (a) be filed no later than the time the final prospectus or the amendment to the final prospectus is filed or, for the purposes of future financial statements that have been incorporated by reference in a prospectus under subsection 15.2(3), no later than the date that those financial statements are filed;
- (b) state that the person or company being named consents:
- (i) to being named; and
- (ii) to the use of that person or company's report, valuation, statement or opinion;
- (c) refer to the report, valuation, statement or opinion stating the date of the report, valuation, statement or opinion; and
- (d) contain a statement that the person or company referred to in subsection (1):
- (i) has read the prospectus; and
- (ii) has no reason to believe that there are any misrepresentations in the information contained in it that are:
- (A) derived from the report, valuation, statement or opinion; or
- (B) within the knowledge of the person or company as a result of the services performed by the person or company in connection with the report, financial statements, valuation, statement or opinion.
- (3) In addition to any other requirement of this section, the consent of an auditor or accountant must also state:
- (a) the dates of the financial statements on which the report of the person or company is made; and
- (b) that the person or company has no reason to believe that there are any misrepresentations in the information contained in the prospectus that are:
- (i) derived from the financial statements on which the person or company has reported; or
- (ii) within the knowledge of the person or company as a result of the audit of the financial statements.
- (4) Subsection (1) does not apply to an approved rating organization that issues a rating to the securities being distributed under the prospectus.

“10.2 Licences, registrations and approvals

If the proceeds of the distribution will be used to substantially fund a material undertaking that would constitute a material departure from the business or operations of the issuer and the issuer has not obtained all material licences, registrations and approvals necessary for the stated principal use of proceeds:

- (a) the issuer must appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practicing member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until all material licences, registrations and approvals necessary for the stated principal use of proceeds have been obtained; and
- (b) if all material licences, registrations and approvals necessary for the operation of the stated principal use of proceeds have not been obtained within 90 days from the date of receipt of the final prospectus, the trustee must return the funds to subscribers.

“PART 11: Over-Allocation and Underwriters**“11.1 Over-allocation**

Securities that are sold to create the over-allocation position in connection with a distribution under a prospectus must be distributed under the prospectus.

“11.2 Distribution of securities under a prospectus to an underwriter

No person or company may distribute securities under a prospectus to any person or company acting as an underwriter in connection with the distribution of securities under the prospectus, other than:

- (a) an over-allotment option granted to one or more persons or companies for acting as an underwriter in connection with the distribution of any security issuable or transferable on the exercise of such an over-allotment option; or
- (b) securities issued or paid as compensation to one or more persons or companies for acting as an underwriter in respect of other securities that are distributed under the prospectus, where the number or principal amount of the securities issued as compensation, on an as-if-converted basis, does not in the aggregate exceed 10% of the total of the base offering plus any securities that would be acquired upon the exercise of an over-allotment option.

“11.3 Take-up by underwriter

If an underwriter has agreed to purchase a specified number or principal amount of the securities at a specified price, the underwriter must take up the securities, if at all, within 42 days after the date of the receipt for the final prospectus.

“PART 12: Restricted Securities**“12.1 Application**

This Part does not apply to:

- (a) securities of mutual funds;

(b) securities that carry a right to vote subject to a restriction on the number or percentage of securities that may be voted or owned by persons or companies that are not citizens or residents of Canada or that are otherwise considered as a result of any law applicable to the issuer to be non-Canadians, but only to the extent of the restriction; and

(c) securities that are subject to a restriction, imposed by any law governing the issuer, on the level of ownership of the securities by a person, company or combination of persons or companies, but only to the extent of the restriction.

“12.2 Use of restricted security term

(1) An issuer must not refer to a security in a prospectus by a term or a defined term that includes the word ‘common’ unless the security is an equity security to which are attached voting rights exercisable in all circumstances, irrespective of the number or percentage of securities owned, that are not less, per security, than the voting rights attached to any other outstanding security of the issuer.

(2) An issuer must not refer in a prospectus to a term or defined term that includes the word ‘preference’ or ‘preferred’, unless the security is a security, other than an equity security, to which is attached a preference or right over any class of equity security of the issuer.

(3) If restricted securities are referred to in the constating documents of the issuer by a term that is different from the appropriate restricted security term, the restricted securities may be described, in one place only in the prospectus, by the term used in the constating documents of the issuer; provided that, the description is not on the front page of the prospectus and is in the same type face and type size as that used generally in the body of the prospectus.

(4) A class of securities that is or may become restricted securities must be referred to in a prospectus using a term or a defined term that includes the appropriate restricted security term.

“12.3 Prospectus filing eligibility

(1) Subject to subsection (3), an issuer must not file a prospectus under which restricted securities, subject securities or securities that are, directly or indirectly, convertible into, or exercisable or exchangeable for, restricted securities or subject securities, are distributed unless:

(a) the distribution has received prior majority approval of the securityholders of the issuer in accordance with applicable law, including approval on a class basis if required and excluding any votes attaching at the time to securities held, directly or indirectly, by affiliates of the issuer or control persons of the issuer; or

(b) at the time of any restricted security reorganization related to the securities to be distributed:

(i) the restricted security reorganization received prior majority approval of the securityholders of the issuer in accordance with applicable law, including approval on a class basis if required and excluding any votes attaching at the time to securities held, directly or indirectly, by affiliates of the issuer or control persons of the issuer;

- (ii) the issuer was a reporting issuer in at least one jurisdiction; and
 - (iii) no purposes or business reasons for the creation of restricted securities were disclosed that are inconsistent with the purpose of the distribution.
- (2) Subject to subsection (3), for each approval referred to in subsection (1), the issuer must have provided prior written disclosure in an information circular or notice to its securityholders that included:
- (a) the name of each affiliate of the issuer that was a beneficial owner of securities of the issuer and the number of securities beneficially owned, directly or indirectly, by the affiliate as of the date of the information circular or notice to the extent known to the issuer after reasonable inquiry;
 - (b) the name of each control person and the number of securities beneficially owned, directly or indirectly, by the control person as of the date of the information circular or notice, to the extent known to the issuer after reasonable inquiry;
 - (c) a statement of the number of votes attaching to the securities that were excluded for the purpose of the approval to the extent known to the issuer after reasonable inquiry; and
 - (d) the purpose and business reasons for the creation of restricted securities.
- (3) Subsections (1) and (2) do not apply if:
- (a) the securities offered by the prospectus are of an existing class of restricted securities that were created before December 21, 1984;
 - (b) the issuer was a private issuer immediately before filing the prospectus;
 - (c) the securities offered by the prospectus are of the same class as securities distributed under a previous prospectus that was filed by an issuer that was, at the time of filing the previous prospectus, a private issuer;
 - (d) the securities offered by the prospectus are previously unissued restricted securities distributed by way of stock dividend in the ordinary course to securityholders instead of a cash dividend if at the time of distribution there is a published market for the restricted securities;
 - (e) the securities offered by the prospectus are distributed as a stock split that takes the form of a distribution of previously unissued restricted securities by way of stock dividend to holders of the same class of restricted securities if at the time of distribution there is a published market for the restricted securities and the distribution is part of a concurrent distribution by way of stock dividend to holders of all equity securities under which all outstanding equity securities of the issuer are increased in the same proportion; or
 - (f) as of a date not more than seven days before the date of the prospectus, the issuer expects that in each local jurisdiction in which the prospectus will be filed the number of securities of each class of equity securities held by registered holders whose last address as shown on the books of the issuer is in the local jurisdiction, or beneficially owned by persons or companies in the local jurisdiction, will be less than two percent of the outstanding number of securities of the class after giving effect to the proposed distribution.

“PART 13: Advertising and Marketing in Connection with Prospectus Offerings**“13.1 Legend for communications during the waiting period**

(1) A notice, circular, advertisement, letter or other communication used in connection with a prospectus offering during the waiting period must contain the following legend or words to the same effect:

‘A preliminary prospectus containing important information relating to these securities has been filed with securities commissions or similar authorities in certain jurisdictions of Canada. The preliminary prospectus is still subject to completion or amendment. Copies of the preliminary prospectus may be obtained from [insert name and contact information for dealer or other relevant person or entity.] There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final prospectus has been issued’.

(2) If the notice, circular, advertisement, letter or other communication is in writing, set out the language in subsection (1) in boldface type that is at least as large as that used generally in the body of the text.

“13.2 Legend for communications following receipt for the final prospectus

(1) A notice, circular, advertisement, letter or other communication used in connection with a prospectus offering following the issuance of a receipt for the final prospectus must contain the following legend or words to the same effect:

‘This offering is only made by prospectus. The prospectus contains important detailed information about the securities being offered. Copies of the prospectus may be obtained from [insert name and contact information for dealer or other relevant person or entity.] Investors should read the prospectus before making an investment decision’.

(2) If the notice, circular, advertisement, letter or other communication is in writing, set out the language in subsection (1) in boldface type that is at least as large as that used generally in the body of the text.

“13.3 Advertising for investment funds during the waiting period

If the issuer is an investment fund, an advertisement used in connection with a prospectus offering during the waiting period may state only the following information:

- (a) whether the security represents a share in a company or an interest in a non-corporate entity such as a trust unit or a partnership interest;
- (b) the name of the issuer;
- (c) the price of the security;
- (d) the investment objective(s) of the investment fund;
- (e) the name of the manager of the investment fund;
- (f) the name of the portfolio adviser of the investment fund;
- (g) the name and address of a person or company from whom a preliminary prospectus may be obtained and purchases of securities may be made; and
- (h) how many securities will be made available.

“PART 14: Custodianship of Portfolio Assets of an Investment Fund**“14.1 General**

- (1) This Part applies to an investment fund that prepares a prospectus in accordance with this Instrument, other than an investment fund subject to NI 81-102.
- (2) Subject to sections 14.8 and 14.9, all portfolio assets of an investment fund must be held under the custodianship of one custodian that satisfies the requirements of section 14.2.
- (3) No manager of an investment fund may act as a custodian or sub-custodian of the investment fund.

“14.2 Who may act as custodian or sub-custodian

- (1) If portfolio assets are held in Canada by a custodian or sub-custodian, the custodian or sub-custodian must be one of the following:
 - (a) a bank listed in Schedule I, II or III of the Bank Act (Canada);
 - (b) a trust company that:
 - (i) is incorporated and licenced or registered under the laws of Canada or a jurisdiction; and
 - (ii) has equity, as reported in its most recent audited financial statement, of not less than \$10,000,000;
 - (c) a company that is incorporated under the laws of Canada or a jurisdiction and is an affiliate of a bank or trust company referred to in paragraph (a) or (b), if:
 - (i) the company has equity, as reported in its most recent audited financial statements that have been made public, of not less than \$10,000,000; or
 - (ii) the bank or trust company has assumed responsibility for all of the custodial obligations of the company for that investment fund.
- (2) If portfolio assets are held outside of Canada by a sub-custodian, the sub-custodian must be one of the following:
 - (a) an entity referred to in subsection (1);
 - (b) an entity that:
 - (i) is incorporated or organized under the law of a country, or a political subdivision of a country, other than Canada;
 - (ii) is regulated as a banking institution or trust company by the government, or an agency of the government of the country or political subdivision of the country under whose laws it is incorporated or organized; and
 - (iii) has equity, as reported in its most recent audited financial statements of not less than the equivalent of \$100,000,000;

- (c) an affiliate of an entity referred to in paragraph (a) or (b) if:
 - (i) the affiliate has equity, as reported in its most recent audited financial statements that have been made public, of not less than the equivalent of \$100,000,000; or
 - (ii) the entity referred to in paragraphs (a) or (b) has assumed responsibility for all of the custodial obligations of the affiliate for that investment fund.

“14.3 Standard of care

- (1) The custodian and each sub-custodian of an investment fund, in carrying out their duties concerning the safekeeping of, and dealing with, the portfolio assets of the investment fund, must exercise:
 - (a) the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances; or
 - (b) at least the same degree of care as they exercise with respect to their own property of a similar kind, if this is a higher degree of care than the degree of care referred to in paragraph (a).
- (2) No investment fund may relieve the custodian or a sub-custodian of the investment fund from liability to the investment fund or to a securityholder of the investment fund for loss that arises out of the failure of the custodian or sub-custodian to exercise the standard of care imposed by subsection (1).
- (3) An investment fund may indemnify a custodian or sub-custodian against legal fees, judgments and amounts paid in settlement, actually and reasonably incurred by that entity in connection with custodial or sub-custodial services provided by that entity to the investment fund, if those fees, judgments and amounts were not incurred as a result of a breach of the standard of care described in subsection (1).
- (4) No investment fund may incur the cost of any portion of liability insurance that insures a custodian or sub-custodian for a liability, except to the extent that the custodian or sub-custodian may be indemnified for that liability under this section.

“14.4 Appointment of sub-custodian

- (1) The custodian or a sub-custodian of an investment fund may appoint one or more sub-custodians to hold portfolio assets of the investment fund if:
 - (a) in the case where the appointment is by the custodian, the investment fund gives written consent to each appointment;
 - (b) in the case where the appointment is by a sub-custodian, the investment fund and the custodian of the investment fund give written consent to each appointment;
 - (c) the sub-custodian is an entity described in subsection 14.2(1) or (2), as applicable;

- (d) the arrangements under which a sub-custodian is appointed are such that the investment fund may enforce rights directly, or require the custodian or a sub-custodian to enforce rights on behalf of the investment fund, to the portfolio assets held by the appointed sub-custodian; and
 - (e) the appointment is otherwise in compliance with this Instrument.
- (2) Despite paragraphs (1)(a) and (b), a general consent to the appointment of persons or companies that are part of an international network of sub-custodians within the organization of the custodian appointed by the investment fund or the sub-custodian appointed by the custodian is sufficient if that general consent is part of an agreement governing the relationship between the investment fund and the appointed custodian or the custodian and the appointed sub-custodian.
- (3) A custodian or sub-custodian must provide to the investment fund a list of each person or company that is appointed sub-custodian under a general consent referred to in subsection (2).

“14.5 Content of agreements

- (1) All agreements between the investment fund and the custodian or the custodian and the sub-custodian of an investment fund must provide for:
- (a) the location of portfolio assets;
 - (b) the appointment of a sub-custodian, if any;
 - (c) the provision of lists of sub-custodians;
 - (d) the method of holding portfolio assets;
 - (e) the standard of care and responsibility for loss;
 - (f) review and compliance reports; and
 - (g) the safekeeping of portfolio assets on terms consistent with the agreement between the investment fund and the custodian, for an agreement between a custodian and a sub-custodian.
- (2) The provisions of an agreement referred to under subsection (1) must comply with the requirements of this Part.
- (3) An agreement between an investment fund and a custodian or a custodian and a sub-custodian respecting the portfolio assets must not:
- (a) provide for the creation of any security interest on the portfolio assets except for a good faith claim for payment of the fees and expenses of the custodian or sub-custodian for acting in that capacity or to secure the obligations of the investment fund to repay borrowings by the investment fund from a custodian or sub-custodian for the purpose of settling portfolio transactions; or
 - (b) contain a provision that would require the payment of a fee to the custodian or sub-custodian for the transfer of the beneficial ownership of portfolio assets, other than for safekeeping and administrative services in connection with acting as custodian or sub-custodian.

“14.6 Review and compliance reports

- (1) The custodian of an investment fund must, on a periodic basis and at least annually:
 - (a) review the agreements referred to in section 14.5 to determine if those agreements are in compliance with this Part;
 - (b) make reasonable enquiries to ensure that each sub-custodian is an entity referred to in subsection 14.2(1) or (2), as applicable; and
 - (c) make or cause to be made any changes that may be necessary to ensure that:
 - (i) the agreements are in compliance with this Part; and
 - (ii) each sub-custodian is an entity referred to in subsection 14.2(1) or (2), as applicable.
- (2) The custodian of an investment fund must, within 60 days after the end of each financial year of the investment fund, advise the investment fund in writing:
 - (a) of the names and addresses of all sub-custodians of the investment fund;
 - (b) if the agreements are in compliance with this Part; and
 - (c) if, to the best of the knowledge and belief of the custodian, each sub-custodian is an entity that satisfies the requirements of subsection 14.2(1) or (2), as applicable.
- (3) A copy of the report referred to in subsection (2) must be delivered by or on behalf of the investment fund to the securities regulatory authority within 30 days after the filing of the annual financial statements of the investment fund.

“14.7 Holding of portfolio assets and payment of fees

- (1) Except as provided in subsections (2) and (3) and sections 14.8 and 14.9, portfolio assets not registered in the name of the investment fund must be registered in the name of the custodian or a sub-custodian of the investment fund or any of their respective nominees with an account number or other designation in the records of the custodian sufficient to show that the beneficial ownership of the portfolio assets is vested in the investment fund.
- (2) The custodian or a sub-custodian of the investment fund or the applicable nominee must segregate portfolio assets issued in bearer form to show that the beneficial ownership of the property is vested in the investment fund.
- (3) A custodian or sub-custodian of an investment fund may deposit portfolio assets with a depository or a clearing agency that operates a book-based system.
- (4) The custodian or sub-custodian of an investment fund arranging for the deposit of portfolio assets with, and their delivery to, a depository, or clearing agency, that operates a book-based system must ensure that the records of any of the applicable participants in that book-based system or the custodian contain an account number or other designation sufficient to show that the beneficial ownership of the portfolio assets is vested in the investment fund.

(5) No investment fund may pay a fee to a custodian or sub-custodian for the transfer of beneficial ownership of portfolio assets other than for safekeeping and administrative services in connection with acting as custodian or sub-custodian.

“14.8 Custodial provisions relating to derivatives and securities lending, repurchases and reverse repurchase agreements

(1) For the purposes of subsection (4), ‘specified derivative’ has the same meaning as in NI 81-102.

(2) An investment fund may deposit portfolio assets as margin for transactions in Canada involving clearing corporation options, options on futures or standardized futures with a dealer that is a member of an SRO that is a participating member of CIPF if the amount of margin deposited does not, when aggregated with the amount of margin already held by the dealer on behalf of the investment fund, exceed 10% of the net assets of the investment fund, taken at market value as at the time of deposit.

(3) An investment fund may deposit portfolio assets with a dealer as margin for transactions outside Canada involving clearing corporation options, options on futures or standardized futures if:

(a) in the case of standardized futures and options on futures, the dealer is a member of a futures exchange or, in the case of clearing corporation options, is a member of a stock exchange, and, as a result in either case, is subject to a regulatory audit;

(b) the dealer has a net worth, determined from its most recent audited financial statements that have been made public, in excess of the equivalent of \$50 million; and

(c) the amount of margin deposited does not, when aggregated with the amount of margin already held by the dealer on behalf of the investment fund, exceed 10% of the net assets of the investment fund, taken at market value as at the time of deposit.

(4) An investment fund may deposit with its counterparty portfolio assets over which it has granted a security interest in connection with a particular specified derivatives transaction.

(5) The agreement by which portfolio assets are deposited in accordance with subsection (2), (3) or (4) must require the person or company holding the portfolio assets to ensure that its records show that the investment fund is the beneficial owner of the portfolio assets.

(6) An investment fund may deliver portfolio assets to a person or company in satisfaction of its obligations under a securities lending, repurchase or reverse purchase agreement if the collateral, cash proceeds or purchased securities that are delivered to the investment fund in connection with the transaction are held under the custodianship of the custodian or a sub-custodian of the investment fund in compliance with this Part.

“14.9 Separate account for paying expenses

An investment fund may deposit cash in Canada with an entity referred to in paragraph (a) or (b) of subsection 14.2(1) to facilitate the payment of regular operating expenses of the investment fund.

“PART 15: Documents Incorporated by Reference by Investment Funds**“15.1 Application**

This Part applies only to an investment fund in continuous distribution, other than scholarship plans.

“15.2 Incorporation by reference

(1) An investment fund must incorporate by reference into its long form prospectus, by means of a statement to that effect, the filed documents listed in section 37.1 of Form 41-101F2.

(2) If an investment fund does not incorporate by reference into its long form prospectus a document referred to in subsection (1), the document is deemed, for the purposes of securities legislation, to be incorporated by reference in the investment fund’s long form prospectus as of the date of the long form prospectus.

(3) An investment fund must incorporate by reference in its long form prospectus, by means of a statement to that effect, the subsequently filed documents referred to in section 37.2 of Form 41-101F2.

(4) If an investment fund does not incorporate by reference into its long form prospectus a document referred to in subsection (3), the document is deemed, for the purposes of securities legislation, to be incorporated by reference in the investment fund’s long form prospectus as of the date the investment fund filed the document.

“PART 16: Distribution of Preliminary Prospectus and Distribution List**“16.1 Distribution of preliminary prospectus and distribution list**

Except in Ontario, any dealer distributing a security during the waiting period must:

- (a) send a copy of the preliminary prospectus to each prospective purchaser who indicates an interest in purchasing the security and requests a copy of such preliminary prospectus; and
- (b) maintain a record of the names and addresses of all persons and companies to whom the preliminary prospectus has been forwarded.

[**Note:** In Ontario, sections 66 and 67 of the Securities Act (Ontario) impose similar requirements regarding the distribution of a preliminary prospectus and maintaining a distribution list.]

“PART 17: Lapse Date**“17.1 Pro forma prospectus**

(1) In this Part, **‘pro forma prospectus’** means a long form prospectus that complies with the requirements described in subsection (2).

(2) A pro forma prospectus must be prepared in the form of a long form prospectus in accordance with Form 41-101F1 or Form 41-101F2, as applicable, and other securities legislation, except that a pro forma prospectus is not required to contain prospectus certificates or to comply with sections 4.2, 4.3 and 4.4 of this Instrument.

(3) This Part does not apply to a prospectus filed in accordance with NI 44-101, NI 44-102 or NI 44-103.

“17.2 Refiling of prospectus

- (1) This section does not apply in Ontario.
- (2) In this section, **‘lapse date’** means, with reference to the distribution of a security that has been qualified under a prospectus, the date that is 12 months after the date of the most recent final prospectus relating to the security.
- (3) An issuer must not continue the distribution of a security to which the prospectus requirement applies after the lapse date unless the issuer files a new prospectus that complies with securities legislation and a receipt for that new prospectus is issued by the regulator.
- (4) Despite subsection (3), a distribution may be continued for a further 12 months after a lapse date if:
 - (a) the issuer delivers a pro forma prospectus not less than 30 days before the lapse date of the previous prospectus;
 - (b) the issuer files a new final prospectus not later than 10 days after the lapse date of the previous prospectus; and
 - (c) a receipt for the new final prospectus is issued by the regulator within 20 days after the lapse date of the previous prospectus.
- (5) The continued distribution of securities after the lapse date does not contravene subsection (3) unless and until any of the conditions of subsection (4) are not complied with.
- (6) Subject to any extension granted under subsection (7), if a condition in subsection (4) is not complied with, a purchaser may cancel a purchase made in a distribution after the lapse date in reliance on subsection (4) within 90 days after the purchaser first became aware of the failure to comply with the condition.
- (7) The regulator may, on an application of a reporting issuer, extend, subject to such terms and conditions as it may impose, the times provided by subsection (4) where in its opinion it would not be prejudicial to the public interest to do so.

[**Note:** In Ontario, section 62 of the Securities Act (Ontario) imposes similar requirements and procedures regarding refiling of prospectuses.]

“PART 18: Statement of Rights**“18.1 Statement of rights**

Except in Ontario, a prospectus must contain a statement of the rights given to a purchaser under securities legislation in case of a failure to deliver the prospectus or in case of a misrepresentation in a prospectus.

[**Note:** In Ontario, section 60 of the Securities Act (Ontario) imposes a similar requirement for the inclusion of a statement of rights in a prospectus.]

“PART 19: Exemption**“19.1 Exemption**

- (1) The regulator or the securities regulatory authority may grant an exemption from the provisions of this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of NI 14-101 opposite the name of the local jurisdiction.

“19.2 Application for exemption

An application made to the securities regulatory authority or regulator for an exemption from the provisions of this Instrument must include a letter or memorandum describing the matters relating to the exemption, and indicating why consideration should be given to the granting of the exemption.

“19.3 Evidence of exemption

(1) Subject to subsection (2) and without limiting the manner in which an exemption under this Part may be evidenced, the granting under this Part of an exemption, other than an exemption from subsection 2.2(2), may be evidenced by the issuance of a receipt for a final prospectus or an amendment to a final prospectus.

(2) The issuance of a receipt for a final prospectus or an amendment to a final prospectus is not evidence that the exemption has been granted unless:

(a) the person or company that sought the exemption sent to the regulator:

(i) the letter or memorandum referred to in section 19.2 on or before the date of the filing of the preliminary prospectus; or

(ii) the letter or memorandum referred to in section 19.2 after the date of the filing of the preliminary prospectus and received a written acknowledgement from the regulator that the exemption may be evidenced in the manner set out in subsection (1); and

(b) the regulator has not before, or concurrently with, the issuance of the receipt sent notice to the person or company that sought the exemption, that the exemption sought may not be evidenced in the manner set out in subsection (1).

“PART 20: Transition, Effective Date, and Repeal

“20.1 Transition

(1) [Repealed]

(2) [Repealed]

“20.2 Effective Date

This Instrument comes into force on March 17, 2008.

“20.3 Repeal

National Instrument 41-101 *Prospectus Disclosure Requirements*, which came into force on December 31, 2000, is repealed.

**“APPENDIX A TO NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS**

**PERSONAL INFORMATION FORM AND AUTHORIZATION OF INDIRECT
COLLECTION, USE AND DISCLOSURE OF PERSONAL INFORMATION**

In connection with an issuer's (the 'Issuer') filing of a prospectus, the attached Schedule 1 contains information (the 'Information') concerning every individual for whom the Issuer is required to provide the Information under Part 9 of this Instrument or Part 4 of NI 44-101. The Issuer is required by provincial and territorial securities legislation to deliver the Information to the regulators listed in Schedule 3.

The Issuer confirms that each individual who has completed a Schedule 1:

- (a) has been notified by the Issuer:
 - (i) of the Issuer's delivery to the regulator of the Information in Schedule 1 pertaining to that individual;
 - (ii) that the Information is being collected indirectly by the regulator under the authority granted to it by provincial and territorial securities legislation or provincial legislation relating to documents held by public bodies and the protection of personal information;
 - (iii) that the Information collected from each director and executive officer of the investment fund manager may be used in connection with the prospectus filing of the Issuer and the prospectus filing of any other issuer managed by the investment fund manager;
 - (iv) that the Information is being collected and used for the purpose of enabling the regulator to administer and enforce provincial and territorial securities legislation, including those obligations that require or permit the regulator to refuse to issue a receipt for a prospectus if it appears to the regulator that the past conduct of management, an investment fund manager or promoter of the Issuer affords reasonable grounds for belief that the business of the Issuer will not be conducted with integrity and in the best interests of its securityholders; and
 - (v) of the contact, business address and business telephone number of the regulator in the local jurisdiction as set out in the attached Schedule 3, who can answer questions about the regulator's indirect collection of the Information;
- (b) has read and understands the Personal Information Collection Policy attached hereto as Schedule 2; and
- (c) has, by signing the certificate and consent in Schedule 1, authorized the indirect collection, use and disclosure of the Information by the regulator as described in Schedule 2.

Date: _____

Name of Issuer

Per: _____

Name

Official Capacity

(Please print the name of the person signing on behalf of the issuer)

**“APPENDIX A TO NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS**

**PERSONAL INFORMATION FORM AND AUTHORIZATION OF INDIRECT
COLLECTION, USE AND DISCLOSURE OF PERSONAL INFORMATION**

Schedule 1

**Personal Information Form and Authorization of Indirect Collection, Use
and Disclosure of Personal Information**

This Personal Information Form and Authorization of Indirect Collection, Use and Disclosure of Personal Information (the ‘Form’) is to be completed by every individual who, in connection with an issuer filing a prospectus (the ‘Issuer’), is required to do so under Part 9 of National Instrument 41-101 General Prospectus Requirements or Part 4 of National Instrument 44-101 Short Form Prospectus Distributions. Where an individual has submitted a personal information form (an ‘Exchange Form’) to the Toronto Stock Exchange or the TSX Venture Exchange and the information has not changed, the Exchange Form may be delivered in lieu of this Form; provided that the certificate and consent of this Form is completed and attached to the Exchange Form.

**The securities regulatory authorities do not make any of the information
provided in this Form public.**

General Instructions:

- | | |
|-------------------------|---|
| All Questions | All questions must have a response. The response of ‘N/A’ or ‘Not Applicable’ for any questions, <u>except</u> Questions 1(B), 2B(iii) and 5 will not be accepted. |
| Questions 6 to 9 | Please check (“) in the appropriate space provided. If your answer to any of questions 6 to 9 is ‘YES’, you <u>must</u> , in an attachment, provide complete details, including the circumstances, relevant dates, names of the parties involved and final disposition, if known. Any attachment must be initialed by the person completing this Form. Responses must consider all time periods. |
| Delivery | The issuer should deliver completed Forms electronically via the System for Electronic Document Analysis and Retrieval (SEDAR) under the document type ‘Personal Information Form and Authorization’. Access to this document type is not available to the public. |

CAUTION

An individual who makes a false statement commits an offence under securities legislation. Steps may be taken to verify the answers you have given in this Form, including verification of information relating to any previous criminal record.

DEFINITIONS

'Offence' An offence includes:

- (a) a summary conviction or indictable offence under the *Criminal Code* (Canada);
- (b) a quasi-criminal offence (for example under the *Income Tax Act* (Canada), the *Immigration Act* (Canada) or the tax, immigration, drugs, firearms, money laundering or securities legislation of any jurisdiction);
- (c) a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory therein; or
- (d) an offence under the criminal legislation of any foreign jurisdiction;

NOTE: If you have received a pardon under the Criminal Records Act (Canada) and it has not been revoked, you must disclose the pardoned offence in this Form. In such circumstances:

- (a) the appropriate written response would be **'Yes, pardon granted on (date)';** and
- (b) you must provide complete details in an attachment to this Form.

'Proceedings' means:

- (a) a civil or criminal proceeding or inquiry before a court;
- (b) a proceeding before an arbitrator or umpire or a person or group of persons authorized by law to make an inquiry and take evidence under oath in the matter;
- (c) a proceeding before a tribunal in the exercise of a statutory power of decision making where the tribunal is required by law to hold or afford the parties to the proceeding an opportunity for a hearing before making a decision; or
- (d) a proceeding before a self-regulatory organization authorized by law to regulate the operations and the standards of practice and business conduct of its members and their representatives, in which the self-regulatory organization is required under its by-laws or rules to hold or afford the parties the opportunity for a hearing before making a decision, but does not apply to a proceeding in which one or more persons are required to make an investigation and to make a report, with or without recommendations, if the report is for the information or advice of the person to whom it is made and does not in any way bind or limit that person in any decision the person may have the power to make;

'securities regulatory authority' (or 'SRA') means a body created by statute in any jurisdiction or in any foreign jurisdiction to administer securities law, regulation and policy (e.g. securities commission), but does not include an exchange or other self regulatory or professional organization;

'self regulatory or professional organization' means:

- (a) a stock, commodities, futures or options exchange;
- (b) an association of investment, securities, mutual fund, commodities, or future dealers;

- (c) an association of investment counsel or portfolio managers;
- (d) an association of other professionals (e.g. legal, accounting, engineering); and
- (e) any other group, institution or self-regulatory entity, recognized by a securities regulatory authority, that is responsible for the enforcement of rules, disciplines or codes under any applicable legislation, or considered a self regulatory or professional organization in another country.

1. A. IDENTIFICATION OF INDIVIDUAL COMPLETING FORM

LAST NAME(S)		FIRST NAME(S)			MIDDLE NAME(S) (If none, please state)
NAME(S) MOST COMMONLY KNOWN BY:					
NAME OF ISSUER					
PRESENT or PROPOSED POSITION(S) WITH THE ISSUER – check (√) all positions below that are applicable.	(√)	IF DIRECTOR / OFFICER DISCLOSE THE DATE ELECTED / APPOINTED			IF OFFICER – PROVIDE TITLE IF OTHER – PROVIDE DETAILS
		Month	Day	Year	
Director					
Officer					
Other					

B.

Other than the name given in Question 1A above, provide any legal names, assumed names or nicknames under which you have carried on business or have otherwise been known, including information regarding any name change(s) resulting from marriage, divorce, court order or any other process. Use an attachment if necessary.	FROM		TO	
	MM	YY	MM	YY

C.

GENDER		DATE OF BIRTH			PLACE OF BIRTH		
		Month	Day	Year	City	Province/State	Country
Male							
Female							

D.

MARITAL STATUS	FULL NAME OF SPOUSE - include common-law	OCCUPATION OF SPOUSE

E. TELEPHONE AND FACSIMILE NUMBERS AND E-MAIL ADDRESS			
RESIDENTIAL	()	FACSIMILE	()
BUSINESS	()	E-MAIL	

F. RESIDENTIAL HISTORY - Provide all residential addresses for the past 10 YEARS starting with your current principal residential address. If you are unable to correctly identify the complete residential address for a period, which is beyond five years from the date of completion of this Form, the municipality and province or state and country must be identified. The regulator reserves the right to require the full address.									
STREET ADDRESS, CITY, PROVINCE/STATE, COUNTRY & POSTAL/ZIP CODE						FROM		TO	
						MM	YY	MM	YY

2. CITIZENSHIP

A. CANADIAN CITIZENSHIP		YES	NO
(i)	Are you a Canadian Citizen?		
(ii)	Are you a person lawfully in Canada as an immigrant but are not yet a Canadian citizen?		
(iii)	If "Yes" to Question 2A(ii), the number of years of continuous residence in Canada:		

B. OTHER CITIZENSHIP		YES	NO
(i)	Do you hold citizenship in any country other than Canada?		
(ii)	If "Yes" to Question 2B(i), the name of the country(s):		
(iii)	Please provide U.S. Social Security number, where you have such a number		

3. EMPLOYMENT HISTORY

Provide your employment history for the **10 YEARS** immediately prior to the date of this Form starting with your current employment. Use an attachment if necessary.

EMPLOYEE NAME	EMPLOYER ADDRESS	POSITION HELD	FROM		TO	
			MM	YY	MM	YY

4. POSITIONS WITH OTHER ISSUERS

		YES	NO
A.	While you were a director, officer or insider of an issuer, did any exchange or self-regulatory organization ever refuse approval for listing or quotation of that issuer (including a listing resulting from a qualifying transaction, reverse takeover, backdoor listing or change of business)? If yes, attach full particulars.		
B.	Has your employment in a sales, investment or advisory capacity with any firm or company engaged in the sale of real estate, insurance or mutual funds ever been terminated for cause?		
C.	Has a firm or company registered under the securities laws of any jurisdiction or of any foreign jurisdiction as a securities dealer, broker, investment advisor or underwriter, suspended or terminated your employment for cause?		
D.	Are you or have you during the last 10 years ever been a director, officer, promoter, insider or control person for any reporting issuer?		

E. If "YES" to 4D above, provide the names of each reporting issuer. State the position(s) held and the period(s) during which you held the position(s). Use an attachment if necessary.

NAME OF REPORTING ISSUER	POSITION(S) HELD	MARKET TRADE ON	FROM		TO	
			MM	YY	MM	YY

5. EDUCATIONAL HISTORY

- A. **PROFESSIONAL DESIGNATION(S)** - Provide any professional designation held and professional associations to which you belong. For example, Barrister & Solicitor, C.A., C.M.A., C.G.A., P.Eng., P.Geol., and CFA, etc. and indicate which organization and the date the designations were granted.

PROFESSIONAL DESIGNATION And MEMBERSHIP NUMBER	GRANTOR OF DESIGNATION And JURISDICTION OR FOREIGN JURISDICTION	DATE GRANTED			ACTIVE?	
		MM	DD	YY	YES	NO

- B. Provide your post-secondary educational history starting with the most recent.

SCHOOL	LOCATION	DEGREE OR DIPLOMA	DATE OBTAINED		
			MM	DD	YY

6. **OFFENCES** - If you answer "YES" to any item in Question 6, you must provide complete details in an attachment.

	YES	NO
A. Have you ever pleaded guilty to or been found guilty of an offence?		
B. Are you the subject of any current charge, indictment or proceeding for an offence?		
C. To the best of your knowledge, are you or have you ever been a director, officer, promoter, insider, or control person of an issuer, in any jurisdiction or in any foreign jurisdiction, at the time of events, where the issuer:		
(i) has ever pleaded guilty to or been found guilty of an offence?		
(ii) is the subject of any current charge, indictment or proceeding for an offence?		

7. **BANKRUPTCY** - If you answer “YES” to any item in Question 7, you must provide complete details in an attachment and attach a copy of any discharge, release or other applicable document.

		YES	NO
A.	Have you, in any jurisdiction or in any foreign jurisdiction, within the past 10 years had a petition in bankruptcy issued against you, made a voluntary assignment in bankruptcy, made a proposal under any bankruptcy or insolvency legislation, been subject to any proceeding, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to manage your assets?		
B.	Are you now an undischarged bankrupt?		
C.	To the best of your knowledge, are you or have you ever been a director, officer, promoter, insider, or control person of an issuer, in any jurisdiction or in any foreign jurisdiction, at the time of events, or for a period of 12 months preceding the time of events, where the issuer:		
	(i) has made a petition in bankruptcy, a voluntary assignment in bankruptcy, a proposal under any bankruptcy or insolvency legislation, been subject to any proceeding, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to manage the issuer’s assets?		
	(ii) is now an undischarged bankrupt?		

8. **PROCEEDINGS** - If you answer “YES” to any item in Question 8, you must provide complete details in an attachment.

		YES	NO
A.	CURRENT PROCEEDINGS BY SECURITIES REGULATORY AUTHORITY OR SELF REGULATORY OR PROFESSIONAL ORGANIZATION. Are you now, in any jurisdiction or in any foreign jurisdiction, the subject of:		
	(i) a notice of hearing or similar notice issued by a SRA?		
	(ii) a proceeding or to your knowledge, under investigation, by an exchange or other self regulatory or professional organization?		
	(iii) settlement discussions or negotiations for settlement of any nature or kind whatsoever with a SRA or any self regulatory or professional organization?		

B.	YES	NO
PRIOR PROCEEDINGS BY SECURITIES REGULATORY AUTHORITY OR SELF REGULATORY OR PROFESSIONAL ORGANIZATION. Have you ever:		
(i) been reprimanded, suspended, fined, been the subject of an administrative penalty, or otherwise been the subject of any disciplinary proceedings of any kind whatsoever, in any jurisdiction or in any foreign jurisdiction, by a SRA or self regulatory or professional organization?		
(ii) had a registration or licence for the trading of securities, exchange or commodity futures contracts, real estate, insurance or mutual fund products cancelled, refused, restricted or suspended?		
(iii) been prohibited or disqualified under securities, corporate or any other legislation from acting as a director or officer of a reporting issuer?		
(iv) had a cease trading or similar order issued against you or an order issued against you that denied you the right to use any statutory prospectus or registration exemption?		
(v) had any other proceeding of any nature or kind taken against you?		
C. SETTLEMENT AGREEMENT(S)		
Have you ever entered into a settlement agreement with a SRA, self regulatory or professional organization, attorney general or comparable official or body, in any jurisdiction or in any foreign jurisdiction, in a matter that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading in securities or exchange or commodity futures contracts, illegal distributions, failure to disclose material facts or changes or similar conduct, or any other settlement agreement with respect to any other violation of securities legislation in a jurisdiction or in a foreign jurisdiction or the rules of any self regulatory or professional organization?		

D.	To the best of your knowledge, are you now or have you ever been a director, officer, promoter, insider, or control person of an issuer at the time of such event, in any jurisdiction or in any foreign jurisdiction, for which a securities regulatory authority or self regulatory or professional organization has:		
	(i) refused, restricted, suspended or cancelled the registration or licensing of an issuer to trade securities, exchange or commodity futures contracts, or to sell or trade real estate, insurance or mutual fund products?		
	(ii) issued a cease trade or similar order or imposed an administrative penalty of any nature or kind whatsoever against the issuer, other than an order for failure to file financial statements that was revoked within 30 days of its issuance?		
	(iii) refused a receipt for a prospectus or other offering document, denied any application for listing or quotation or any other similar application, or issued an order that denied the issuer the right to use any statutory prospectus or registration exemptions?		
	(iv) issued a notice of hearing, notice as to a proceeding or similar notice against the issuer?		
	(v) taken any other proceeding of any nature or kind against the issuer, including a trading halt, suspension or delisting of the issuer (other than in the normal course for proper dissemination of information, pursuant to a reverse takeover, backdoor listing or similar transaction)?		
	(vi) entered into a settlement agreement with the issuer in a matter that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading in securities or exchange or commodity futures contracts, illegal distributions, failure to disclose material facts or changes or similar conduct by the issuer, or involved in any other violation of securities legislation in a jurisdiction or in a foreign jurisdiction or a self regulatory or professional organization’s rules?		

9. **CIVIL PROCEEDINGS** - If you answer “YES” to any item in Question 9, you must provide complete details in an attachment.

		YES	NO
A.	JUDGMENT, GARNISHMENT AND INJUNCTIONS		
	Has a court in any jurisdiction or in any foreign jurisdiction:		
	(i) rendered a judgment, ordered garnishment or issued an injunction or similar ban (whether by consent or otherwise) against you in a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?		
	(ii) rendered a judgment, ordered garnishment or issued an injunction or similar ban (whether by consent or otherwise) against an issuer, for which you are currently or have ever been a director, officer, promoter, insider or control person, in a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?		

B.	CURRENT CLAIMS		
	(i) Are you now subject, in any jurisdiction or in any foreign jurisdiction, of a claim that is based in whole or in part on actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?		
	(ii) To the best of your knowledge, are you currently or have you ever been a director, officer, promoter, insider or control person of an issuer now subject, in any jurisdiction or in any foreign jurisdiction, of a claim that is based in whole or in part on actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?		
C.	SETTLEMENT AGREEMENT		
	(i) Have <u>you</u> ever entered into a settlement agreement, in any jurisdiction or in any foreign jurisdiction, in a civil action that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?		
	(ii) To the best of your knowledge, are you currently or have you ever been a director, officer, promoter, insider or control person of <u>an issuer</u> that has entered into a settlement agreement, in any jurisdiction or in any foreign jurisdiction, in a civil action that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?		
<u>CERTIFICATE AND CONSENT</u>			

I, _____ hereby certify that:
 (Please Print - Name of Individual)

- (a) I have read and understood the questions, cautions, acknowledgement and consent in this Form, and the answers I have given to the questions in this Form and in any attachments to it are true and correct, except where stated to be to the best of my knowledge, in which case I believe the answers to be true;
- (b) I have read and understand the Personal Information Collection Policy attached hereto as Schedule 2 (the 'Personal Information Collection Policy');
- (c) I consent to the collection, use and disclosure of the information in this Form and to the collection, use and disclosure of further personal information in accordance with the Personal Information Collection Policy; and
- (d) I understand that I am providing this Form to a regulator listed in Schedule 3 attached hereto and I am under the jurisdiction of the regulator to which I submit this Form, and it is a breach of securities legislation to provide false or misleading information to the regulator.

Date [within 30 days of the date of the preliminary prospectus]

Signature of Person Completing this Form

**“APPENDIX A TO NATIONAL INSTRUMENT 41-101
 GENERAL PROSPECTUS REQUIREMENTS**

**PERSONAL INFORMATION FORM AND AUTHORIZATION OF INDIRECT
 COLLECTION, USE AND DISCLOSURE OF PERSONAL INFORMATION**

Schedule 2

Personal Information Collection Policy

The regulators listed in Schedule 3 Regulators collect the personal information in Schedule 1 Personal Information Form under the authority granted to them under provincial and territorial securities legislation. Under securities legislation, the regulators do not make any of the information provided in Schedule 1 public.

The regulators collect the personal information in Schedule 1 for the purpose of enabling the regulators to administer and enforce provincial and territorial securities legislation, including those provisions that require or permit the regulators to refuse to issue a receipt for a prospectus if it appears to the regulators that the past conduct of management or promoters of the Issuer affords reasonable grounds for belief that the business of the Issuer will not be conducted with integrity and in the best interests of its securityholders.

You understand that by signing the certificate and consent in Schedule 1, you are consenting to the Issuer submitting your personal information in Schedule 1 (the 'Information') to the regulators and to the collection and use by the regulators of the Information, as well as any other information that may be necessary to administer and enforce provincial and territorial securities legislation. This may include the collection

of information from law enforcement agencies, other government or non-governmental regulatory authorities, self-regulatory organizations, exchanges, and quotation and trade reporting systems in order to conduct background checks, verify the Information and perform investigations and conduct enforcement proceedings as required to ensure compliance with provincial and territorial securities legislation.

You understand that the Issuer is required to deliver the Information to the regulators because the Issuer has filed a prospectus under provincial and territorial securities legislation. You also understand that you have a right to be informed of the existence of personal information about you that is kept by regulators, that you have the right to request access to that information, and that you have the right to request that such information be corrected, subject to the applicable provisions of the freedom of information and protection of privacy legislation adopted by each province and territory.

You also understand and agree that the Information the regulators collect about you may also be disclosed, as permitted by law, where its use and disclosure is for the purposes described above. The regulators may also use a third party to process the Information, but when this happens, the third party will be carefully selected and obligated to comply with the limited use restrictions described above and with provincial and federal privacy legislation.

Warning: It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Questions

If you have any questions about the collection, use, and disclosure of the information you provide to the regulators, you may contact the regulator in the jurisdiction in which the required information is filed, at the address or telephone number listed in Schedule 3.

“APPENDIX A TO NATIONAL INSTRUMENT 41-101 GENERAL PROSPECTUS REQUIREMENTS

PERSONAL INFORMATION FORM AND AUTHORIZATION OF INDIRECT COLLECTION, USE AND DISCLOSURE OF PERSONAL INFORMATION

Schedule 3

Regulators

Local Jurisdiction

Alberta

Regulator

Securities Review Officer
Alberta Securities Commission
Suite 400
300 - 5th Avenue S.W
Calgary, Alberta T2P 3C4
Telephone: (403) 297-6454
E-mail: inquiries@seccom.ab.ca
www.albertasecurities.com

British Columbia	Review Officer British Columbia Securities Commission P.O. Box 10142 Pacific Centre 701 West Georgia Street Vancouver, British Columbia V7Y 1L2 Telephone: (604) 899-6854 Toll Free within British Columbia and Alberta: (800) 373-6393 E-mail: inquiries@bcsc.bc.ca www.bcsc.bc.ca
Manitoba	Director, Corporate Finance The Manitoba Securities Commission 500-400 St. Mary Avenue Winnipeg, Manitoba R3C 4K5 Telephone: (204) 945-2548 E-mail: securities@gov.mb.ca www.msc.gov.mb.ca
New Brunswick	Director Corporate Finance and Chief Financial Officer New Brunswick Securities Commission 85 Charlotte Street, Suite 300 Saint John, New Brunswick E2L 2J2 Telephone: (506) 658-3060 Fax: (506) 658-3059 E-mail: information@nbsec-cvmnb.ca
Newfoundland and Labrador	Director of Securities Department of Government Services and Lands P.O. Box 8700 West Block, 2nd Floor, Confederation Building St. John's, Newfoundland A1B 4J6 Telephone: (709) 729-4189 www.gov.nf.ca/gsl/cca/s
Northwest Territories	Superintendent of Securities Department of Justice Government of the Northwest Territories P.O. Box 1320, Yellowknife, Northwest Territories X1A 2L9 Telephone: (867) 873- 7490 www.justice.gov.nt.ca/SecuritiesRegistry
Nova Scotia	Deputy Director, Compliance and Enforcement Nova Scotia Securities Commission P.O. Box 458 Halifax, Nova Scotia B3J 2P8 Telephone: (902) 424-5354 www.gov.ns.ca/nssc
Nunavut	Superintendent of Securities Government of Nunavut Legal Registries Division P.O. Box 1000 - Station 570 Iqaluit, Nunavut X0A 0H0 Telephone: (867) 975-6590

Ontario	Administrative Assistant to the Director of Corporate Finance Ontario Securities Commission 19th Floor, 20 Queen Street West Toronto, Ontario M5H 2S8 Telephone: (416) 597-0681 E-mail: Inquiries@osc.gov.on.ca www.osc.gov.on.ca
Prince Edward Island	Deputy Registrar, Securities Division Shaw Building 95 Rochford Street, P.O. Box 2000, 4th Floor Charlottetown, Prince Edward Island C1A 7N8 Telephone: (902) 368-4550 www.gov.pe.ca/securities
Québec	Autorité des marchés financiers Stock Exchange Tower P.O. Box 246, 22nd Floor 800 Victoria Square Montréal, Québec H4Z 1G3 Attention: Responsable de l'accès à l'information Telephone: (514) 395-0337 Toll Free in Québec: (877) 525-0337 www.lautorite.qc.ca
Saskatchewan	Director Saskatchewan Financial Services Commission Suite 601, 1919 Saskatchewan Drive Regina, Saskatchewan S4P 4H2 Telephone: (306) 787-5842 www.sfsc.gov.sk.ca
Yukon	Superintendent of Securities Department of Justice Andrew A. Philipsen Law Centre 2130 - 2nd Avenue, 3rd Floor Whitehorse, Yukon Territory Y1A 5H6 Telephone: (867) 667-5005

**“APPENDIX B TO NATIONAL INSTRUMENT 41-101 GENERAL
PROSPECTUS REQUIREMENTS**

**ISSUER FORM OF SUBMISSION TO JURISDICTION AND APPOINTMENT
OF AGENT FOR SERVICE OF PROCESS**

1. Name of issuer (the ‘Issuer’):

2. Jurisdiction of incorporation, or equivalent, of Issuer:

3. Address of principal place of business of Issuer:

4. Description of securities (the ‘Securities’):

5. Date of the prospectus (the ‘Prospectus’) under which the Securities are offered:

6. Name of agent for service of process (the ‘Agent’):

7. Address for service of process of Agent in Canada (the address may be anywhere in Canada):

8. The Issuer designates and appoints the Agent at the address of the Agent stated above as its agent upon whom may be served any notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (the ‘Proceeding’) arising out of, relating to or concerning the distribution of the Securities made or purported to be made under the Prospectus or the obligations of the Issuer as a reporting issuer, and irrevocably waives any right to raise as a defence in any such Proceeding any alleged lack of jurisdiction to bring such Proceeding.
9. The Issuer irrevocably and unconditionally submits to the non-exclusive jurisdiction of:
 - (a) the judicial, quasi-judicial and administrative tribunals of each of the provinces [and territories] of Canada in which the securities are distributed under the Prospectus; and
 - (b) any administrative proceeding in any such province [or territory];

in any Proceeding arising out of or related to or concerning the distribution of the Securities made or purported to be made under the Prospectus or the obligations of the issuer as a reporting issuer.

10. Until six years after it has ceased to be a reporting issuer in any Canadian province or territory, the Issuer shall file a new submission to jurisdiction and appointment of agent for service of process in this form at least 30 days before termination of this submission to jurisdiction and appointment of agent for service of process.
11. Until six years after it has ceased to be a reporting issuer in any Canadian province or territory, the Issuer shall file an amended submission to jurisdiction and appointment of agent for service of process at least 30 days before any change in the name or above address of the Agent.
12. This submission to jurisdiction and appointment of agent for service of process shall be governed by and construed in accordance with the laws of [insert province or territory of above address of Agent].

Dated: _____

Signature of Issuer

Print name and title of signing officer of Issuer

AGENT

The undersigned accepts the appointment as agent for service of process of [insert name of Issuer] under the terms and conditions of the appointment of agent for service of process stated above.

Dated: _____

Signature of Agent

Print name of person signing and, if Agent is not an individual, the title of the person

**“APPENDIX C TO NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS**

**NON-ISSUER FORM OF SUBMISSION TO JURISDICTION AND
APPOINTMENT OF AGENT FOR SERVICE OF PROCESS**

1. Name of issuer (the ‘Issuer’):

2. Jurisdiction of incorporation, or equivalent, of Issuer:

3. Address of principal place of business of Issuer:

4. Description of securities (the ‘Securities’):

5. Date of the prospectus (the ‘Prospectus’) under which the Securities are offered:

6. Name of person filing this form (the ‘Filing Person’):

7. Filing Person’s relationship to Issuer:

8. Jurisdiction of incorporation, or equivalent, of Filing Person, if applicable, or jurisdiction of residence of Filing Person:

9. Address of principal place of business of Filing Person:

10. Name of agent for service of process (the ‘Agent’):

11. Address for service of process of Agent in Canada (the address may be anywhere in Canada):

12. The Filing Person designates and appoints the Agent at the address of the Agent stated above as its agent upon whom may be served any notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (the ‘Proceeding’) arising out of, relating to or concerning the distribution of the Securities made or purported to be made under the Prospectus, and irrevocably waives any right to raise as a defence in any such Proceeding any alleged lack of jurisdiction to bring the Proceeding.

13. The Filing Person irrevocably and unconditionally submits to the non-exclusive jurisdiction of:
- (a) the judicial, quasi-judicial and administrative tribunals of each of the provinces [and territories] of Canada in which the securities are distributed under the Prospectus; and
 - (b) any administrative proceeding in any such province [or territory];
- in any Proceeding arising out of or related to or concerning the distribution of the Securities made or purported to be made under the Prospectus.
14. Until six years after completion of the distribution of the Securities made under the Prospectus, the Filing Person shall file a new submission to jurisdiction and appointment of agent for service of process in this form at least 30 days before termination of this submission to jurisdiction and appointment of agent for service of process.
15. Until six years after completion of the distribution of the Securities under the Prospectus, the Filing Person shall file an amended submission to jurisdiction and appointment of agent for service of process at least 30 days before a change in the name or above address of the Agent.
16. This submission to jurisdiction and appointment of agent for service of process shall be governed by and construed in accordance with the laws of [insert province or territory of above address of Agent].

Dated: _____

Signature of Filing Person

Print name of person signing and, if the Filing Person is not an individual, the title of the person

AGENT

The undersigned accepts the appointment as agent for service of process of [insert name of Issuer] under the terms and conditions of the appointment of agent for service of process stated above.

Dated: _____

Signature of Agent

Print name of person signing and, if Agent is not an individual, the title of the person

"FORM 41-101F1

INFORMATION REQUIRED IN A PROSPECTUS**GENERAL INSTRUCTIONS**

(1) *The objective of the prospectus is to provide information concerning the issuer that an investor needs in order to make an informed investment decision. This Form sets out specific disclosure requirements that are in addition to the general requirement under securities legislation to provide full, true and plain disclosure of all material facts relating to the securities to be distributed. Certain rules of specific application impose prospectus disclosure obligations in addition to those described in this Form.*

(2) *Terms used and not defined in this Form that are defined or interpreted in the Instrument bear that definition or interpretation. Other definitions are set out in NI 14-101.*

(3) *In determining the degree of detail required, a standard of materiality must be applied. Materiality is a matter of judgment in the particular circumstance, and is determined in relation to an item's significance to investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the issuer's securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items must be considered individually rather than on a net basis, if the items have an offsetting effect.*

(4) *Unless an item specifically requires disclosure only in the preliminary prospectus, the disclosure requirements set out in this Form apply to both the preliminary prospectus and the prospectus. Details concerning the price and other matters dependent upon or relating to price, such as the number of securities being distributed, may be left out of the preliminary prospectus, along with specifics concerning the plan of distribution, to the extent that these matters have not been decided.*

(5) *The disclosure must be understandable to readers and presented in an easy-to-read format. The presentation of information should comply with the plain language principles listed in section 4.1 of Companion Policy 41-101CP General Prospectus Requirements. If technical terms are required, clear and concise explanations should be included.*

(6) *No reference need be made to inapplicable items and, unless otherwise required in this Form, negative answers to items may be omitted.*

(7) *Where the term 'issuer' is used, it may be necessary, in order to meet the requirement for full, true and plain disclosure of all material facts, to also include disclosure with respect to persons or companies that the issuer is required, under the issuer's GAAP, to consolidate, proportionately consolidate or account for using the equity method (for example, including 'subsidiaries' as that term is used in Canadian GAAP applicable to publicly accountable enterprises). If it is more likely than not that a person or company will become an entity that the issuer will be required, under the issuer's GAAP, to consolidate, proportionately consolidate or account for using the equity method, it may be necessary to also include disclosure with respect to the person or company.*

(8) *An issuer that is a special purpose entity may have to modify the disclosure items to reflect the special purpose nature of its business.*

(9) *If disclosure is required as of a specific date and there has been a material change or change that is otherwise significant in the required information subsequent to that date, present the information as of the date of the change or a date subsequent to the change instead.*

(10) *If an issuer discloses financial information in a preliminary prospectus or prospectus in a currency other than the Canadian dollar, prominently display the presentation currency.*

(11) *Except as otherwise required or permitted, include information in a narrative form. The issuer may include graphs, photographs, maps, artwork or other forms of illustration, if relevant to the business of the issuer or the distribution and not misleading. Include descriptive headings. Except for information that appears in a summary, information required under more than one Item need not be repeated.*

(12) *Certain requirements in this Form make reference to requirements in another instrument or form. Unless this Form states otherwise, issuers must also follow the instruction or requirement in the other instrument or form. These references include references to Form 51-102F2. Venture issuers must include such disclosure in a preliminary prospectus or prospectus even if they are not otherwise required to file an annual information form under NI 51-102.*

(13) *Wherever this Form uses the word ‘subsidiary’, the term includes companies and other types of business organizations such as partnerships, trusts and other unincorporated business entities.*

(14) *Where requirements in this Form make reference to, or are substantially similar to, requirements in Form 51-102F2, issuers may apply the general provision in subpart 1(d) of Form 51-102F2. However, issuers must supplement this disclosure if the supplemented disclosure is necessary to ensure that the prospectus provides full, true and plain disclosure of all material facts related to the securities to be distributed as required under Item 29 of this Form.*

(15) *Forward-looking information, as defined in NI 51-102, included in a prospectus must comply with section 4A.2 of NI 51-102 and must include the disclosure described in section 4A.3 of NI 51-102. In addition to the foregoing, FOFI or a financial outlook, each as defined in NI 51-102, included in a prospectus must comply with Part 4B of NI 51-102. If the forward-looking information relates to an issuer or other entity that is not a reporting issuer in any jurisdiction, section 4A.2, section 4A.3 and Part 4B of NI 51-102 apply as if the issuer or other entity were a reporting issuer in at least one jurisdiction.*

“Item 1 Cover Page Disclosure

“1.1 Required statement

State in italics at the top of the cover page the following:

‘No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise’.

“1.2 Preliminary prospectus disclosure

Every preliminary prospectus must have printed in red ink and in italics at the top of the cover page immediately above the disclosure required under section 1.1 the following, with the bracketed information completed:

‘A copy of this preliminary prospectus has been filed with the securities regulatory authority(ies) in [each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authority(ies)’.

INSTRUCTION:

Issuers must complete the bracketed information by:

- (a) inserting the names of each jurisdiction in which the issuer intends to offer securities under the prospectus;*
- (b) stating that the filing has been made in each of the provinces of Canada or each of the provinces and territories of Canada; or*
- (c) identifying the filing jurisdictions by exception (i.e., every province of Canada or every province and territory of Canada, except [excluded jurisdictions]).*

“1.3 Basic disclosure about the distribution

State the following immediately below the disclosure required under sections 1.1 and 1.2 with the bracketed information completed:

[PRELIMINARY] PROSPECTUS

[INITIAL PUBLIC OFFERING OR NEW ISSUE AND/OR SECONDARY OFFERING]

[(Date)]

[Name of Issuer]

[number and type of securities qualified for distribution under the prospectus, including any options or warrants, and the price per security]

“1.4 Distribution

(1) If the securities are being distributed for cash, provide the information called for below, in substantially the following tabular form or in a note to the table:

	Price to public (a)	Underwriting discounts or commission (b)	Proceeds to issuer or selling securityholders (c)
Per Security			
Total			

- (2) If there may be an over allocation position:
 - (a) disclose that a purchaser who acquires securities forming part of the underwriters' over-allocation position acquires those securities under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases; and
 - (b) describe the terms of any over-allotment option or an option to increase the size of the distribution before closing.
- (3) If the distribution of the securities is to be on a best efforts basis, provide totals for both the minimum and maximum offering amount, if applicable.
- (4) If a minimum subscription amount is required from each subscriber, provide details of the minimum subscription requirements in the table required under subsection (1).
- (5) If debt securities are being distributed at a premium or a discount, state in boldface type the effective yield if held to maturity.
- (6) Disclose separately those securities that are underwritten, those under option and those to be sold on a best efforts basis, and, in the case of a best efforts distribution, the latest date that the distribution is to remain open.
- (7) In column (b) of the table, disclose only commissions paid or payable in cash by the issuer or selling securityholder and discounts granted. Set out in a note to the table:
 - (a) commissions or other consideration paid or payable by persons or companies other than the issuer or selling securityholder;
 - (b) consideration other than discounts granted and cash paid or payable by the issuer or selling securityholder, including warrants and options; and
 - (c) any finder's fees or similar required payment.
- (8) If a security is being distributed for the account of a selling securityholder, state the name of the securityholder and a cross-reference to the applicable section in the prospectus where further information about the selling securityholder is provided. State the portion of the expenses of the distribution to be borne by the selling securityholder and, if none of the expenses of the distribution are being borne by the selling securityholder, include a statement to that effect and discuss the reason why this is the case.

INSTRUCTIONS:

- (1) *Estimate amounts, if necessary. For non-fixed price distributions that are being made on a best efforts basis, disclosure of the information called for by the table may be set forth as a percentage or a range of percentages and need not be set forth in tabular form.*
- (2) *If debt securities are being distributed, also express the information in the table as a percentage.*

“1.5 Offering price in currency other than Canadian dollar

If the offering price of the securities being distributed is disclosed in a currency other than the Canadian dollar, disclose in boldface type the currency.

“1.6 Non-fixed price distributions

If the securities are being distributed at non-fixed prices, disclose:

- (a) the discount allowed or commission payable to the underwriter;
- (b) any other compensation payable to the underwriter and, if applicable, that the underwriter's compensation will be increased or decreased by the amount by which the aggregate price paid for the securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriter to the issuer or selling securityholder;
- (c) that the securities to be distributed under the prospectus will be distributed, as applicable, at:
 - (i) prices determined by reference to the prevailing price of a specified security in a specified market;
 - (ii) market prices prevailing at the time of sale; or
 - (iii) prices to be negotiated with purchasers;
- (d) that prices may vary from purchaser to purchaser and during the period of distribution;
- (e) if the price of the securities is to be determined by reference to the prevailing price of a specified security in a specified market, the price of the specified security in the specified market at the latest practicable date;
- (f) if the price of the securities will be the market price prevailing at the time of the sale, the market price at the latest practicable date; and
- (g) the net proceeds or, if the distribution is to be made on a best efforts basis, the minimum amount of net proceeds, if any, to be received by the issuer or selling securityholder.

“1.7 Pricing disclosure

If the offering price or the number of securities being distributed, or an estimate of the range of the offering price or of the number of securities being distributed, has been publicly disclosed in a jurisdiction or a foreign jurisdiction as of the date of the preliminary prospectus, include this information in the preliminary prospectus.

“1.8 Reduced price distributions

If an underwriter wishes to be able to decrease the price at which securities are distributed for cash from the initial offering price fixed in the prospectus, include in boldface type a cross-reference to the section in the prospectus where disclosure concerning the possible price decrease is provided.

“1.9 Market for securities

- (1) Identify the exchange(s) and quotation system(s), if any, on which securities of the issuer of the same class as the securities being distributed are traded or quoted and the market price of those securities as of the latest practicable date.

(2) Disclose any intention to stabilize the market. Provide a cross-reference to the section in the prospectus where further information about market stabilization is provided.

(3) If no market for the securities being distributed under the prospectus exists or is expected to exist upon completion of the distribution, state the following in boldface type:

‘There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors”.

(4) If the issuer has complied with the requirements of the Instrument as an IPO venture issuer, include a statement, in substantially the following form, with bracketed information completed:

‘As at the date of this prospectus, [name of issuer] does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc’.

“1.10 Risk factors

Include a cross-reference to sections in the prospectus where information about the risks of an investment in the securities being distributed is provided.

“1.11 Underwriter(s)

(1) State the name of each underwriter.

(2) If applicable, comply with the requirements of NI 33-105 for front page prospectus disclosure.

(3) If an underwriter has agreed to purchase all of the securities being distributed at a specified price and the underwriter’s obligations are subject to conditions, state the following, with bracketed information completed:

‘We, as principals, conditionally offer these securities, subject to prior sale, if, as and when issued by [name of issuer] and accepted by us in accordance with the conditions contained in the underwriting agreement referred to under Plan of Distribution’.

(4) If an underwriter has agreed to purchase a specified number or principal amount of the securities at a specified price, state that the securities are to be taken up by the underwriter, if at all, on or before a date not later than 42 days after the date of the receipt for the final prospectus.

(5) If there is no underwriter involved in the distribution, provide a statement in boldface type to the effect that no underwriter has been involved in the preparation of the prospectus or performed any review or independent due diligence of the contents of the prospectus.

(6) Provide the following tabular information

Underwriter's Position	Maximum size or number of securities available	Exercise period/ Acquisition date	Exercise price or average acquisition price
Over-allotment option			
Compensation option			
Any other option granted by issuer or insider of issuer to underwriter			
Total securities under option issuable to underwriter			
Other compensation securities issuable to underwriter			

INSTRUCTION:

If the underwriter has been granted compensation securities, state, in a footnote, whether the prospectus qualifies the grant of all or part of the compensation securities and provide a cross-reference to the applicable section in the prospectus where further information about the compensation securities is provided.

“1.12 International issuers

If the issuer, a selling securityholder, or any person or company required to provide a certificate under Part 5 of the Instrument or other securities legislation, is incorporated, continued, or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, state the following on the cover page or under a separate heading elsewhere in the prospectus, with the bracketed information completed:

‘The [issuer, selling securityholder, or person or company providing a certificate under Part 5 of the Instrument or other securities legislation] is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada. Although [the person or company described above] has appointed [name(s) and address(es) of agent(s) for service] as its agent(s) for service of process in [list jurisdictions] it may not be possible for investors to enforce judgements obtained in Canada against [the person or company described above]’.

“1.13 Restricted securities

- (1) Describe the number and class or classes of restricted securities being distributed using the appropriate restricted security terms in the same type face and type size as the rest of the description.
- (2) If the securities being distributed are restricted securities and the holders of the securities do not have the right to participate in a takeover bid made for other equity securities of the issuer, disclose that fact.

“1.14 Earnings coverage

If any of the earnings coverage ratios required to be disclosed under Item 9 is less than one-to-one, disclose this fact in boldface type.

“Item 2 Table of Contents**“2.1 Table of contents**

Include a table of contents.

“Item 3 Summary of Prospectus**“3.1 General**

- (1) Briefly summarize, near the beginning of the prospectus, information appearing elsewhere in the prospectus that, in the opinion of the issuer or selling securityholder, would be most likely to influence the investor’s decision to purchase the securities being distributed, including a description of:
 - (a) the principal business of the issuer and its subsidiaries;
 - (b) the securities to be distributed, including the offering price and expected net proceeds;
 - (c) use of proceeds;
 - (d) risk factors;
 - (e) financial information; and
 - (f) if restricted securities, subject securities or securities that are directly or indirectly convertible into or exercisable or exchangeable for restricted securities or subject securities, are to be distributed under the prospectus:
 - (i) include a summary of the information required by section 10.6; and
 - (ii) include, in boldface type, a statement of the rights the holders of restricted securities do not have, if the holders do not have all of the rights referred to in section 10.6.
- (2) For the financial information provided under paragraph (1)(e):
 - (a) describe the type of information appearing elsewhere in the prospectus on which the financial information is based;
 - (b) disclose whether the information appearing elsewhere in the prospectus on which the financial information is based has been audited;
 - (c) disclose whether the financial information has been audited; and
 - (d) if neither the information appearing elsewhere in the prospectus on which the financial information is based nor the financial information has been audited, prominently disclose that fact.
- (3) For each item summarized under subsection (1), provide a cross-reference to the information in the prospectus.

“3.2 Cautionary language

At the beginning of the summary, include a statement in italics in substantially the following form:

‘The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus’.

“Item 4 Corporate Structure**“4.1 Name, address and incorporation**

- (1) State the issuer’s full corporate name or, if the issuer is an unincorporated entity, the full name under which it exists and carries on business, and the address(es) of the issuer’s head and registered office.
- (2) State the statute under which the issuer is incorporated, continued or organized or, if the issuer is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which it is established and exists.
- (3) Describe the substance of any material amendments to the articles or other constating or establishing documents of the issuer.

“4.2 Intercorporate relationships

- (1) Describe, by way of a diagram or otherwise, the intercorporate relationships among the issuer and its subsidiaries.
- (2) For each subsidiary described in subsection (1), state:
 - (a) the percentage of votes attaching to all voting securities of the subsidiary beneficially owned, or controlled or directed, directly or indirectly, by the issuer;
 - (b) the percentage of each class of restricted securities of the subsidiary beneficially owned, or controlled or directed, directly or indirectly, by the issuer; and
 - (c) where the subsidiary was incorporated, continued, formed or organized.
- (3) If the securities distributed under the prospectus are being issued in connection with a restructuring transaction, describe by way of a diagram or otherwise these intercorporate relationships both before and after the completion of the proposed transaction.
- (4) A particular subsidiary may be omitted from the disclosure required by this section if, at the most recent financial year end of the issuer:
 - (a) the total assets of the subsidiary do not exceed 10% of the consolidated assets of the issuer;
 - (b) the revenue of the subsidiary does not exceed 10% of the consolidated revenue of the issuer; and
 - (c) the conditions in paragraphs (a) and (b) would be satisfied if:
 - (i) the subsidiaries that may be omitted under paragraphs (a) and (b) were considered in the aggregate; and
 - (ii) the reference to 10% in those paragraphs was changed to 20%.

“Item 5 Describe the Business**“5.1 Describe the business**

(1) Describe the business of the issuer and its operating segments that are reportable segments as those terms are described in the issuer’s GAAP. Disclose information for each reportable segment of the issuer in accordance with subsection 5.1(1) of Form 51-102F2.

(2) Disclose the nature and results of any bankruptcy, receivership or similar proceedings against the issuer or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by the issuer or any of its subsidiaries, within the three most recently completed financial years or completed during or proposed for the current financial year.

(3) Disclose the nature and results of any material restructuring transaction of the issuer or any of its subsidiaries within the three most recently completed financial years or completed during or proposed for the current financial year.

(4) If the issuer has implemented social or environmental policies that are fundamental to the issuer’s operations, such as policies regarding the issuer’s relationship with the environment or with the communities in which the issuer does business, or human rights policies, describe them and the steps the issuer has taken to implement them.

“5.2 Three-year history

(1) Describe how the issuer’s business has developed over the last three completed financial years and any subsequent period to the date of the prospectus, including only events, such as acquisitions or dispositions, or conditions that have influenced the general development of the business.

(2) If the issuer produces or distributes more than one product or provides more than one kind of service, describe the products or services.

(3) Discuss changes in the issuer’s business that the issuer expects will occur during the current financial year.

“5.3 Issuers with asset-backed securities outstanding

If the issuer has asset-backed securities outstanding that were distributed under a prospectus, disclose information in accordance with section 5.3 of Form 51-102F2.

“5.4 Issuers with mineral projects

If the issuer has a mineral project, disclose information for the issuer in accordance with section 5.4 of Form 51-102F2.

“5.5 Issuers with oil and gas operations

(1) If the issuer is engaged in oil and gas activities as defined in NI 51-101, disclose information in accordance with Form 51-101F1:

(a) as at the end of, and for, the most recent financial year for which the prospectus includes an audited statement of financial position of the issuer;
or

(b) in the absence of a completed financial year referred to in paragraph (a), as at the most recent date for which the prospectus includes an audited statement of financial position of the issuer, and for the most recent financial period for which the prospectus includes an audited statement of comprehensive income of the issuer.

(2) Include with the disclosure under subsection (1) a report in the form of Form 51-101F2, on the reserves data included in the disclosure required under subsection (1).

(3) Include with the disclosure under subsection (1) a report in the form of Form 51-101F3 that refers to the information disclosed under subsection (1).

(4) To the extent not reflected in the information disclosed in response to subsection (1), disclose the information contemplated by Part 6 of NI 51-101 in respect of material changes that occurred after the applicable statement of financial position referred to in subsection (1).

INSTRUCTION:

Disclosure in a prospectus must be consistent with NI 51-101 if the issuer is engaged in oil and gas activities as defined in NI 51-101.

“Item 6 Use of Proceeds

“6.1 Proceeds

(1) State the estimated net proceeds to be received by the issuer or selling securityholder or, in the case of a non-fixed price distribution or a distribution to be made on a best efforts basis, the minimum amount, if any, of net proceeds to be received by the issuer or selling securityholder from the sale of the securities distributed.

(2) State the particulars of any provisions or arrangements made for holding any part of the net proceeds of the distribution in trust or escrow subject to the fulfillment of conditions.

(3) If the prospectus is used for a special warrant or similar transaction, state the amount that has been received by the issuer of the special warrants or similar securities on the sale of the special warrants or similar securities.

“6.2 Junior issuers

A junior issuer must disclose:

- (a) the total funds available; and
- (b) the following breakdown of those funds:
 - (i) the estimated net proceeds from the sale of the securities offered under the prospectus;
 - (ii) the estimated consolidated working capital (deficiency) as at the most recent month end before filing the prospectus;
 - (iii) the total other funds available to be used to achieve the principal purposes identified by the junior issuer pursuant to this Item.

“6.3 Principal purposes - generally

(1) Describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which:

- (a) the net proceeds will be used by the issuer; or
- (b) the funds available as required under section 6.2 will be used by a junior issuer.

(2) If the closing of the distribution is subject to a minimum subscription, provide disclosure of the use of proceeds for the minimum and maximum subscriptions.

“6.4 Principal purposes - indebtedness

- (1) If more than 10% of the net proceeds will be used to reduce or retire indebtedness and the indebtedness was incurred within the two preceding years, describe the principal purposes for which the proceeds of the indebtedness were used.
- (2) If the creditor is an insider, associate or affiliate of the issuer, identify the creditor and the nature of the relationship to the issuer, and disclose the outstanding amount owed.

“6.5 Principal purposes - asset acquisition

- (1) If more than 10% of the net proceeds are to be used to acquire assets, describe the assets.
- (2) If known, disclose the particulars of the purchase price being paid for or being allocated to the assets or categories of assets, including intangible assets.
- (3) If the vendor of the assets is an insider, associate or affiliate of the issuer, identify the vendor and the nature of the relationship to the issuer, and disclose the method used in determining the purchase price.
- (4) Describe the nature of the title to or interest in the assets to be acquired by the issuer.
- (5) If part of the consideration for the acquisition of the assets consists of securities of the issuer, give brief particulars of the class, number or amount, voting rights, if any, and other appropriate information relating to the securities, including particulars of the issuance of securities of the same class within the two preceding years.

“6.6 Principal purposes - insiders, etc.

If an insider, associate or affiliate of the issuer will receive more than 10% of the net proceeds, identify the insider, associate or affiliate and the nature of the relationship to the issuer, and disclose the amount of net proceeds to be received.

“6.7 Principal purposes - research and development

If more than 10% of the net proceeds from the distribution will be used for research and development of products or services, describe:

- (a) the timing and stage of research and development programs that management anticipates will be reached using such proceeds;
- (b) the major components of the proposed programs that will be funded using the proceeds from the distribution, including an estimate of anticipated costs;
- (c) if the issuer is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods; and
- (d) the additional steps required to reach commercial production and an estimate of costs and timing.

“6.8 Business objectives and milestones

- (1) State the business objectives that the issuer expects to accomplish using the net proceeds of the distribution under section 6.1, or in the case of a junior issuer, using the funds available described under section 6.2.
- (2) Describe each significant event that must occur for the business objectives described under subsection (1) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event.

“6.9 Unallocated funds in trust or escrow

- (1) Disclose that unallocated funds will be placed in a trust or escrow account, invested or added to the working capital of the issuer.
- (2) Give details of the arrangements made for, and the persons or companies responsible for:
 - (a) the supervision of the trust or escrow account or the investment of unallocated funds; and
 - (b) the investment policy to be followed.

“6.10 Other sources of funding

If any material amounts of other funds are to be used in conjunction with the proceeds, state the amounts and sources of the other funds.

“6.11 Financing by special warrants, etc.

- (1) If the prospectus is used to qualify the distribution of securities issued upon the exercise of special warrants or the exercise of other securities acquired on a prospectus-exempt basis, describe the principal purposes for which the proceeds of the prospectus-exempt financing were used or are to be used.
- (2) If all or a portion of the funds have been spent, explain how the funds were spent.

“Item 7 Dividends or Distributions**“7.1 Dividends or distributions**

- (1) Disclose the amount of cash dividends or distributions declared per security for each class of the issuer’s securities for each of the three most recently completed financial years and its current financial year.
- (2) Describe any restrictions that could prevent the issuer from paying dividends or distributions.
- (3) Disclose the issuer’s dividend or distribution policy and any intended change in dividend or distribution policy.

“Item 8 Management’s Discussion and Analysis**“8.1 Interpretation**

- (1) For the purposes of this Item, MD&A means a completed Form 51-102F1 or, in the case of an SEC issuer, a completed Form 51-102F1 or management’s discussion and analysis prepared in accordance with Item 303 of Regulation S-K under the 1934 Act.
- (2) For MD&A in the form of Form 51-102F1, the issuer:
 - (a) must read the references to a ‘venture issuer’ in Form 51-102F1 to include an IPO venture issuer;
 - (b) must disregard:
 - (i) the Instruction to section 1.11 of Form 51-102F1; and
 - (ii) section 1.15 of Form 51-102F1; and
 - (c) must include the disclosure required by section 1.10 of Form 51-102F1 in the prospectus.

INSTRUCTION:

For the purposes of paragraph (2)(c), an issuer cannot satisfy the requirement in section 1.10 of Form 51-102F1 by incorporating by reference its fourth quarter MD&A into the prospectus.

“8.2 MD&A

- (1) Provide MD&A for:
 - (a) the most recent annual financial statements of the issuer included in the prospectus under Item 32; and
 - (b) the most recent interim financial report of the issuer included in the prospectus under Item 32.
- (2) If the prospectus includes the issuer’s annual statements of comprehensive income, statements of changes in equity, and statements of cash flow for three financial years under Item 32, provide MD&A for the second most recent annual financial statements of the issuer included in the prospectus under Item 32.
- (3) Despite subsection (2), MD&A for the second most recent annual financial statements of the issuer included in the prospectus under Item 32 may omit disclosure regarding statement of financial position items.

“8.3 [Repealed]

- (1) [Repealed]
- (2) [Repealed]

“8.4 Disclosure of outstanding security data

- (1) Disclose the designation and number or principal amount of:
 - (a) each class and series of voting or equity securities of the issuer for which there are securities outstanding;
 - (b) each class and series of securities of the issuer for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of the issuer; and
 - (c) subject to subsection (2), each class and series of voting or equity securities of the issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the issuer.
- (2) If the exact number or principal amount of voting or equity securities of the issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the issuer is not determinable, the issuer must disclose the maximum number or principal amount of each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities of the issuer and, if that maximum number or principal amount is not determinable, the issuer must describe the exchange or conversion features and the manner in which the number or principal amount of voting or equity securities will be determined.
- (3) The disclosure under subsections (1) and (2) must be prepared as of the latest practicable date.

“8.5 More recent financial information

If the issuer is required to include more recent historical financial information in the prospectus under subsection 32.6(1), the issuer is not required to update the MD&A already included in the prospectus under this Item.

“8.6 Additional disclosure for venture issuers or IPO venture issuers without significant revenue

(1) If the issuer is a venture issuer or an IPO venture issuer that has not had significant revenue from operations in either of its last two financial years, disclose a breakdown of material components of:

- (a) exploration and evaluation assets or expenditures;
- (b) expensed research and development costs;
- (c) intangible assets arising from development;
- (d) general and administrative expenses; and
- (e) any material costs, whether expensed or recognized as assets, not referred to in paragraphs (a) through (d).

(2) Present the analysis of exploration and evaluation assets or expenditures required by subsection (1) on a property-by-property basis, if the issuer's business primarily involves mining exploration and development.

(3) Provide the disclosure in subsection (1) for the following periods:

- (a) the two most recently completed financial years; and
- (b) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial report included in the prospectus, if any.

(4) Subsection (1) does not apply if the information required under that subsection has been disclosed in the financial statements included in the prospectus.

“8.7 Additional disclosure for junior issuers

For a junior issuer that had negative cash flow from operating activities in its most recently completed financial year for which financial statements have been included in the prospectus, disclose:

- (a) the period of time the proceeds raised under the prospectus are expected to fund operations;
- (b) the estimated total operating costs necessary for the issuer to achieve its stated business objectives during that period of time; and
- (c) the estimated amount of other material capital expenditures during that period of time.

In determining cash flow from operating activities, the issuer must include cash payments related to dividends and borrowing costs.

“8.8 Additional disclosure for issuers with significant equity investees

- (1) An issuer that has a significant equity investee must disclose:
 - (a) summarized financial information of the equity investee, including the aggregated amounts of assets, liabilities, revenue and profit or loss; and
 - (b) the issuer’s proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the issuer’s share of profit or loss.
- (2) Provide the disclosure in subsection (1) for the following periods:
 - (a) the two most recently completed financial years;
 - (b) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial report included in the prospectus, if any.
- (3) Subsection (1) does not apply if:
 - (a) the information required under that subsection has been disclosed in the financial statements included in the prospectus; or
 - (b) the issuer includes in the prospectus separate financial statements of the equity investee for the periods referred to in subsection (2).

“Item 9 Earnings Coverage Ratios**“9.1 Earnings coverage ratios**

- (1) If the securities being distributed are debt securities having a term to maturity in excess of one year or are preferred shares, disclose the following earnings coverage ratios adjusted in accordance with subsection (2):
 - (a) the earnings coverage ratio based on the most recent 12-month period included in the issuer’s annual financial statements included in the prospectus;
 - (b) if there has been a change in year end and the issuer’s most recent financial year is less than nine months in length, the earnings coverage calculation for its old financial year; and
 - (c) the earnings coverage ratio based on the 12-month period ended on the last day of the most recently completed period for which an interim financial report of the issuer has been included in the prospectus.
- (2) Adjust the ratios referred to in subsection (1) to reflect:
 - (a) the issuance of the securities being distributed under the prospectus, based on the price at which these securities are expected to be distributed;
 - (b) in the case of a distribution of preferred shares:
 - (i) the issuance of all preferred shares since the date of the annual financial statements or interim financial report; and
 - (ii) the repurchase, redemption or other retirement of all preferred shares repurchased, redeemed, or otherwise retired since the date of the annual financial statements or interim financial report and of all preferred shares to be repurchased, redeemed, or otherwise retired from the proceeds to be realized from the sale of securities under the prospectus;

(c) the issuance of all financial liabilities, as defined in accordance with the issuer's GAAP, since the date of the annual financial statements or interim financial report; and

(d) the repayment, redemption or other retirement of all financial liabilities, as defined in accordance with the issuer's GAAP, since the date of the annual financial statements or interim financial report and all financial liabilities to be repaid or redeemed from the proceeds to be realized from the sale of securities distributed under the prospectus.

(e) [Repealed]

(3) [Repealed]

(4) If the earnings coverage ratio is less than one-to-one, disclose in the prospectus the dollar amount of the numerator required to achieve a ratio of one-to-one.

(5) If the prospectus includes a pro forma income statement, calculate the pro forma earnings coverage ratios for the periods of the pro forma income statement, and disclose them in the prospectus.

INSTRUCTIONS:

(1) *Cash flow coverage may be disclosed but only as a supplement to earnings coverage and only if the method of calculation is fully disclosed.*

(2) *Earnings coverage is calculated by dividing an entity's profit or loss attributable to owners of the parent (the numerator) by its borrowing costs and dividend obligations (the denominator).*

(3) *For the earnings coverage calculation:*

(a) *the numerator should be calculated using consolidated profit or loss attributable to owners of the parent before borrowing costs and income taxes;*

(b) *imputed interest income from the proceeds of a distribution should not be added to the numerator;*

(c) [Repealed]

(d) *for distributions of debt securities, the appropriate denominator is borrowing costs, after giving effect to the new debt securities issue and any retirement of obligations, plus the borrowing costs that have been capitalized during the period;*

(e) *for distributions of preferred shares:*

(i) *the appropriate denominator is dividends declared during the period, together with undeclared dividends on cumulative preferred shares, after giving effect to the new preferred share issue, plus the issuer's annual borrowing cost requirements, including the borrowing costs that have been capitalized during the period, less any retirement of obligations; and*

(ii) *dividends should be grossed-up to a before-tax equivalent using the issuer's effective income tax rate; and*

(f) *for distributions of both debt securities and preferred shares, the appropriate denominator is the same as for a preferred share issue, except that the denominator should also reflect the effect of the debt securities being offered pursuant to the prospectus.*

(4) *The denominator represents a pro forma calculation of the aggregate of an issuer's borrowing cost obligations on all financial liabilities and dividend obligations (including both dividends declared and undeclared dividends on cumulative preferred shares) with respect to all outstanding preferred shares, as adjusted to reflect:*

(a) *the issuance of all financial liabilities and, in addition in the case of an issuance of preferred shares, all preferred shares issued, since the date of the annual financial statements or interim financial report;*

(b) *the issuance of the securities that are to be distributed under the prospectus, based on a reasonable estimate of the price at which these securities will be distributed; and*

(c) *the repayment or redemption of all financial liabilities since the date of the annual financial statements or interim financial report, all financial liabilities to be repaid or redeemed from the proceeds to be realized from the sale of securities under the prospectus and, in addition, in the case of an issuance of preferred shares, all preferred shares repaid or redeemed since the date of the annual financial statements or interim financial report and all preferred shares to be repaid or redeemed from the proceeds to be realized from the sale of securities under the prospectus.*

(d) *[Repealed]*

(5) *[Repealed]*

(6) *For debt securities, disclosure of earnings coverage shall include language similar to the following, with the bracketed and bulleted information completed:*

'[Name of the issuer]'s borrowing cost requirements, after giving effect to the issue of [the debt securities to be distributed under the prospectus], amounted to \$o for the 12 months ended o. [Name of the issuer]'s profit or loss attributable to owners of the parent before borrowing costs and income tax for the 12 months then ended was \$o, which is o times [name of the issuer]'s borrowing cost requirements for this period'.

(7) *For preferred share issues, disclosure of earnings coverage shall include language similar to the following, with the bracketed and bulleted information completed:*

'[Name of the issuer]'s dividend requirements on all of its preferred shares, after giving effect to the issue of [the preferred shares to be distributed under the prospectus], and adjusted to a before-tax equivalent using an effective income tax rate of o%, amounted to \$o for the 12 months ended o. [Name of the issuer]'s borrowing cost requirements for the 12 months then ended amounted to \$o. [Name of the issuer]'s profit or loss attributable to owners of the parent before borrowing costs and income tax for the 12 months ended o was \$o, which is o times [name of the issuer]'s aggregate dividend and borrowing cost requirements for this period'.

(8) *Other earnings coverage calculations may be included as supplementary disclosure to the required earnings coverage calculations outlined above as long as their derivation is disclosed and they are not given greater prominence than the required earnings coverage calculations.*

“Item 10 Description of the Securities Distributed**“10.1 Equity securities**

If equity securities are being distributed, state the description or the designation of the class of the equity securities and describe all material attributes and characteristics, including:

- (a) dividend rights;
- (b) voting rights;
- (c) rights upon dissolution or winding-up;
- (d) pre-emptive rights;
- (e) conversion or exchange rights;
- (f) redemption, retraction, purchase for cancellation or surrender provisions;
- (g) sinking or purchase fund provisions;
- (h) provisions permitting or restricting the issuance of additional securities and any other material restrictions, and
- (i) provisions requiring a securityholder to contribute additional capital.

“10.2 Debt securities

If debt securities are being distributed, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt, including:

- (a) provisions for interest rate, maturity and premium, if any;
- (b) conversion or exchange rights;
- (c) redemption, retraction, purchase for cancellation or surrender provisions;
- (d) sinking or purchase fund provisions;
- (e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge;
- (f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants, including restrictions against payment of dividends and restrictions against giving security on the assets of the issuer or its subsidiaries, and provisions as to the release or substitution of assets securing the debt securities;
- (g) the name of the trustee under any indenture relating to the debt securities and the nature of any material relationship between the trustee or any of its affiliates and the issuer or any of its affiliates; and
- (h) any financial arrangements between the issuer and any of its affiliates or among its affiliates that could affect the security for the indebtedness.

“10.3 Asset-backed securities

- (1) This section applies only if any asset-backed securities are being distributed under the prospectus.
- (2) Describe the material attributes and characteristics of the asset-backed securities, including:
 - (a) the rate of interest or stipulated yield and any premium;
 - (b) the date for repayment of principal or return of capital and any circumstances in which payments of principal or capital may be made before such date, including any redemption or pre-payment obligations or privileges of the issuer and any events that may trigger early liquidation or amortization of the underlying pool of financial assets;
 - (c) provisions for the accumulation of cash flows to provide for the repayment of principal or return of capital;
 - (d) provisions permitting or restricting the issuance of additional securities and any other material negative covenants applicable to the issuer;
 - (e) the nature, order and priority of the entitlements of holders of asset-backed securities and any other entitled persons or companies to receive cash flows generated from the underlying pool of financial assets; and
 - (f) any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of payments or distributions to be made under the asset-backed securities, including those that are dependent or based on the economic performance of the underlying pool of financial assets.
- (3) Provide financial disclosure that describes the underlying pool of financial assets for:
 - (a) the three most recently completed financial years ended more than:
 - (i) 90 days before the date of the prospectus; or
 - (ii) 120 days before the date of the prospectus, if the issuer is a venture issuer;
 - (b) if the issuer has not had asset-backed securities outstanding for three financial years, each completed financial year ended more than:
 - (i) 90 days before the date of the prospectus; or
 - (ii) 120 days before the date of the prospectus, if the issuer is a venture issuer;
 - (c) a period from the date the issuer had asset-backed securities outstanding to a date not more than 90 days before the date of the prospectus if the issuer has not had asset-backed securities outstanding for at least one financial year.
- (4) For the purposes of the financial disclosure required by subsection (3), if an issuer changed its financial year end during any of the financial years referred to in subsection (3) and the transition year is less than nine months, the transition year is not a financial year.

(5) Despite subsection (4), all financial disclosure that describes the underlying pool of financial assets of the issuer for a transition year must be included in the prospectus for the most recent interim period, if any, ended:

- (a) subsequent to the most recent financial year refer to in paragraphs (3)(a) and (3)(b) in respect of which financial disclosure on the underlying pool of financial assets is included in the prospectus; and
- (b) more than:
 - (i) 45 days before the date of the prospectus; or
 - (ii) 60 days before the date of the prospectus if the issuer is a venture issuer.

(6) If the issuer files financial disclosure that describes the underlying pool of financial assets for a more recent period than required under subsection (3) or (5) before the prospectus is filed, the issuer must include that more recent financial disclosure that describes the underlying pool of financial assets in the prospectus.

(7) If financial disclosure that describes the underlying pool of financial assets of the issuer is publicly disseminated by, or on behalf of, the issuer through news release or otherwise for a more recent period than required under subsection (3) or (5), the issuer must include the content of the news release or public communication in the prospectus.

(8) The disclosure in subsections (3) and (5) must include a discussion and analysis of:

- (a) the composition of the pool as at the end of the period;
- (b) profit and losses from the pool for the period presented on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;
- (c) the payment, prepayment and collection experience of the pool for the period on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;
- (d) servicing and other administrative fees; and
- (e) any significant variances experienced in the matters referred to in paragraphs (a) through (d).

(9) Describe the type of financial assets, the manner in which the financial assets originated or will originate and, if applicable, the mechanism and terms of the agreement governing the transfer of the financial assets comprising the underlying pool to or through the issuer, including the consideration paid for the financial assets.

(10) Describe any person or company who:

- (a) originated, sold or deposited a material portion of the financial assets comprising the pool, or has agreed to do so;
- (b) acts, or has agreed to act, as a trustee, custodian, bailee or agent of the issuer or any holder of the asset-backed securities, or in a similar capacity;

- (c) administers or services a material portion of the financial assets comprising the pool or provides administrative or managerial services to the issuer, or has agreed to do so, on a conditional basis or otherwise, if:
- (i) finding a replacement provider of the services at a cost comparable to the cost of the current provider is not reasonably likely;
 - (ii) a replacement provider of the services is likely to achieve materially worse results than the current provider;
 - (iii) the current provider of the services is likely to default in its service obligations because of its current financial condition; or
 - (iv) the disclosure is otherwise material;
- (d) provides a guarantee, alternative credit support or other credit enhancement to support the obligations of the issuer under the asset-backed securities or the performance of some or all of the financial assets in the pool, or has agreed to do so; or
- (e) lends to the issuer in order to facilitate the timely payment or repayment of amounts payable under the asset-backed securities, or has agreed to do so.
- (11) Describe the general business activities and material responsibilities under the asset-backed securities of a person or company referred to in subsection (10).
- (12) Describe the terms of any material relationships between:
- (a) any of the persons or companies referred to in subsection (10) or any of their respective affiliates; and
 - (b) the issuer.
- (13) Describe any provisions relating to termination of services or responsibilities of any of the persons or companies referred to in subsection (10) and the terms on which a replacement may be appointed.
- (14) Describe any risk factors associated with the asset-backed securities, including disclosure of material risks associated with changes in interest rates or prepayment levels, and any circumstances where payments on the asset-backed securities could be impaired or disrupted as a result of any reasonably foreseeable event that may delay, divert or disrupt the cash flows dedicated to service the asset-backed securities.

INSTRUCTIONS:

(1) Present the information required under subsections (3) through (8) in a manner that will enable a reader to easily determine whether, and the extent to which, the events, covenants, standards and preconditions referred to in paragraph (2)(f) have occurred, are being satisfied or may be satisfied.

(2) If the information required under subsections (3) through (8) is not compiled specifically from the underlying pool of financial assets, but is compiled from a larger pool of the same assets from which the securitized assets are randomly selected so that the performance of the larger pool is representative of the performance of the pool of securitized assets, then an issuer may comply with subsections (3) through (8) by providing the financial disclosure required based on the larger pool and disclosing that it has done so.

(3) *Issuers are required to summarize contractual arrangements in plain language and may not merely restate the text of the contracts referred to. The use of diagrams to illustrate the roles of, and the relationship among, the persons and companies referred to in subsection (10), and the contractual arrangements underlying the asset-backed securities is encouraged.*

“10.4 Derivatives

If derivatives are being distributed, describe fully the material attributes and characteristics of the derivatives, including:

- (a) the calculation of the value or payment obligations under the derivatives;
- (b) the exercise of the derivatives;
- (c) settlements that are the result of the exercise of the derivatives;
- (d) the underlying interest of the derivatives;
- (e) the role of a calculation expert in connection with the derivatives;
- (f) the role of any credit supporter of the derivatives; and
- (g) the risk factors associated with the derivatives.

“10.5 Special warrants, etc.

If the prospectus is used to qualify the distribution of securities issued upon the exercise of special warrants or other securities acquired on a prospectus-exempt basis, disclose that holders of such securities have been provided with a contractual right of rescission and provide the following disclosure in the prospectus, with the bracketed information completed:

The issuer has granted to each holder of a special warrant a contractual right of rescission of the prospectus-exempt transaction under which the special warrant was initially acquired. The contractual right of rescission provides that if a holder of a special warrant who acquires another security of the issuer on exercise of the special warrant as provided for in the prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the prospectus or an amendment to the prospectus containing a misrepresentation:

- (a) *the holder is entitled to rescission of both the holder’s exercise of its special warrant and the private placement transaction under which the special warrant was initially acquired;*
- (b) *the holder is entitled in connection with the rescission to a full refund of all consideration paid to the underwriter or issuer, as the case may be, on the acquisition of the special warrant; and*
- (c) *if the holder is a permitted assignee of the interest of the original special warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber’.*

INSTRUCTION:

If the prospectus is qualifying the distribution of securities issued upon the exercise of securities other than special warrants, replace the term ‘special warrant’ with the type of the security being distributed.

“10.6 Restricted securities

(1) If the issuer has outstanding, or proposes to distribute under a prospectus restricted securities, subject securities or securities that are, directly or indirectly, convertible into or exercisable or exchangeable for restricted securities or subject securities, provide a detailed description of:

(a) the voting rights attached to the restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, and the voting rights, if any, attached to the securities of any other class of securities of the issuer that are the same as or greater than, on a per security basis, those attached to the restricted securities;

(b) any significant provisions under applicable corporate and securities law that do not apply to the holders of the restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, but do apply to the holders of another class of equity securities, and the extent of any rights provided in the constating documents or otherwise for the protection of holders of the restricted securities;

(c) any rights under applicable corporate law, in the constating documents or otherwise, of holders of restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, to attend, in person or by proxy, meetings of holders of equity securities of the issuer and to speak at the meetings to the same extent that holders of equity securities are entitled; and

(d) how the issuer complied with, or the basis upon which it was exempt from, the requirements of Part 12 of the Instrument.

(2) If holders of restricted securities do not have all of the rights referred to in subsection (1) the detailed description referred to in that subsection must include, in boldface type, a statement of the rights the holders do not have.

(3) If the issuer is required to include the disclosure referred to in subsection (1), state the percentage of the aggregate voting rights attached to the issuer's securities that will be represented by restricted securities after effect has been given to the issuance of the securities being offered.

“10.7 Other securities

If securities other than equity securities, debt securities, asset-backed securities or derivatives are being distributed, describe fully the material attributes and characteristics of those securities.

“10.8 Modification of terms

(1) Describe provisions about the modification, amendment or variation of any rights attached to the securities being distributed.

(2) If the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

“10.9 Ratings

If the issuer has asked for and received a stability rating, or if the issuer is aware that it has received any other kind of rating, including a provisional rating, from one or more approved rating organizations for the securities being distributed and the rating or ratings continue in effect, disclose:

- (a) each security rating, including a provisional rating or stability rating, received from an approved rating organization;
- (b) the name of each approved rating organization that has assigned a rating for the securities to be distributed;
- (c) a definition or description of the category in which each approved rating organization rated the securities to be distributed and the relative rank of each rating within the organization’s overall classification system;
- (d) an explanation of what the rating addresses and what attributes, if any, of the securities to be distributed are not addressed by the rating;
- (e) any factors or considerations identified by the approved rating organization as giving rise to unusual risks associated with the securities to be distributed;
- (f) a statement that a security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization; and
- (g) any announcement made by, or any proposed announcement known to the issuer that is to be made by, an approved rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.

INSTRUCTION:

There may be factors relating to a security that are not addressed by a ratings agency when they give a rating. For example, in the case of cash settled derivative instruments, factors in addition to the creditworthiness of the issuer, such as the continued subsistence of the underlying interest or the volatility of the price, value or level of the underlying interest may be reflected in the rating analysis. Rather than being addressed in the rating itself, these factors may be described by an approved rating organization by way of a superscript or other notation to a rating. Any such attributes must be discussed in the disclosure under this section.

“10.10 Other attributes

- (1) If the rights attaching to the securities being distributed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being distributed, include information about the other securities that will enable investors to understand the rights attaching to the securities being distributed.
- (2) If securities of the class being distributed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

INSTRUCTION:

This section requires only a brief summary of the provisions that are material from an investment standpoint. The provisions attaching to the securities being distributed or any other class of securities do not need to be set out in full. They may, in the issuer's discretion, be attached as a schedule to the prospectus.

“Item 11 Consolidated Capitalization**“11.1 Consolidated capitalization**

Describe any material change in, and the effect of the material change on, the share and loan capital of the issuer, on a consolidated basis, since the date of the issuer's financial statements for its most recently completed financial period included in the prospectus, including any material change that will result from the issuance of the securities being distributed under the prospectus.

“Item 12 Options to Purchase Securities**“12.1 Options to purchase securities**

(1) For an issuer that is not a reporting issuer in any jurisdiction immediately before filing the prospectus, state, in tabular form, as at a specified date within 30 days before the date of the prospectus, information about options to purchase securities of the issuer, or a subsidiary of the issuer, that are held or will be held upon completion of the distribution by:

- (a) all executive officers and past executive officers of the issuer, as a group, and all directors and past directors of the issuer who are not also executive officers, as a group, indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies;
- (b) all executive officers and past executive officers of all subsidiaries of the issuer, as a group, and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary, as a group, excluding, in each case, individuals referred to in paragraph (a), indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies;
- (c) all other employees and past employees of the issuer as a group;
- (d) all other employees and past employees of subsidiaries of the issuer as a group;
- (e) all consultants of the issuer as a group; and
- (f) any other person or company, other than the underwriter(s), naming each person or company.

(2) Describe any material change to the information required to be included in the prospectus under subsection (1) to the date of the prospectus.

INSTRUCTIONS:

(1) *Describe the options, warrants, or other similar securities stating the material provisions of each class or type of option, including:*

- (a) *the designation and number of the securities under option;*
- (b) *the purchase price of the securities under option or the formula by which the purchase price will be determined, and the expiration dates of the options;*

(c) if reasonably ascertainable, the market value of the securities under option on the date of grant;

(d) if reasonably ascertainable, the market value of the securities under option on the specified date; and

(e) with respect to options referred to in paragraph (1)(f), the particulars of the grant including the consideration for the grant.

(2) For the purposes of paragraph (1)(f), provide the information required for all options except warrants and special warrants.

“Item 13 Prior Sales

“13.1 Prior sales

For each class of securities of the issuer distributed under the prospectus and for securities that are convertible into those classes of securities, state, for the 12-month period before the date of the prospectus:

(a) the price at which the securities have been issued or are to be issued by the issuer or sold by the selling securityholder;

(b) the number of securities issued or sold at that price; and

(c) the date on which the securities were issued or sold.

“13.2 Trading price and volume

(1) For each class of securities of the issuer that is traded or quoted on a Canadian marketplace, identify the marketplace and the price ranges and volume traded or quoted on the Canadian marketplace on which the greatest volume of trading or quotation generally occurs.

(2) If a class of securities of the issuer is not traded or quoted on a Canadian marketplace but is traded or quoted on a foreign marketplace, identify the foreign marketplace and the price ranges and volume traded or quoted on the foreign marketplace on which the greatest volume or quotation generally occurs.

(3) Provide the information required under subsections (1) and (2) on a monthly basis for each month or, if applicable, partial months of the 12-month period before the date of the prospectus.

“Item 14 Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

“14.1 Escrowed securities and securities subject to contractual restriction on transfer

State as of a specified date within 30 days before the date of the prospectus, in substantially the following tabular form, the number of securities of each class of securities of the issuer held, to the knowledge of the issuer, in escrow or that are subject to a contractual restriction on transfer and the percentage that number represents of the outstanding securities of that class.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class

(2) In a note to the table disclose the name of the depository, if any, and the date of and conditions governing the release of the securities from escrow or the date the contractual restriction on transfer ends, as applicable.

(3) Describe any material change to the information required to be included in the prospectus under subsection (1) to the date of the prospectus.

INSTRUCTIONS:

(1) *For purposes of this section, escrow includes securities subject to a pooling agreement.*

(2) *For the purposes of this section, securities subject to contractual restrictions on transfer as a result of pledges made to lenders are not required to be disclosed.*

“Item 15 Principal Securityholders and Selling Securityholders

“15.1 Principal securityholders and selling securityholders

(1) Provide the following information for each principal securityholder of the issuer and, if any securities are being distributed for the account of a securityholder, for each selling securityholder:

- (a) the name;
- (b) the number or amount of securities owned, controlled or directed of the class being distributed;
- (c) the number or amount of securities of the class being distributed for the account of the securityholder;
- (d) the number or amount of securities of the issuer of any class to be owned, controlled or directed after the distribution, and the percentage that number or amount represents of the total outstanding;
- (e) whether the securities referred to in paragraph (b), (c) or (d) are owned both of record and beneficially, of record only, or beneficially only.

(2) If securities are being distributed in connection with a restructuring transaction, indicate, to the extent known, the holdings of each person or company described in paragraph (1)(a) that will exist after effect has been given to the transaction.

(3) If any of the securities being distributed are being distributed for the account of a securityholder and those securities were purchased by the selling securityholder within the two years preceding the date of the prospectus, state the date the selling securityholder acquired the securities and, if the securities were acquired in the 12 months preceding the date of the prospectus, the cost to the securityholder in the aggregate and on an average cost-per-security basis.

(4) If, to the knowledge of the issuer or the underwriter of the securities being distributed, more than 10% of any class of voting securities of the issuer is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement. State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.

(5) If, to the knowledge of the issuer or the underwriter of the securities being distributed, any principal securityholder or selling securityholder is an associate or affiliate of another person or company named as a principal securityholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the issuer held by the person or company other than the holding of voting securities of the issuer.

(6) In addition to the above, include in a footnote to the table the required calculation(s) on a fully-diluted basis.

(7) Describe any material change to the information required to be included in the prospectus under subsection (1) to the date of the prospectus.

INSTRUCTION:

If a company, partnership, trust or other unincorporated entity is a principal securityholder of an issuer, disclose, to the extent known, the name of each individual who, through ownership of or control or direction over the securities of that company, trust or other unincorporated entity, or membership in the partnership, as the case may be, is a principal securityholder of that entity.

“Item 16 Directors and Executive Officers

“16.1 Name, occupation and security holding

(1) Provide information for directors and executive officers of the issuer in accordance with section 10.1 of Form 51-102F2 as at the date of the prospectus.

(2) If information similar to the information required under subsection (1) is provided for any director or executive officer, who is not serving in such capacity as at the date of the prospectus, clearly indicate this fact and explain whether the issuer believes that this director or executive officer is liable under the prospectus.

“16.2 Cease trade orders, bankruptcies, penalties or sanctions

Provide information for directors and executive officers of the issuer in accordance with section 10.2 of Form 51-102F2 as if the references in that section to ‘date of the AIF’ read ‘date of the prospectus’.

“16.3 Conflicts of interest

Disclose particulars of existing or potential material conflicts of interest between the issuer or a subsidiary of the issuer and a director or officer of the issuer or of a subsidiary of the issuer.

“16.4 Management of junior issuers

A junior issuer must provide the following information for each member of management:

- (a) state the individual’s name, age, position and responsibilities with the issuer and relevant educational background;
- (b) state whether the individual works full time for the issuer or what proportion of the individual’s time will be devoted to the issuer;
- (c) state whether the individual is an employee or independent contractor of the issuer;

- (d) state the individual's principal occupations or employment during the five years before the date of the prospectus, disclosing with respect to each organization as of the time such occupation or employment was carried on:
- (i) its name and principal business;
 - (ii) if applicable, that the organization was an affiliate of the issuer;
 - (iii) positions held by the individual; and
 - (iv) whether it is still carrying on business, if known to the individual;
- (e) describe the individual's experience in the issuer's industry;
- (f) state whether the individual has entered into a non-competition or non-disclosure agreement with the issuer.

INSTRUCTION:

For purposes of this section, 'management' means all directors, officers, employees and contractors whose expertise is critical to the issuer, its subsidiaries and proposed subsidiaries in providing the issuer with a reasonable opportunity to achieve its stated business objectives.

“Item 17 Executive Compensation

“17.1 Disclosure

Include in the prospectus a Statement of Executive Compensation prepared in accordance with Form 51-102F6 and describe any intention to make any material changes to that compensation.

“Item 18 Indebtedness of Directors and Executive Officers

“18.1 Aggregate indebtedness

Provide information for the issuer in accordance with section 10.1 of Form 51-102F5 as if the reference in that section to 'date of the information circular' read 'date of the prospectus'.

“18.2 Indebtedness of directors and executive officers under securities purchase and other programs

(1) Provide information for the issuer in accordance with section 10.2 of Form 51-102F5 as if the reference in this section to 'date of the information circular' read 'date of the prospectus'.

(2) Do not disclose the information required under subsection (1) for:

- (a) any indebtedness that has been entirely repaid on or before the date of the prospectus; or
- (b) routine indebtedness (as defined in paragraph 10.3(c) of Form 51-102F5 as if reference in this paragraph to 'the company' read 'the issuer').

“Item 19 Audit Committees and Corporate Governance

“19.1 Audit committees

(1) Include in the prospectus the disclosure for the issuer in accordance with Form 52-110F1, as applicable, if the issuer is neither a venture issuer nor an IPO venture issuer.

(2) Include in the prospectus the disclosure for the issuer in accordance with Form 52-110F2, as applicable, if the issuer is a venture issuer or an IPO venture issuer.

“19.2 Corporate governance

- (1) Include in the prospectus the disclosure in accordance with Form 58-101F1, as applicable, if the issuer is neither a venture issuer nor an IPO venture issuer.
- (2) Include in the prospectus the disclosure in accordance with Form 58-101F2, as applicable, if the issuer is a venture issuer or an IPO venture issuer.

“Item 20 Plan of Distribution**“20.1 Name of underwriters**

- (1) If the securities are being distributed by an underwriter, state the name of the underwriter and describe briefly the nature of the underwriter’s obligation to take up and pay for the securities.
- (2) Disclose the date by which the underwriter is obligated to purchase the securities.

“20.2 Disclosure of conditions to underwriters’ obligations

If securities are distributed by an underwriter that has agreed to purchase all of the securities at a specified price and the underwriter’s obligations are subject to conditions:

- (a) include a statement in substantially the following form, with the bracketed information completed and with modifications necessary to reflect the terms of the distribution:

‘Under an agreement dated [insert date of agreement] between [insert name of issuer or selling securityholder] and [insert name(s) of underwriter(s)], as underwriter[s], [insert name of issuer or selling security shareholder] has agreed to sell and the underwriter[s] [has/have] agreed to purchase on [insert closing date] the securities at a price of [insert offering price], payable in cash to [insert name of issuer or selling securityholder] against delivery. The obligations of the underwriter[s] under the agreement may be terminated at [its/their] discretion on the basis of [its/their] assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The underwriter[s] [is/are], however, obligated to take up and pay for all of the securities if any of the securities are purchased under the agreement’; and

- (b) describe any other conditions and indicate any information known that is relevant to whether such conditions will be satisfied.

“20.3 Best efforts offering

Outline briefly the plan of distribution of any securities being distributed other than on the basis described in section 20.2.

“20.4 Minimum distribution

If securities are being distributed on a best efforts basis and minimum funds are to be raised, state:

- (a) the minimum funds to be raised;
- (b) that the issuer must appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practicing member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until the minimum amount of funds stipulated in paragraph (a) has been raised; and

(c) that if the minimum amount of funds is not raised within the distribution period, the trustee must return the funds to the subscribers without any deductions.

“20.5 Determination of price

Disclose the method by which the distribution price has been or will be determined and, if estimates have been provided, explain the process of determining the estimates.

“20.6 Stabilization

If the issuer, a selling securityholder or an underwriter knows or has reason to believe that there is an intention to over-allot or that the price of any security may be stabilized to facilitate the distribution of the securities, describe the nature of these transactions, including the anticipated size of any over-allocation position, and explain how the transactions are expected to affect the price of the securities.

“20.7 Approvals

If the proceeds of the distribution will be used to substantially fund a material undertaking that would constitute a material departure from the business or operations of the issuer and the issuer has not obtained all material licences, registrations and approvals necessary for the stated principal use of proceeds, include a statement that:

(a) the issuer will appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practicing member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until all material licences, registrations and approvals necessary for the stated principal use of proceeds have been obtained; and

(b) if all material licences, registrations and approvals necessary for the operation of the material undertaking have not been obtained within 90 days from the date of receipt of the final prospectus, the trustee will return the funds to subscribers.

“20.8 Reduced price distributions

If the underwriter may decrease the offering price after the underwriter has made a reasonable effort to sell all of the securities at the initial offering price disclosed in the prospectus in accordance with the procedures permitted by the Instrument, disclose this fact and that the compensation realised by the underwriter will be decreased by the amount that the aggregate price paid by purchasers for the securities is less than the gross proceeds paid by the underwriter to the issuer or selling securityholder.

“20.9 Listing application

If application has been made to list or quote the securities being distributed, include a statement, in substantially the following form, with bracketed information completed:

‘The issuer has applied to [list/quote] the securities distributed under this prospectus on [name of exchange or other market]. [Listing/Quotation] will be subject to the issuer fulfilling all the listing requirements of [name of exchange or other market].’

“20.10 Conditional listing approval

If application has been made to list or quote the securities being distributed on an exchange or marketplace and conditional listing approval has been received, include a statement, in substantially the following form, with the bracketed information completed:

‘[name of exchange or marketplace] has conditionally approved the [listing/quotation] of these securities. [Listing/Quotation] is subject to the [name of issuer]’s fulfilling all of the requirements of the [name of exchange or marketplace] on or before [date], [including distribution of these securities to a minimum number of public securityholders]’.

“20.11 IPO venture issuers

If the issuer has complied with the requirements of the Instrument as an IPO venture issuer, include a statement, in substantially the following form, with bracketed information completed:

‘As at the date of the prospectus, [name of issuer] does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc’.

“20.12 Constraints

If there are constraints imposed on the ownership of securities of the issuer to ensure that the issuer has a required level of Canadian ownership, describe the mechanism, if any, by which the level of Canadian ownership of the securities of the issuer will be monitored and maintained.

“20.13 Special warrants acquired by underwriters or agents

Disclose the number and dollar value of any special warrants acquired by any underwriter or agent and the percentage of the distribution represented by those special warrants.

“Item 21 Risk Factors**“21.1 Risk factors**

- (1) Disclose risk factors relating to the issuer and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by the issuer, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political conditions and financial history and any other matter that would be likely to influence an investor’s decision to purchase securities of the issuer.
- (2) If there is a risk that securityholders of the issuer may become liable to make an additional contribution beyond the price of the security, disclose that risk.
- (3) Describe any risk factors material to the issuer that a reasonable investor would consider relevant to an investment in the securities being distributed and that are not otherwise described under subsection (1) or (2).

INSTRUCTIONS:

- (1) *Disclose risks in the order of seriousness from the most serious to the least serious.*
- (2) *A risk factor must not be de-emphasized by including excessive caveats or conditions.*

“Item 22 Promoters**“22.1 Promoters**

(1) For a person or company that is, or has been within the two years immediately preceding the date of the prospectus, a promoter of the issuer or subsidiary of the issuer, state:

- (a) the person or company’s name;
- (b) the number and percentage of each class of voting securities and equity securities of the issuer or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by the person or company;
- (c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the issuer or from a subsidiary of the issuer, and the nature and amount of any assets, services or other consideration received or to be received by the issuer or a subsidiary of the issuer in return; and
- (d) for an asset acquired within the two years before the date of the preliminary prospectus, or to be acquired, by the issuer or by a subsidiary of the issuer from a promoter:
 - (i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined;
 - (ii) the person or company making the determination referred to in subparagraph (i) and the person or company’s relationship with the issuer or the promoter, or an affiliate of the issuer or the promoter; and
 - (iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

(2) If a promoter referred to in subsection (1) is, as at the date of the preliminary prospectus, or was within 10 years before the date of the preliminary prospectus, a director, chief executive officer, or chief financial officer of any person or company, that:

- (a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer;

state the fact and describe the basis on which the order was made and whether the order is still in effect.

- (3) For the purposes of subsection (2), 'order' means:
- (a) a cease trade order;
 - (b) an order similar to a cease trade order; or
 - (c) an order that denied the relevant person or company access to any exemption under securities legislation;

that was in effect for a period of more than 30 consecutive days.

- (4) If a promoter referred to in subsection (1):
- (a) is, as at the date of the preliminary prospectus, or has been within the 10 years before the date of the preliminary prospectus, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or
 - (b) has, within the 10 years before the date of the preliminary prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.
- (5) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in subsection (1) has been subject to:
- (a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority; or
 - (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

- (6) Despite subsection (5), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

INSTRUCTIONS:

- (1) *The disclosure required by subsections (2), (4) and (5) also applies to any personal holding companies of any of the persons referred to in subsections (2), (4), and (5).*
- (2) *A management cease trade order which applies to a promoter referred to in subsection (1) is an 'order' for the purposes of paragraph (2)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.*

(3) *For the purposes of this section, a late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a 'penalty or sanction'.*

(4) *The disclosure in paragraph (2)(a) only applies if the promoter was a director, chief executive officer or chief financial officer when the order was issued against the person or company. The issuer does not have to provide disclosure if the promoter became a director, chief executive officer or chief financial officer after the order was issued.*

“Item 23 Legal Proceedings and Regulatory Actions

“23.1 Legal proceedings

(1) Describe any legal proceedings the issuer is or was a party to, or that any of its property is or was the subject of, since the beginning of the most recently completed financial year for which financial statements of the issuer are included in the prospectus.

(2) Describe any such legal proceedings the issuer knows to be contemplated.

(3) For each proceeding described in subsections (1) and (2), include the name of the court or agency, the date instituted, the principal parties to the proceeding, the nature of the claim, the amount claimed, if any, whether the proceeding is being contested, and the present status of the proceeding.

INSTRUCTION:

Information with respect to any proceeding that involves a claim for damages if the amount involved, exclusive of interest and costs, does not exceed 10% of the current assets of the issuer may be omitted. However, if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, include the amount involved in the other proceedings in computing the percentage.

“23.2 Regulatory actions

Describe any:

(a) penalties or sanctions imposed against the issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date of the prospectus;

(b) any other penalties or sanctions imposed by a court or regulatory body against the issuer necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed; and

(c) settlement agreements the issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of the prospectus.

“Item 24 Interests of Management and Others in Material Transactions

“24.1 Interests of management and others in material transactions

Provide information for the issuer for this section in accordance with section 13.1 of Form 51-102F2 as if the reference in that section to ‘within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect your company’ read ‘within the three years before the date of the prospectus that has materially affected or is reasonably expected to materially affect the issuer or a subsidiary of the issuer’.

“24.2 Underwriting discounts

Disclose any material underwriting discounts or commissions upon the sale of securities by the issuer if any of the persons or companies listed in section 13.1 of Form 51-102F2 were or are to be an underwriter or are associates, affiliates or partners of a person or company that was or is to be an underwriter.

“Item 25 Relationship Between Issuer or Selling Securityholder and Underwriter**“25.1 Relationship between issuer or selling securityholder and underwriter**

(1) If the issuer or selling securityholder is a connected issuer or related issuer of an underwriter of the distribution, or if the issuer or selling securityholder is also an underwriter of the distribution, comply with the requirements of NI 33-105.

(2) For the purposes of subsection (1), ‘connected issuer’ and ‘related issuer’ have the same meanings as in NI 33-105.

“Item 26 Auditors, Transfer Agents and Registrars**“26.1 Auditors**

State the name and address of the auditor of the issuer.

“26.2 Transfer agents, registrars, trustees or other agents

For each class of securities, state the name of any transfer agent, registrar, trustee, or other agent appointed by the issuer to maintain the securities register and the register of transfers for such securities and indicate the location (by municipality) of each of the offices of the issuer or transfer agent, registrar, trustee or other agent where the securities register and register of transfers are maintained or transfers of securities are recorded.

“Item 27 Material Contracts**“27.1 Material contracts**

Give particulars of any material contract:

- (a) required to be filed under section 9.3 of the Instrument; or
- (b) that would be required to be filed under section 9.3 of the Instrument but for the fact that it was previously filed.

INSTRUCTIONS:

(1) *Set out a complete list of all contracts for which particulars must be given under this section, indicating those that are disclosed elsewhere in the prospectus. Particulars need only be provided for those contracts that do not have the particulars given elsewhere in the prospectus.*

(2) *Particulars of contracts must include the dates of, parties to, consideration provided for in, and general nature and key terms of, the contracts.*

“Item 28 Experts**“28.1 Names of experts**

Name each person or company:

- (a) who is named as having prepared or certified a report, valuation, statement or opinion in the prospectus or an amendment to the prospectus; and
- (b) whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company.

“28.2 Interest of experts

For each person or company referred to in section 28.1, provide the disclosure in accordance with section 16.2 of Form 51-102F2, as of the date of the prospectus, as if that person or company were a person or company referred to in section 16.1 of Form 51-102F2.

“Item 29 Other Material Facts**“29.1 Other material facts**

Give particulars of any material facts about the securities being distributed that are not disclosed under any other Items and are necessary in order for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

“Item 30 Rights of Withdrawal and Rescission**“30.1 General**

Include a statement in substantially the following form, with the bracketed information completed:

‘Securities legislation in [certain of the provinces [and territories] of Canada/the Province of [insert name of local jurisdiction, if applicable]] provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. [In several of the provinces/provinces and territories,] [T/t]he securities legislation further provides a purchaser with remedies for rescission [or[, in some jurisdictions,] revisions of the price or damages] if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission[, revisions of the price or damages] are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province [or territory]. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province [or territory] for the particulars of these rights or consult with a legal adviser’.

“30.2 Non-fixed price offerings

In the case of a non-fixed price offering, replace, if applicable in the jurisdiction in which the prospectus is filed, the second sentence in the legend in section 30.1 with a statement in substantially the following form:

‘This right may only be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed’.

“ITEM 31 List of Exemptions from Instrument**“31.1 List of exemptions from Instrument**

List all exemptions from the provisions of the Instrument, including this Form, granted to the issuer applicable to the distribution or the prospectus, including all exemptions to be evidenced by the issuance of a receipt for the prospectus pursuant to section 19.3 of the Instrument.

“Item 32 Financial Statement Disclosure for Issuers**“32.1 Interpretation of ‘issuer’**

The financial statements of an issuer required under this Item to be included in a prospectus must include:

- (a) the financial statements of any predecessor entity that formed, or will form, the basis of the business of the issuer, even though the predecessor entity is, or may have been, a different legal entity, if the issuer has not existed for three years;
- (b) the financial statements of a business or businesses acquired by the issuer within three years before the date of the prospectus or proposed to be acquired, if a reasonable investor reading the prospectus would regard the primary business of the issuer to be the business or businesses acquired, or proposed to be acquired, by the issuer; and
- (c) the restated combined financial statements of the issuer and any other entity with which the issuer completed a transaction within three years before the date of the prospectus or proposes to complete a transaction, if the issuer accounted for or will account for the transaction as a combination in which all of the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination, and that control is not temporary.

“32.2 Annual financial statements

(1) Subject to section 32.4, include annual financial statements of the issuer consisting of:

- (a) a statement of comprehensive income, a statement of changes in equity, and a statement of cash flows for each of the three most recently completed financial years ended more than:
 - (i) 90 days before the date of the prospectus; or
 - (ii) 120 days before the date of the prospectus, if the issuer is a venture issuer;
- (b) a statement of financial position as at the end of the two most recently completed financial years described in paragraph (a);
- (c) a statement of financial position as at the beginning of the earliest comparative period for which financial statements that are included in the prospectus comply with IFRS in the case of an issuer that:
 - (i) discloses in its annual financial statements an unreserved statement of compliance with IFRS; and
 - (ii) does any of the following:
 - (A) applies an accounting policy retrospectively in its annual financial statements;
 - (B) makes a retrospective restatement of items in its annual financial statements; or
 - (C) reclassifies items in its annual financial statements;

- (d) in the case of an issuer's first IFRS financial statements, the opening IFRS statement of financial position at the date of transition to IFRS; and
- (e) notes to the annual financial statements.

(1.1) If an issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the statement of comprehensive income filed under subsection (1).

(2) If the issuer has not completed three financial years, include the financial statements described under subsection (1) for each completed financial year ended more than:

- (a) 90 days before the date of the prospectus; or
- (b) 120 days before the date of the prospectus, if the issuer is a venture issuer.

(3) If the issuer has not included in the prospectus financial statements for a completed financial year, include the financial statements described under subsection (1) or (2) for a period from the date the issuer was formed to a date not more than 90 days before the date of the prospectus.

(4) If an issuer changed its financial year end during any of the financial years referred to in this section and the transition year is less than nine months, the transition year is deemed not to be a financial year for the purposes of the requirement to provide financial statements for a specified number of financial years in this section.

(5) Despite subsection (4), all financial statements of the issuer for a transition year referred to in subsection (4) must be included in the prospectus.

(6) Subject to section 32.4, if financial statements of any predecessor entity, business or businesses acquired by the issuer, or of any other entity are required under this section, then include:

- (a) statements of comprehensive income, statements of changes in equity, and statements of cash flow for the entities or businesses for as many periods before the acquisition as may be necessary so that when these periods are added to the periods for which the issuer's statements of comprehensive income, statements of changes in equity, and statements of cash flow are included in the prospectus, the results of the entities or businesses, either separately or on a consolidated basis, total three years;

- (b) statements of financial position for the entities or businesses for as many periods before the acquisition as may be necessary so that when these periods are added to the periods for which the issuer's statements of financial position are included in the prospectus, the financial position of the entities or businesses, either separately or on a consolidated basis, total two years;

- (c) if the entities or businesses have not completed three financial years, the financial statements described under paragraphs (a) and (b) for each completed financial year of the entities or businesses for which the issuer's financial statements in the prospectus do not include the financial statements of the entities or businesses, either separately or on a consolidated basis, and ended more than:

- (i) 90 days before the date of the prospectus; or
- (ii) 120 days before the date of the prospectus, if the issuer is a venture issuer;

- (d) if an entity's or business's first IFRS financial statements are included under paragraphs (a), (b) or (c), the opening IFRS statement of financial position at the date of transition to IFRS; and
- (e) a statement of financial position as at the beginning of the earliest comparative period for which financial statements that are included in the prospectus comply with IFRS in the case of an issuer that:
 - (i) discloses in its annual financial statements an unreserved statement of compliance with IFRS; and
 - (ii) does any of the following:
 - (A) applies an accounting policy retrospectively in its financial statements;
 - (B) makes a retrospective restatement of items in its financial statements; or
 - (C) reclassifies items in its financial statements.

“32.3 Interim financial report

- (1) Include a comparative interim financial report of the issuer for the most recent interim period, if any, ended:
 - (a) subsequent to the most recent financial year in respect of which annual financial statements of the issuer are included in the prospectus; and
 - (b) more than:
 - (i) 45 days before the date of the prospectus; or
 - (ii) 60 days before the date of the prospectus if the issuer is a venture issuer.
- (2) The interim financial report referred to in subsection (1) must include:
 - (a) a statement of financial position as at the end of the interim period and a statement of financial position as at the end of the immediately preceding financial year, if any;
 - (b) a statement of comprehensive income, a statement of changes in equity, and a statement of cash flows, all for the year-to-date interim period, and comparative financial information for the corresponding interim period in the immediately preceding financial year, if any;
 - (c) for interim periods other than the first interim period in an issuer's financial year, a statement of comprehensive income for the three month period ending on the last day of the interim period and comparative financial information for the corresponding period in the immediately preceding financial year, if any;
 - (d) a statement of financial position as at the beginning of the earliest comparative period for which financial statements that are included in the prospectus comply with IFRS in the case of an issuer that:
 - (i) discloses in its interim financial report an unreserved statement of compliance with International Accounting Standard 34 Interim Financial Reporting; and

- (ii) does any of the following:
 - (A) applies an accounting policy retrospectively in its interim financial report;
 - (B) makes a retrospective restatement of items in its interim financial report; or
 - (C) reclassifies items in its interim financial report;
- (e) in the case of the first interim financial report required to be filed in the year of adopting IFRS, the opening IFRS statement of financial position at the date of transition to IFRS; and
- (f) notes to the interim financial report.
- (3) If an issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the statement of comprehensive income filed under subsection (2).
- (4) If the issuer is required to include under subsection 32.3(1), a comparative interim financial report of the issuer for the second or third interim period in the year of adopting IFRS, include:
 - (a) the issuer's first interim financial report in the year of adopting IFRS; or
 - (b) both:
 - (i) the opening IFRS statement of financial position at the date of transition to IFRS; and
 - (ii) the annual and date of transition to IFRS reconciliations required by IFRS 1 First-time Adoption of International Financial Reporting Standards to explain how the transition from previous GAAP to IFRS affected the issuer's reported financial position, financial performance and cash flows.
- (5) Subsection (4) does not apply to an issuer that was a reporting issuer in at least one jurisdiction immediately before filing the prospectus.

“32.4 Exceptions to financial statement requirements

Despite section 32.2, an issuer is not required to include the following financial statements in a prospectus:

- (a) the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the third most recently completed financial year, if the issuer is a reporting issuer in at least one jurisdiction immediately before filing the prospectus;
- (b) the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the third most recently completed financial year, and the financial statements for the second most recently completed financial year, if:
 - (i) the issuer is a reporting issuer in at least one jurisdiction immediately before filing the prospectus; and
 - (ii) the issuer includes financial statements for a financial year ended less than:
 - (A) 90 days before the date of the prospectus; or
 - (B) 120 days before the date of the prospectus, if the issuer is a venture issuer;

- (c) the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the third most recently completed financial year, and the statement of financial position for the second most recently completed financial year, if the issuer includes financial statements for a financial year ended less than 90 days before the date of the prospectus;
- (d) the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the third most recently completed financial year, and the financial statements for the second most recently completed financial year, if:
 - (i) the issuer is a reporting issuer in at least one jurisdiction immediately before filing the prospectus;
 - (ii) the issuer includes audited financial statements for a period of at least nine months commencing the day after the most recently completed financial year for which financial statements are required under section 32.2;
 - (iii) the business of the issuer is not seasonal; and
 - (iv) none of the financial statements required under section 32.2 are for a financial year that is less than nine months;
- (e) the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the third most recently completed financial year, and the statement of financial position for the second most recently completed financial year, if:
 - (i) the issuer includes audited financial statements for a period of at least nine months commencing the day after the most recently completed financial year for which financial statements are required under section 32.2;
 - (ii) the business of the issuer is not seasonal; and
 - (iii) none of the financial statements required under section 32.2 are for a financial year that is less than nine months; or
- (f) the separate financial statements of the issuer and the other entity for periods prior to the date of the transaction, if the restated combined financial statements of the issuer and the other entity are included in the prospectus under paragraph 32.1(c).

“32.5 Exceptions to audit requirement

The audit requirement in section 4.2 of the Instrument does not apply to the following financial statements:

- (a) any financial statements for the second and third most recently completed financial years required under section 32.2, if:
 - (i) those financial statements were previously included in a final prospectus without an auditor’s report pursuant to an exemption under applicable securities legislation; and
 - (ii) an auditor has not issued an auditor’s report on those financial statements;

(b) any financial statements for the second and third most recently completed financial years required under section 32.2, if:

- (i) the issuer is a junior issuer; and
 - (ii) the financial statements for the most recently completed financial year required under section 32.2 is not less than 12 months in length;
- or

(c) any interim financial report required under section 32.3.

“32.6 Additional financial statements or financial information filed or released

(1) If the issuer files financial statements for a more recent period than required under section 32.2 or 32.3 before the prospectus is filed, the issuer must include in the prospectus those more recent financial statements.

(2) If historical financial information about the issuer is publicly disseminated by, or on behalf of, the issuer through news release or otherwise for a more recent period than required under section 32.2, the issuer must include the content of the news release or public communication in the prospectus.

“Item 33 Credit Supporter Disclosure, Including Financial Statements

“33.1 Credit supporter disclosure, including financial statements

If a credit supporter has provided a guarantee or alternative credit support for all or substantially all of the payments to be made under the securities being distributed, include statements by the credit supporter providing disclosure about the credit supporter that would be required under Items 4, 5, 8, 9, 16, 21, 23, 25, 26, and 32 if the credit supporter were the issuer of the securities to be distributed and such other information about the credit supporter as is necessary to provide full, true and plain disclosure of all material facts relating to the securities to be distributed.

“Item 34 Exemptions for Certain Issues of Guaranteed Securities

“34.1 Definitions and interpretation

(1) In this Item:

(a) the impact of subsidiaries, on a combined basis, on the financial statements of the parent entity is ‘minor’ if each item of the summary financial information of the subsidiaries, on a combined basis, represents less than three percent of the total consolidated amounts;

(b) a parent entity has ‘limited independent operations’ if each item of its summary financial information represents less than three percent of the total consolidated amounts;

(c) a subsidiary is a ‘finance subsidiary’ if it has minimal assets, operations, revenue or cash flows other than those related to the issuance, administration and repayment of the security being distributed and any other securities guaranteed by its parent entity;

(d) ‘parent credit supporter’ means a credit supporter of which the issuer is a subsidiary;

(e) ‘parent entity’ means a parent credit supporter for the purposes of sections 34.2 and 34.3 and an issuer for the purpose of section 34.4;

- (f) 'subsidiary credit supporter' means a credit supporter that is a subsidiary of the parent credit supporter; and
- (g) 'summary financial information' includes the following line items:
 - (i) revenue;
 - (ii) profit or loss from continuing operations attributable to owners of the parent;
 - (iii) profit or loss attributable to owners of the parent; and
 - (iv) unless the accounting principles used to prepare the financial statements of the entity permits the preparation of the entity's statement of financial position without classifying assets and liabilities between current and non-current and the entity provides alternative meaningful financial information which is more appropriate to the industry:
 - (A) current assets;
 - (B) non-current assets;
 - (C) current liabilities; and
 - (D) non-current liabilities.

INSTRUCTION:

See section 1.1 of the Instrument for the definitions of 'profit or loss attributable to owners of the parent' and 'profit or loss from continuing operations attributable to owners of the parent'.

- (2) For the purposes of this Item, consolidating summary financial information must be prepared on the following basis:
 - (a) an entity's annual or interim summary financial information must be derived from the entity's financial information underlying the corresponding consolidated financial statements of the parent entity included in the prospectus;
 - (b) the parent entity column must account for investments in all subsidiaries under the equity method; and
 - (c) all subsidiary entity columns must account for investments in non-credit supporter subsidiaries under the equity method.

"34.2 Issuer is wholly-owned subsidiary of parent credit supporter

An issuer is not required to include the issuer disclosure required by Items 4, 5, 8, 9, 21, 23, 25, 26, and 32, if:

- (a) a parent credit supporter has provided full and unconditional credit support for the securities being distributed;
- (b) the securities being distributed are non-convertible debt securities, non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible, in each case, into non-convertible securities of the parent credit supporter;

- (c) the parent credit supporter is the beneficial owner of all the issued and outstanding voting securities of the issuer;
- (d) no other subsidiary of the parent credit supporter has provided a guarantee or alternative credit support for all or substantially all of the payments to be made under the securities being distributed; and
- (e) the issuer includes in the prospectus:
 - (i) a statement that the financial results of the issuer are included in the consolidated financial results of the parent credit supporter, if:
 - (A) the issuer is a finance subsidiary; and
 - (B) the impact of any subsidiaries of the parent credit supporter on a combined basis, excluding the issuer, on the consolidated financial statements of the parent credit supporter is minor; or
 - (ii) for the periods covered by the parent credit supporter's consolidated interim financial report and consolidated annual financial statements included in the prospectus under Item 33, consolidating summary financial information for the parent credit supporter presented with a separate column for each of the following:
 - (A) the parent credit supporter;
 - (B) the issuer;
 - (C) any other subsidiaries of the parent credit supporter on a combined basis;
 - (D) consolidating adjustments;
 - (E) the total consolidated amounts.

“34.3 Issuer is wholly-owned subsidiary of, and one or more subsidiary credit supporters controlled by, parent credit supporter

- (1) An issuer is not required to include the issuer disclosure required by Items 4, 5, 8, 9, 21, 23, 25, 26, and 32, or the credit supporter disclosure of one or more subsidiary credit supporters required by Item 33, if:
- (a) a parent credit supporter and one or more subsidiary credit supporters have each provided full and unconditional credit support for the securities being distributed;
 - (b) the guarantees or alternative credit supports are joint and several;
 - (c) the securities being distributed are non-convertible debt securities, non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible, in each case, into non-convertible securities of the parent credit supporter;
 - (d) the parent credit supporter is the beneficial owner of all the issued and outstanding voting securities of the issuer;
 - (e) the parent credit supporter controls each subsidiary credit supporter and the parent credit support has consolidated the financial statements of each subsidiary credit supporter into the parent credit supporter's financial statements that are included in the prospectus; and

(f) the issuer includes in the prospectus, for the periods covered by the parent credit supporter's financial statements included in the prospectus under Item 33, consolidating summary financial information for the parent credit supporter presented with a separate column for each of the following:

- (i) the parent credit supporter;
- (ii) the issuer;
- (iii) each subsidiary credit supporter on a combined basis;
- (iv) any other subsidiaries of the parent credit supporter on a combined basis;
- (v) consolidating adjustments;
- (vi) the total consolidated amounts.

(2) Despite paragraph (1)(f), the information set out in a column in accordance with:

(a) subparagraph (1)(f)(iv) may be combined with the information set out in accordance with any of the other columns in paragraph (1)(f) if the impact of any subsidiaries of the parent credit supporter on a combined basis, excluding the issuer and all subsidiary credit supporters, on the consolidated financial statements of the parent credit supporter is minor; and

(b) subparagraph (1)(f)(ii), may be combined with the information set out in accordance with any of the other columns in paragraph (1)(f) if the issuer is a finance subsidiary.

“34.4 One or more credit supporters controlled by issuer

An issuer is not required to include the credit supporter disclosure for one or more credit supporters required by Item 33, if:

(a) one or more credit supporters have each provided full and unconditional credit support for the securities being distributed;

(b) there is more than one credit supporter, the guarantee or alternative credit supports are joint and several;

(c) the securities being distributed are non-convertible debt securities, non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible, in each case, into non-convertible securities of the issuer;

(d) the issuer controls each credit supporter and the issuer has consolidated the financial statements of each credit supporter into the issuer's financial statements that are included in the prospectus; and

(e) the issuer includes in the prospectus:

(i) a statement that the financial results of the credit supporter(s) are included in the consolidated financial results of the issuer, if:

(A) the issuer has limited independent operations; and

(B) the impact of any subsidiaries of the issuer on a combined basis, excluding the credit supporter(s) but including any subsidiaries of the credit supporter(s) that are not themselves credit supporters, on the consolidated financial statements of the issuer is minor; or

(ii) for the periods covered by the issuer's financial statements included in the prospectus under Item 32, consolidating summary financial information for the issuer, presented with a separate column for each of the following:

- (A) the issuer;
- (B) the credit supporters on a combined basis;
- (C) any other subsidiaries of the issuer on a combined basis;
- (D) consolidating adjustments;
- (E) the total consolidated amounts.

“Item 35 Significant Acquisitions

“35.1 Application and definitions

(1) This Item does not apply to a completed or proposed transaction by the issuer that was or will be a reverse takeover or a transaction that is a proposed reverse takeover that has progressed to a state where a reasonable person would believe that the likelihood of the reverse takeover being completed is high.

(2) The requirements in sections 35.5 and 35.6 are not applicable to an initial distribution by prospectus by a Capital Pool Company, as that term is defined in TSX Venture Exchange Policy 2.4 entitled Capital Pool Companies, as amended from time to time.

(3) The audit requirement in section 4.2 of the Instrument does not apply to any financial statements or other information included in the prospectus under this Item, other than the financial statements or other information for the most recently completed financial year of a business or related businesses acquired, or proposed to be acquired, by the issuer.

(4) In this Item, ‘significant acquisition’ means an acquisition of a business or related businesses that:

(a) if the issuer was a reporting issuer in at least one jurisdiction on the acquisition date, is determined to be a significant acquisition under section 8.3 of NI 51-102; or

(b) if the issuer was not a reporting issuer in any jurisdiction on the acquisition date, would be determined to be a significant acquisition under section 8.3 of NI 51-102, as if:

- (i) the issuer was a reporting issuer on the acquisition date;
- (ii) the references to a ‘venture issuer’ were read as an ‘IPO venture issuer’ if the issuer is an IPO venture issuer;

(iii) for the purposes of the optional tests, the issuer used its financial statements for the most recently completed interim period or financial year that is included in the prospectus;

(iv) for the purposes of the optional profit or loss test, the most recently completed financial year of the business or related businesses were the financial year of the business ended before the date of the prospectus, and the 12 months ended on the last day of the most recently completed interim period of the business or related businesses were the 12 months ended on the last day of the most recently completed interim period before the date of the prospectus;

- (v) subsection 8.3(11.1) of NI 51-102 did not apply;
- (vi) references to 'audited annual statements filed' meant 'audited annual financial statements included in the long form prospectus'; and
- (vii) in subsection 8.3(15) of NI 51-102, the reference to 'been required to file, and has not filed,' meant 'been required to include, and has not included, in the long form prospectus'.

“35.2 Completed acquisitions for which issuer has filed business acquisition report

If an issuer completed an acquisition of a business or related businesses since the beginning of its most recently completed financial year for which financial statements are included in the prospectus, and it has filed a business acquisition report under Part 8 of NI 51-102 for the acquisition, include all of the disclosure included in, or incorporated by reference into, that business acquisition report.

“35.3 Completed acquisitions for which issuer has not filed business acquisition report because issuer was not reporting issuer on acquisition date

- (1) An issuer must include the disclosure required under subsection (2), if:
 - (a) the issuer completed an acquisition of a business or related businesses since the beginning of the issuer's most recently completed financial year for which financial statements of the issuer are included in the prospectus;
 - (b) the issuer was not a reporting issuer in any jurisdiction on the acquisition date;
 - (c) the acquisition is a significant acquisition; and
 - (d) the acquisition was completed more than:
 - (i) 90 days before the date of the prospectus, if the financial year of the acquired business ended 45 days or less before the acquisition; or
 - (ii) 75 days before the date of the prospectus.
- (2) For an acquisition to which subsection (1) applies, include all the disclosure that would be required to be included in, or incorporated by reference into, a business acquisition report filed under Part 8 of NI 51-102, as if:
 - (a) the issuer was a reporting issuer in at least one jurisdiction on the acquisition date;
 - (b) the business acquisition report was filed as at the date of the prospectus;
 - (c) the issuer was a venture issuer at the acquisition date, if the issuer is an IPO venture issuer;
 - (d) subsections 8.4(4) and 8.4(6) of NI 51-102 did not apply; and
 - (e) references to financial statements filed or required to be filed meant financial statements included in the prospectus.

“35.4 Financial performance consolidated in financial statements of issuer

Despite section 35.2 and subsection 35.3(1), an issuer may omit the financial statements or other information of a business required to be included in the prospectus, if at least nine months of the acquired business or related businesses financial performance have been reflected in the issuer’s most recent audited financial statements included in the prospectus.

“35.5 Recently completed acquisitions

(1) Include the information required under subsection (2) for any significant acquisition completed by the issuer:

- (a) since the beginning of the issuer’s most recently completed financial year for which financial statements of the issuer are included in the prospectus; and
- (b) for which the issuer has not included any disclosure under section 35.2 or subsection 35.3(2).

(2) For a significant acquisition to which subsection (1) applies, include the following:

- (a) the information required by sections 2.1 through 2.6 of Form 51-102F4; and
- (b) the financial statements of or other information about the acquisition under subsection (3) for the acquired business or related businesses, if:
 - (i) the issuer was not a reporting issuer in any jurisdiction immediately before filing the prospectus; or
 - (ii) the issuer was a reporting issuer in at least one jurisdiction immediately before filing the prospectus, and the inclusion of the financial statements or other information is necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

(3) The requirement to include financial statements or other information under paragraph (2)(b) must be satisfied by including:

- (a) if the issuer was a reporting issuer in at least one jurisdiction on the acquisition date, the financial statements or other information that will be required to be included in, or incorporated by reference into, a business acquisition report filed under Part 8 of NI 51-102;
- (b) if the issuer was not a reporting issuer in any jurisdiction on the acquisition date, the financial statements or other information that would be required by subsection 35.3(2); or
- (c) satisfactory alternative financial statements or other information.

“35.6 Probable acquisitions

(1) Include the information required under subsection (2) for any proposed acquisition of a business or related businesses by an issuer that has progressed to a state where a reasonable person would believe that the likelihood of the issuer completing the acquisition is high, and that, if completed by the issuer at the date of the prospectus, would be a significant acquisition.

(2) For a proposed acquisition of a business or related businesses by the issuer that has progressed to a state where a reasonable person would believe that the likelihood of the issuer completing the acquisition is high and to which subsection (1) applies, include:

(a) the information required by sections 2.1 through 2.6 of Form 51-102F4, modified as necessary to convey that the acquisition has not been completed; and

(b) the financial statements or other information of the probable acquisition under subsection (3) for the acquired business or related businesses, if:

(i) the issuer was not a reporting issuer in any jurisdiction immediately before filing the prospectus; or

(ii) the issuer was a reporting issuer in at least one jurisdiction immediately before filing the prospectus, and the inclusion of the financial statements or other information is necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

(3) For a proposed acquisition of a business or related businesses by the issuer that has progressed to a state where a reasonable person would believe that the likelihood of the issuer completing the acquisition is high and to which subsection (2) applies, the requirement to include financial statements or other information under subsection (2)(b) must be satisfied by including:

(a) if the issuer was a reporting issuer in at least one jurisdiction immediately before filing the prospectus, the financial statements or other information that would be required to be included in, or incorporated by reference into, a business acquisition report filed under Part 8 of NI 51-102, as if the acquisition date were the date of the prospectus;

(b) if the issuer was not a reporting issuer in any jurisdiction immediately before filing the prospectus, the financial statements or other information that would be required to be included by subsection 35.3(2), as if the acquisition had been completed before the filing of the prospectus and the acquisition date were the date of the prospectus; or

(c) satisfactory alternative financial statements or other information.

“35.7 Pro forma financial statements for multiple acquisitions

Despite sections 35.2, 35.3, 35.5 and 35.6, an issuer is not required to include in its prospectus the pro forma financial statements otherwise required for each acquisition, if the issuer includes in its prospectus one set of pro forma financial statements that:

(a) reflects the results of each acquisition since the beginning of the issuer's most recently completed financial year for which financial statements of the issuer are included in the prospectus;

(b) is prepared as if each acquisition had occurred at the beginning of the most recently completed financial year of the issuer for which financial statements of the issuer are included in the prospectus; and

- (c) is prepared in accordance with:
 - (i) if no disclosure is otherwise required for a probable acquisition under section 35.6, the section in this Item that applies to the most recently completed acquisition; or
 - (ii) section 35.6.

“35.8 Additional financial statements or financial information of business filed or released

(1) An issuer must include in its prospectus annual financial statements and an interim financial report of a business or related businesses for a financial period that ended before the acquisition date and is more recent than the periods for which financial statements are required under section 35.5 or 35.6 if, before the prospectus is filed, the financial statements of the business for the more recent period have been filed.

(2) If, before the prospectus is filed, historical financial information of a business or related businesses for a period more recent than the period for which financial statements are required under section 35.5 or 35.6, is publicly disseminated by news release or otherwise by or on behalf of the issuer, the issuer shall include in the prospectus the content of the news release or public communication.

“Item 36 Probable Reverse Takeovers

“36.1 Probable reverse takeovers

If the issuer is involved in a proposed reverse takeover that has progressed to a state where a reasonable person would believe that the likelihood of the reverse takeover being completed is high, include statements by the reverse takeover acquirer providing disclosure about the reverse takeover acquirer that would be required under this Form, as applicable, if the reverse takeover acquirer were the issuer of the securities to be distributed, and such other information about the reverse takeover acquirer as is necessary to provide full, true and plain disclosure of all material facts relating to the securities to be distributed, including the disclosure required by Items 4, 5, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 21, 22, 23, 24, 25, 27, 28, and 32.

“Item 37 Certificates

“37.1 Certificates

Include the certificates required by Part 5 of the Instrument or by securities legislation.

“37.2 Issuer certificate form

An issuer certificate form must state:

‘This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert the jurisdictions in which qualified]’.

“37.3 Underwriter certificate form

An underwriter certificate form must state:

‘To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert the jurisdictions in which qualified]’.

“37.4 Amendments

- (1) For an amendment to a prospectus that does not restate the prospectus, change ‘prospectus’ to ‘prospectus dated [insert date] as amended by this amendment’ wherever it appears in the statements in sections 37.2 and 37.3.
- (2) For an amended and restated prospectus, change ‘prospectus’ to ‘amended and restated prospectus’ wherever it appears in the statements in sections 37.2 and 37.3.

“37.5 Non-offering prospectuses

For a non-offering prospectus, change ‘securities offered by this prospectus’ to ‘securities previously issued by the issuer’ wherever it appears in the statements in sections 37.2 and 37.3.

“Item 38 Transition**“38.1 Interim financial report**

- (1) Despite subsection 32.3(1), an issuer may include a comparative interim financial report of the issuer for the most recent interim period, if any, ended:
 - (a) subsequent to the most recent financial year in respect of which annual financial statements of the issuer are included in the prospectus; and
 - (b) more than:
 - (i) 75 days before the date of the prospectus; or
 - (ii) 90 days before the date of the prospectus if the issuer is a venture issuer.
- (2) Subsection (1) does not apply unless:
 - (a) the comparative interim financial report is the first interim financial report required to be filed in the year of adopting IFRS in respect of an interim period beginning on or after January 1, 2011;
 - (b) the issuer:
 - (i) is disclosing, for the first time, a statement of compliance with International Accounting Standard 34 Interim Financial Reporting; and
 - (ii) did not previously file financial statements that disclosed compliance with IFRS;
 - (c) the issuer is a reporting issuer in any jurisdiction immediately before the date of the final long form prospectus; and
 - (d) the final long form prospectus is filed before July 5, 2012.

“38.2 Asset-backed securities

- (1) Despite subsection 10.3(5), all financial disclosure that describes the underlying pool of financial assets of the issuer for a transition year must be included in the prospectus for the most recent interim period, if any, ended:
 - (a) subsequent to the most recent financial year referred to in paragraphs 10.3(3)(a) and 10.3(3)(b) in respect of which financial disclosure on the underlying pool of financial assets is included in the prospectus; and
 - (b) more than:
 - (i) 75 days before the date of the prospectus; or
 - (ii) 90 days before the date of the prospectus if the issuer is a venture issuer.
- (2) Subsection (1) does not apply unless:
 - (a) the financial disclosure in respect of the interim period is the first interim financial report required to be filed in the year of adopting IFRS in respect of an interim period beginning on or after January 1, 2011;
 - (b) the issuer:
 - (i) is disclosing, for the first time, a statement of compliance with International Accounting Standard 34 Interim Financial Reporting; and
 - (ii) did not previously file financial statements that disclosed compliance with IFRS;
 - (c) the issuer is a reporting issuer in any jurisdiction immediately before the date of the final long form prospectus; and
 - (d) the final long form prospectus is filed before July 5, 2012.

“FORM 41-101F2**INFORMATION REQUIRED IN AN INVESTMENT FUND PROSPECTUS****“GENERAL INSTRUCTIONS**

- (1) *The objective of the prospectus is to provide information concerning the investment fund that an investor needs in order to make an informed investment decision. This Form sets out specific disclosure requirements that are in addition to the general requirement under securities legislation to provide full, true and plain disclosure of all material facts relating to the securities to be distributed. This Form does not prohibit including information beyond what the Form requires. Further, certain rules of specific application impose prospectus disclosure obligations in addition to those described in this Form.*
- (2) *Terms used and not defined in this Form that are defined or interpreted in the Instrument must bear that definition or interpretation. Other definitions are set out in NI 14-101 Definitions.*
- (3) *In determining the degree of detail required, a standard of materiality must be applied. Materiality is a matter of judgment in the particular circumstance, and is determined in relation to an item’s significance to investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the investment fund’s securities. In determining whether information is material, take into account both*

quantitative and qualitative factors. The potential significance of items must be considered individually rather than on a net basis, if the items have an offsetting effect. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

(4) Unless an item specifically requires disclosure only in the preliminary prospectus, the disclosure requirements set out in this Form apply to both the preliminary prospectus and the prospectus. Details concerning the price and other matters dependent upon or relating to price, such as the number of securities being distributed, may be left out of the preliminary prospectus, along with specifics concerning the plan of distribution, to the extent that these matters have not been decided.

(5) The disclosure must be understandable to readers and presented in an easy-to-read format. The presentation of information should comply with the plain language principles listed in section 4.1 of Companion Policy 41-101CP General Prospectus Requirements. If technical terms are required, clear and concise explanations should be included.

(6) No reference need be made to inapplicable items and, unless otherwise required in this Form, negative answers to items may be omitted.

(7) The disclosure required in this Form must be presented in the order and using the headings specified in the Form. However, scholarship plans may make modifications to the disclosure items in order to reflect the special nature of their investment structure and distribution mechanism.

(8) Where the term 'investment fund' is used, it may be necessary, in order to meet the requirement for full, true and plain disclosure of all material facts, to also include disclosure with respect to the investment fund's subsidiaries and investees. If it is more likely than not that a person or company will become a subsidiary or investee, it may be necessary to also include disclosure with respect to the person or company. For this purpose, subsidiaries and investees include entities that are consolidated, proportionately consolidated, or accounted for using the equity method.

(9) If disclosure is required as of a specific date and there has been a material change or change that is otherwise significant in the required information subsequent to that date, present the information as of the date of the change or a date subsequent to the change instead.

(10) If the term 'class' is used in any item to describe securities, the term includes a series.

(11) Where performance data is presented in the prospectus, annual compound returns must be presented for standard applicable performance periods of 1, 3, 5 and 10 year periods and the period since inception unless otherwise specified by the requirements of this Form. Performance data for periods of less than one year must not be presented. Hypothetical or back-tested performance data must not be presented.

(12) An investment fund that has more than one class or series that are referable to the same portfolio may treat each class or series as a separate investment fund for the purposes of this Form, or may combine disclosure of one or more of the classes or series in one prospectus. If disclosure pertaining to more than one class or series is combined in one prospectus, separate disclosure in response to each item in this Form must be provided for each class or series unless the responses would be identical for each class or series.

(13) A section, part, class or series of a class of securities of an investment fund that is referable to a separate portfolio is considered to be a separate investment fund for the purposes of this Form. An investment fund that has more than one class or series of securities referable to separate portfolios may combine disclosure of one or more of the classes or series in one prospectus if each class or series is managed by the same manager. If disclosure pertaining to more than one class or series is combined in one prospectus, separate disclosure in response to each item in this Form must be provided for each class or series unless the responses would be identical for each class or series.

“PROSPECTUS FORM

“Item 1 Cover Page Disclosure

“1.1 Preliminary Prospectus Disclosure

Every preliminary prospectus must have printed in red ink and in italics at the top of the cover page immediately above the disclosure required in section 1.2 the following, with the bracketed information completed:

‘A copy of this preliminary prospectus has been filed with the securities regulatory authority(ies) in [each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authority(ies)’.

INSTRUCTION:

Investment funds must complete the bracketed information by:

- (a) inserting the names of each jurisdiction in which the investment fund intends to offer securities under the prospectus;*
- (b) stating that the filing has been made in each of the provinces of Canada or each of the provinces and territories of Canada; or*
- (c) identifying the filing jurisdictions by exception (i.e., every province of Canada or every province and territory of Canada, except [excluded jurisdictions]).*

“1.2 Required Statement

State in italics at the top of the cover page the following:

‘No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise’.

“1.3 Basic Disclosure about the Distribution

(1) State the following immediately below the disclosure required under sections 1.1 and 1.2 with the bracketed information completed:

[PRELIMINARY OR PRO FORMA] PROSPECTUS
[INITIAL PUBLIC OFFERING OR NEW ISSUE AND/OR
SECONDARY OFFERING OR CONTINUOUS OFFERING]

[Date]

[Name of investment fund]

[number and type of securities qualified for distribution under the prospectus, including any options or warrants, and the price per security]

[type of fund - state the following: This investment fund is a [labour sponsored or venture capital fund, commodity pool, non-redeemable investment fund, scholarship plan or exchange-traded mutual fund, or, if the issuer is another type of investment fund, state the type of fund].

If securities of the investment fund are intended to be listed or quoted on an exchange or marketplace and conditional listing approval has been received, state the following: '[Name of exchange or marketplace] has conditionally approved the [listing/quotation] of the [type of securities qualified for distribution under the prospectus and to be listed/quoted], subject to the [name of investment fund] fulfilling all of the requirements of the [name of exchange or marketplace] on or before [date]'].

(2) Briefly describe the investment objectives of the investment fund and provide a cross-reference to sections in the prospectus where information about the investment objectives is provided.

(3) State the name of the manager and portfolio adviser of the investment fund and provide a cross-reference to sections in the prospectus where information about the manager and portfolio adviser is provided.

“1.4 Distribution

(1) Subsections (2) - (8) do not apply to an investment fund in continuous distribution.

(2) If the securities are being distributed for cash, provide the information called for below, in substantially the following tabular form or in a note to the table:

	Price to public (a)	Underwriting discounts or commission (b)	Proceeds to issuer or selling securityholders (c)
Per Security			
Total			

(3) If there is an over-allotment option or an option to increase the size of the distribution before closing:

(a) disclose that a purchaser who acquires securities forming part of the underwriters' over-allocation position acquires those securities under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases; and

(b) describe the terms of the option.

(4) If the distribution of the securities is to be on a best efforts basis, provide totals for both the minimum and maximum offering amount, if applicable.

(5) If debt securities are being distributed at a premium or a discount, state in boldface type the effective yield if held to maturity.

(6) Disclose separately those securities that are underwritten, those under option and those to be sold on a best efforts basis, and, in the case of a best efforts distribution, the latest date that the distribution is to remain open.

(7) In column (b) of the table, disclose only commissions paid or payable in cash by the investment fund or selling securityholder and discounts granted. Set out in a note to the table:

(a) commissions or other consideration paid or payable by persons or companies other than the investment fund or selling securityholder;

(b) consideration other than discounts granted and cash paid or payable by the investment fund or selling securityholder, including warrants and options; and

(c) any finder's fees or similar required payment.

(8) If a security is being distributed for the account of a selling securityholder, state the name of the securityholder and a cross-reference to the applicable section in the prospectus where further information about the selling securityholder is provided. State the portion of the expenses of the distribution to be borne by the selling securityholder and, if none of the expenses of the distribution are being borne by the selling securityholder, include a statement to that effect and discuss the reason why this is the case.

(9) If a minimum subscription amount is required from each subscriber, provide details of the minimum subscription requirements.

INSTRUCTIONS:

(1) *Estimate amounts, if necessary. For non-fixed price distributions that are being made on a best efforts basis, disclosure of the information called for by the table may be set forth as a percentage or a range of percentages and need not be set forth in tabular form.*

(2) *If debt securities are being distributed, also express the information in the table as a percentage.*

“1.5 Offering Price in Currency Other than Canadian Dollar

If the offering price of the securities being distributed is disclosed in a currency other than the Canadian dollar, disclose in boldface type the reporting currency.

“1.6 Non-fixed Price Distributions

If the securities are being distributed at non-fixed prices, disclose:

(a) the discount allowed or commission payable to the underwriter;

(b) any other compensation payable to the underwriter and, if applicable, that the underwriter's compensation will be increased or decreased by the amount by which the aggregate price paid for the securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriter to the investment fund or selling securityholder;

(c) that the securities to be distributed under the prospectus will be distributed, as applicable, at:

(i) prices determined by reference to the prevailing price of a specified security in a specified market;

(ii) market prices prevailing at the time of sale;

- (iii) prices to be negotiated with purchasers; or
- (iv) the net asset value of a security;
- (d) that prices may vary from purchaser to purchaser and during the period of distribution;
- (e) if the price of the securities is to be determined by reference to the prevailing price of a specified security in a specified market, the price of the specified security in the specified market at the latest practicable date;
- (f) if the price of the securities will be the market price prevailing at the time of the sale, the market price at the latest practicable date; and
- (g) the net proceeds or, if the distribution is to be made on a best efforts basis, the minimum amount of net proceeds, if any, to be received by the investment fund or selling securityholder.

“1.7 Pricing Disclosure

If the offering price or the number of securities being distributed, or an estimate of the range of the offering price or the number of securities being distributed, has been publicly disclosed in a jurisdiction or a foreign jurisdiction as of the date of the preliminary prospectus, include this information in the preliminary prospectus.

“1.8 Reduced Price Distributions

If an underwriter wishes to be able to decrease the price at which securities are distributed for cash from the initial offering price fixed in the prospectus, include in boldface type a cross-reference to the section in the prospectus where disclosure concerning the possible price decrease is provided.

“1.9 Market for Securities

- (1) Identify the exchange(s) and quotation system(s), if any, on which securities of the investment fund of the same class as the securities being distributed are traded or quoted and the market price of those securities as of the latest practicable date.
- (2) Disclose any intention to stabilize the market. Provide a cross-reference to the section in the prospectus where further information about market stabilization is provided.
- (3) If no market for the securities being distributed under the prospectus exists or is expected to exist upon completion of the distribution, state the following in boldface type:

“There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors”.
- (4) Subsection (3) does not apply to an investment fund in continuous distribution.

“1.10 Risk Factors

Include a cross-reference to sections in the prospectus where information about the risks of an investment in the securities being distributed is provided. State any significant risks including leverage.

“1.11 Underwriter(s)

- (1) State the name of each underwriter.
- (2) If applicable, comply with the requirements of NI 33-105 Underwriting Conflicts for front page prospectus disclosure.
- (3) Other than a labour sponsored or venture capital fund, commodity pool or scholarship plan, if there is no underwriter involved in the distribution, provide a statement in boldface type to the effect that no underwriter has been involved in the preparation of the prospectus or performed any review or independent due diligence of the contents of the prospectus.

“1.12 Commodity Pool

- (1) For a commodity pool, state in substantially the following words:

‘You should carefully consider whether your financial condition permits you to participate in this investment. The securities of this commodity pool are highly speculative and involve a high degree of risk. You may lose a substantial portion or even all of the money you place in the commodity pool.

‘The risk of loss in trading [nature of instruments to be traded by the commodity pool] can be substantial. In considering whether to participate in the [commodity pool], you should be aware that trading [nature of instruments] can quickly lead to large losses as well as gains. Such trading losses can sharply reduce the net asset value of the [commodity pool] and consequently the value of your interest in the [commodity pool]. Also, market conditions may make it difficult or impossible for the [commodity pool] to liquidate a position.

‘The [commodity pool] is subject to certain conflicts of interest. The [commodity pool] will be subject to the charges payable by it as described in this prospectus that must be offset by revenues and trading gains before an investor is entitled to a return on his or her investment. It may be necessary for the [commodity pool] to make substantial trading profits to avoid depletion or exhaustion of its assets before an investor is entitled to a return on his or her investment’.

- (2) For the initial prospectus, state in substantially the following words:

‘The [commodity pool] is newly organized. The success of the [commodity pool] will depend upon a number of conditions that are beyond the control of the [commodity pool]. There is substantial risk that the goals of the [commodity pool] will not be met’.

- (3) If the promoter, manager, or a portfolio adviser of the commodity pool has not had a similar involvement with any other publicly offered commodity pool, state in substantially the following words:

‘The [promoter], [manager] [and/or] [portfolio adviser] of the [commodity pool] has not previously operated any other publicly offered commodity pools [or traded other accounts]’.

- (4) If the commodity pool will execute trades outside Canada, state in substantially the following words:

'Participation in transactions in [nature of instrument to be traded by the commodity pool] involves the execution and clearing of trades on or subject to the rules of a foreign market.

'None of the Canadian securities regulatory authorities or Canadian exchanges regulates activities of any foreign markets, including the execution, delivery and clearing transactions, or has the power to compel enforcement of the rule of a foreign market or any applicable foreign law. Generally, any foreign transaction will be governed by applicable foreign laws. This is true even if the foreign market is formally linked to a Canadian market so that a position taken on a market may be liquidated by a transaction on another market. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs.

'For these reasons, entities such as the commodity pool that trade [nature of instrument to be traded by the commodity pool] may not be afforded certain of the protective measures provided by Canadian legislation and the rules of Canadian exchanges. In particular, funds received from customers for transactions may not be provided the same protection as funds received in respect of transactions on Canadian exchanges'.

- (5) State that the commodity pool is a mutual fund but that certain provisions of securities legislation designed to protect investors who purchase securities of mutual funds do not apply.

- (6) Immediately after the statements required by subsections (1) - (5), state in substantially the following words:

'These brief statements do not disclose all the risks and other significant aspects of investing in the [commodity pool]. You should therefore carefully study this prospectus, including a description of the principal risk factors at page [page number], before you decide to invest in the [commodity pool]'.

"1.13 Restricted Securities

Describe the number and class or classes of restricted securities being distributed using the appropriate restricted security terms in the same type face and type size as the rest of the description.

"1.14 Non-Canadian Manager

If the investment fund manager is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, state the following with the bracketed information completed:

'The manager is incorporated, continued or otherwise governed under the laws of a foreign jurisdiction or resides outside Canada. Although the manager has appointed [name and address of agent for service] as its agent for service of process in Canada, it may not be possible for investors to realize on judgements obtained in Canada against the manager'.

“1.15 Documents Incorporated by Reference

For an investment fund in continuous distribution, other than a scholarship plan, state in substantially the following words:

‘Additional information about the Fund is available in the following documents:

- the most recently filed annual financial statements;
- any interim financial statements filed after those annual financial statements;
- the most recently filed annual management report of fund performance;
- any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this prospectus which means that they legally form part of this prospectus. Please see the ‘Documents Incorporated by Reference’ section for further details’.

“Item 2 Table of Contents**“2.1 Table of Contents**

Include a table of contents.

“Item 3 Summary of Prospectus**“3.1 Prospectus Summary**

Under the heading ‘Prospectus Summary’ include the information listed in sections 3.2 to 3.6.

“3.2 Cautionary Language

At the beginning of the summary, include a statement in italics in substantially the following form:

‘The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus [[if applicable] or incorporated by reference in the prospectus]’.

“3.3 General

(1) Briefly summarize information appearing elsewhere in the prospectus that, in the opinion of the investment fund or selling securityholder, would be most likely to influence the investor’s decision to purchase the securities being distributed. Include a description of:

- (a) how the investment fund has been organized (corporation, trust, etc.);
- (b) the securities to be distributed, including the offering price and expected net proceeds;
- (c) the investment objectives;
- (d) the investment strategies;

- (e) the use of leverage, including any restrictions and the maximum amount of leverage the fund could use expressed as a ratio as follows: (total long positions including leveraged positions plus total short positions) divided by the net assets of the investment fund;
 - (f) the use of proceeds;
 - (g) risk factors;
 - (h) income tax considerations;
 - (i) all available purchase options and state, if applicable, that the choice of different purchase options requires the investor to pay different fees and expenses and if applicable, that the choice of different purchase options affects the amount of compensation paid to a dealer;
 - (j) the redemption features;
 - (k) the distribution policy;
 - (l) the termination provisions;
 - (m) if restricted securities, subject securities or securities directly or indirectly convertible into or exercisable or exchangeable for restricted securities or subject securities are to be distributed under the prospectus:
 - (i) include a summary of the information required by section 21.6; and
 - (ii) include, in boldface type, a statement of the rights the holders of restricted securities do not have if the holders do not have all of the rights referred to in section 21.6; and
 - (n) whether the investment fund is eligible as an investment for registered retirement savings plans, registered retirement income plans, registered education savings plans or deferred profit sharing plans.
- (2) For each item summarized under subsection (1), provide a cross-reference to the information in the prospectus.

“3.4 Organization and Management of the Investment Fund

- (1) Provide, under the sub-heading ‘Organization and Management of the [name of investment fund]’, information about the manager, trustee, portfolio adviser, promoter, custodian, registrar and transfer agent and auditor of the investment fund in the form of a diagram or table.
- (2) For each entity listed in the diagram or table, briefly describe the services provided by that entity and the relationship of that entity to the manager.
- (3) For each entity listed in the diagram or table, other than the manager of the investment fund, provide the municipality and the province or country where it principally provides its services to the investment fund. Provide the complete municipal address for the manager of the investment fund.

INSTRUCTIONS:

- (1) *The information required to be disclosed in this section must be presented prominently, using enough space so that it is easy to read.*
- (2) *Briefly describe the services provided by the listed entities. For instance, the manager may be described as ‘manages the overall business and operations of the fund’, and a portfolio adviser may be described as ‘provides investment advice to the manager about the investment portfolio of the fund’ or ‘manages the investment portfolio of the fund’.*

“3.5 Underwriter(s)

(1) Under the sub-heading ‘Underwriters’ or ‘Agents’, as applicable, state the name of each underwriter or agent.

(2) If an underwriter has agreed to purchase all of the securities being distributed at a specified price and the underwriter’s obligations are subject to conditions, state the following, with the bracketed information completed:

‘We, as principals, conditionally offer these securities, subject to prior sale, if, as and when issued by [name of investment fund] and accepted by us in accordance with the conditions contained in the underwriting agreement referred to under “Plan of Distribution”’.

(3) If an underwriter has agreed to purchase a specified number or principal amount of the securities at a specified price, state that the securities are to be taken up by the underwriter, if at all, on or before a date not later than 42 days after the date of the receipt for the final prospectus.

(4) Provide the following tabular information:

Underwriter’s Position	Maximum size or number of securities available	Exercise period/ Acquisition date	Exercise price or average acquisition price
Over-allotment option			
Compensation option			
Any other option granted by investment fund or insider of investment fund to underwriter			
Total securities under option issuable to underwriter			
Other compensation securities issuable to underwriter			

INSTRUCTION:

If the underwriter has been granted compensation securities, state, in a footnote, whether the prospectus qualifies the grant of all or part of the compensation securities and provide a cross-reference to the applicable section in the prospectus where further information about the compensation securities is provided.

“3.6 Fees, Expenses and Returns

(1) Set out information about the fees and expenses payable by the investment fund and by investors in the investment fund under the sub-heading ‘Summary of Fees and Expenses’.

(2) The information required by this section must be a summary of the fees, charges and expenses of the investment fund and investors presented in the form of the following table, appropriately completed, and introduced using substantially the following words:

‘This table lists the fees and expenses that you may have to pay if you invest in the [insert the name of the investment fund]. You may have to pay some of these fees and expenses directly. The Fund may have to pay some of these fees and expenses, which will therefore reduce the value of your investment in the Fund’.

Fees and Expenses Payable by the Fund [for scholarship plans, Fees and Expenses payable by Subscribers’ Deposits]

<u>Type of Fee</u>	<u>Amount and Description</u>
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Fees and Expenses Payable Directly by You

<u>Type of Fee</u>	<u>Amount and Description</u>
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(3) Describe the following fees and expenses in the table referred to in subsection (2):

Fees and Expenses Payable by the Fund or by Subscribers’ Deposits (for scholarship plans):

- (a) Fees payable to the Underwriters for Selling the Securities
- (b) Expenses of the Issue
- (c) Management Fees [*See Instruction (1)*]
- (d) Incentive or Performance Fees
- (e) Portfolio Adviser Fees
- (f) Counterparty Fees (if any)
- (g) Operating Expenses [*See Instructions (2) and (3)*]
- (h) Other Fees and Expenses [*specify type*] [*specify amount*]

Fees and Expenses Payable Directly by You

- (i) Sales Charges [*specify percentage, as a percentage of _____*]
- (j) Service Fees [*specify percentage, as a percentage of _____*]
- (k) Redemption Fees [*specify percentage, as a percentage of _____, or specify amount*]
- (l) Registered Tax Plan Fees [*include this disclosure and specify the type of fees if the registered tax plan is sponsored by the investment fund and is described in the prospectus*][*specify amount*]
- (m) Other Fees and Expenses [*specify type*] [*specify amount*].

(4) Under the sub-heading ‘Annual Returns and Management Expense Ratio’, provide, in the following table, returns for each of the past five years and the management expense ratio for each of the past five years as disclosed in the most recently filed annual management report of fund performance of the investment fund:

	[specify year]	[specify year]	[specify year]	[specify year]	[specify year]
Annual Returns					
MER					

'MER' means management expense ratio.

INSTRUCTIONS:

- (1) *List the amount of the management fee, including any performance or incentive fee, for each investment fund separately.*
- (2) *Under 'Operating Expenses', state whether the investment fund pays all of its operating expenses and list the main components of those expenses. If the investment fund pays only certain operating expenses and is not responsible for payment of all such expenses, adjust the statement in the table to reflect the proper contractual responsibility of the investment fund and indicate who is responsible for the payment of these expenses.*
- (3) *Show all fees or expenses payable by the investment fund (e.g. brokerage) and investors in the investment fund. The description of fees must also include sales and trailing commissions paid either by the investment fund or the investor.*

"Item 4 Overview of the Structure of the Investment Fund"

"4.1 Legal Structure"

- (1) Under the heading 'Overview of the Legal Structure of the Fund', state the full corporate name of the investment fund or, if the investment fund is an unincorporated entity, the full name under which it exists and carries on business and the address(es) of the investment fund's head and registered office.
- (2) State the statute under which the investment fund is incorporated or continued or organized or, if the investment fund is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which the investment fund is established and exists. Describe the substance of any material amendments to the articles or other constating or establishing documents of the investment fund.
- (3) State whether the investment fund would be considered a mutual fund under securities legislation.

"Item 5 Investment Objectives"

"5.1 Investment Objectives"

- (1) Set out under the heading 'Investment Objectives' the fundamental investment objectives of the investment fund, including information that describes the fundamental nature of the investment fund, or the fundamental features of the investment fund, that distinguish it from other investment funds.
- (2) If the investment fund purports to arrange a guarantee or insurance in order to protect all or some of the principal amount of an investment in the investment fund, include this fact as a fundamental investment objective of the investment fund and:
 - (a) identify the person or company providing the guarantee or insurance;
 - (b) provide the material terms of the guarantee or insurance, including the maturity date of the guarantee or insurance;

- (c) if applicable, state that the guarantee or insurance does not apply to the amount of any redemptions before the maturity date of the guarantee or before the death of the securityholder and that redemptions before that date would be based on the net asset value of the investment fund at the time; and
- (d) modify any other disclosure required by this section appropriately.

INSTRUCTIONS:

(1) *State the type or types of securities, such as money market instruments, bonds or equity securities, in which the investment fund will primarily invest under normal market conditions.*

(2) *If the investment fund primarily invests, or intends to primarily invest, or if its name implies that it will primarily invest:*

(a) *in a particular type of issuer, such as foreign issuers, small capitalization issuers or issuers located in emerging market countries;*

(b) *in a particular geographic location or industry segment; or*

(c) *in portfolio assets other than securities;*

the investment fund's fundamental investment objectives must so indicate.

(3) *If a particular investment strategy is an essential aspect of the investment fund, as evidenced by the name of the investment fund or the manner in which the investment fund is marketed, disclose this strategy as an investment objective. This instruction would be applicable, for example, to an investment fund that described itself as an 'investment fund that invests primarily through the use of derivatives'.*

“Item 6 Investment Strategies

“6.1 Investment Strategies

- (1) Describe under the heading ‘Investment Strategies’:
 - (a) the principal investment strategies that the investment fund intends to use in achieving its investment objectives;
 - (b) the use of leverage, including any restrictions and the maximum amount of leverage the fund can use, expressed as a ratio as follows: (total long positions including leveraged positions plus total short positions) divided by the net assets of the investment fund; and
 - (c) the process by which the investment fund’s portfolio adviser selects securities for the fund’s portfolio, including any investment approach, philosophy, practices or techniques used by the portfolio adviser or any particular style of portfolio management that the portfolio adviser intends to follow.
- (2) Indicate what types of securities, other than those held by the investment fund in accordance with its fundamental investment objectives, may form part of the investment fund’s portfolio assets under normal market conditions.
- (3) If the investment fund intends to use derivatives:
 - (a) for hedging purposes only, state that the investment fund may use derivatives for hedging purposes only; or

(b) for non-hedging purposes, or for hedging and non-hedging purposes, briefly describe:

- (i) how derivatives are or will be used in conjunction with other securities to achieve the investment fund's investment objectives;
- (ii) the types of derivatives expected to be used and give a brief description of the nature of each type; and
- (iii) the limits of the investment fund's use of derivatives.

(4) If the investment fund may depart temporarily from its fundamental investment objectives as a result of adverse market, economic, political or other considerations, disclose any temporary defensive tactics the investment fund's portfolio adviser may use or intends to use in response to such conditions.

(5) If the investment fund intends to enter into securities lending, repurchase or reverse repurchase transactions, briefly describe:

- (a) how those transactions are or will be entered into in conjunction with other strategies and investments of the investment fund to achieve the investment fund's investment objectives;
- (b) the types of those transactions to be entered into and give a brief description of the nature of each type; and
- (c) the limits of the investment fund's entering into those transactions.

“6.2 Overview of the Investment Structure

(1) Under the sub-heading, ‘Overview of the Investment Structure’, describe, including a diagram for complex structures, the overall structure of the underlying investment or investments made or to be made by the investment fund, including any direct or indirect investment exposure. Include in the description and the diagram any counterparties under a forward or swap agreement entered into with the investment fund or its manager, the nature of the portfolio of securities being purchased by the investment fund, any indirect investment exposure that is related to the return of the investment fund and any collateral or guarantees given as part of the overall structure of the underlying investment or investments made by the investment fund.

(2) If the securities distributed under the prospectus are being issued in connection with a restructuring transaction, describe by way of a diagram or otherwise the intercorporate relationships both before and after the completion of the proposed transaction.

“Item 7 Overview of the Sector(s) that the Fund Invests in

“7.1 Sector(s) that the Fund Invests in

(1) Under the heading ‘Overview of the Sector[(s)] that the Fund Invests in’, if the investment fund invests or intends to invest in a specific sector(s), briefly describe the sector(s) that the investment fund has been or will be investing in.

(2) Include in the description known material trends, events or uncertainties in the sector(s) that the investment fund invests or intends to invests in that might reasonably be expected to affect the investment fund.

“7.2 Significant Holdings in Other Entities

For a labour sponsored or venture capital fund, include in substantially the tabular form below, the following information as at a date within 30 days of the date of the prospectus with respect to each entity, 5 percent or more of whose securities of any class are beneficially owned directly or indirectly by the fund.

Significant Holdings of the [name of the labour sponsored or venture capital fund]		
Name and Address of Entity	Nature of Entities' Principal Business	Percentage of Securities of each Class Owned by Fund
_____	_____	_____

“Item 8 Investment Restrictions

“8.1 Investment Restrictions

- (1) Under the heading ‘Investment Restrictions’, describe any restrictions on investments adopted by the investment fund, beyond what is required under securities legislation.
- (2) If the investment fund has received the approval of the securities regulatory authorities to vary any of the investment restrictions and practices contained in securities legislation, provide details of the permitted variations.
- (3) Describe the nature of any securityholder or other approval that may be required in order to change the fundamental investment objectives and any of the material investment strategies to be used to achieve the investment objectives.

“Item 9 Management Discussion of Fund Performance

“9.1 Management Discussion of Fund Performance

Unless the investment fund’s most recently filed management report of fund performance is incorporated by reference under Item 37 or attached to the prospectus under Item 38, provide, under the heading ‘Management Discussion of Fund Performance’, management’s discussion of fund performance in accordance with sections 2.3, 2.4, 2.5, 3, 4, 5 and 6 of Part B of Form 81-106F1 for the period covered by the financial statements required under Item 38.

“Item 10 Fees and Expenses

“10.1 Fees and Expenses

Under the heading ‘Fees and Expenses’, set out information about all of the fees and expenses payable by the investment fund and by investors in the investment fund.

INSTRUCTION:

Describe each fee paid by the investment fund and by the investor in this section separately. The description of fees must also include sales and trailing commissions paid either by the investment fund or the investor.

“Item 11 Annual Returns and Management Expense Ratio

“11.1 Annual Returns and Management Expense Ratio

Under the heading ‘Annual Returns and Management Expense Ratio’, provide, in the following table, returns for each of the past five years and the management expense ratio for each of the past five years as disclosed in the most recently filed annual management report of fund performance of the investment fund:

	[specify year]	[specify year]	[specify year]	[specify year]	[specify year]
Annual Returns					
MER					

‘MER’ means management expense ratio.

“Item 12 Risk Factors**“12.1 Risk Factors**

- (1) Under the heading ‘Risk Factors’, describe the risk factors material to the investment fund that a reasonable investor would consider relevant to an investment in the securities being distributed, such as the risks associated with any particular aspect of the fundamental investment objectives and investment strategies.
- (2) Include a discussion of general market, political, market sector, liquidity, interest rate, foreign currency, diversification, leverage, credit, legal and operational risks, as appropriate.
- (3) Include a brief discussion of general investment risks applicable to the investment fund, such as specific company developments, stock market conditions and general economic and financial conditions in those countries where the investments of the investment fund are listed for trading.
- (4) If derivatives are to be used by the investment fund for non-hedging purposes, describe the risks associated with any use or intended use by the investment fund of derivatives.
- (5) If there is a risk that purchasers of the securities distributed may become liable to make an additional contribution beyond the price of the security, disclose the risk.

INSTRUCTIONS:

- (1) *Describe risks in the order of seriousness from the most serious to the least serious.*
- (2) *A risk factor must not be de-emphasized by including excessive caveats or conditions.*

“Item 13 Distribution Policy**“13.1 Distribution Policy**

Under the heading ‘Distribution Policy’, describe the distribution policy, including:

- (a) whether distributions are made by the investment fund in cash or reinvested in securities of the investment fund;
- (b) the targeted amount of any distributions;
- (c) whether the distributions are guaranteed or not; and
- (d) when the distributions are made.

“Item 14 Purchases of Securities**“14.1 Purchases of Securities**

- (1) Under the heading ‘Purchases of Securities’, describe the procedure followed or to be followed by investors who desire to purchase securities of the investment fund or switch them for securities of other investment funds.
- (2) If applicable, state that the issue price of securities is based on the net asset value of a security of that class, or series of a class, next determined after the receipt by the investment fund of the purchase order.

- (3) Describe how the securities of the investment fund are distributed. If sales are effected through a principal distributor, give brief details of any arrangements with the principal distributor.
- (4) Describe all available purchase options and state, if applicable, that the choice of different purchase options requires the investor to pay different fees and expenses and if applicable, that the choice of different purchase options affects the amount of compensation paid to a dealer.
- (5) If applicable, disclose that a dealer may make provision in arrangements that it has with an investor that will require the investor to compensate the dealer for any losses suffered by the dealer in connection with a failed settlement of a purchase of securities of the investment fund caused by the investor.
- (6) If applicable, for an investment fund that is being sold on a best efforts basis, state whether the issue price will be fixed during the initial distribution period, and state when the investment fund will begin issuing securities at the net asset value of a security of the investment fund.

“Item 15 Redemption of Securities

“15.1 Redemption of Securities

Under the heading ‘Redemption of Securities’, describe how investors may redeem securities of the investment fund, including:

- (a) the procedures followed, or to be followed, by an investor who desires to redeem securities of the investment fund and specifying the procedures to be followed and the documents to be delivered before a redemption order pertaining to securities of the investment fund will be accepted by the investment fund for processing and before payment of the proceeds of redemption will be made by the investment fund;
- (b) how the redemption price of the securities is determined and, if applicable, state that the redemption price of the securities is based on the net asset value of a security of that class, or series of a class, next determined after the receipt by the investment fund of the redemption order; and
- (c) the circumstances under which the investment fund may suspend redemptions of the securities of the investment fund.

“15.2 Short-term Trading

For an investment fund in continuous distribution, under the sub-heading ‘Short-Term Trading’:

- (a) describe the adverse effects, if any, that short-term trades in securities of the investment fund by an investor may have on other investors in the investment fund;
- (b) describe the restrictions, if any, that may be imposed by the investment fund to deter short-term trades, including the circumstances, if any, under which such restrictions may not apply;
- (c) where the investment fund does not impose restrictions on short-term trades, state the specific basis for the view of the manager that it is appropriate for the investment fund not to do so; and

(d) describe any arrangements, whether formal or informal, with any person or company, to permit short-term trades in securities of the investment fund, including the name of such person or company and the terms of such arrangements, including any restrictions imposed on the short-term trades and any compensation or other consideration received by the manager, the investment fund or any other party pursuant to such arrangements.

INSTRUCTION:

For the disclosure required by section 15.2, include a brief description of the short-term trading activities in the investment fund that are considered by the manager to be inappropriate or excessive. If the manager imposes a short-term trading fee, include a cross-reference to the disclosure provided under Item 10 of this Form.

“Item 16 Consolidated Capitalization

“16.1 Consolidated Capitalization

- (1) This section does not apply to an investment fund in continuous distribution.
- (2) Under the heading ‘Consolidated Capitalization’, describe any material change in, and the effect of the material change on, the share and loan capital of the investment fund, on a consolidated basis, since the date of the investment fund’s financial statements for its most recently completed financial period included in the prospectus, including any material change that will result from the issuance of the securities being distributed under the prospectus.

“Item 17 Prior Sales

“17.1 Prior Sales

- (1) Subsection (2) does not apply to an investment fund in continuous distribution.
- (2) Under the heading ‘Prior Sales’, for each class of securities of the investment fund distributed under the prospectus and for securities that are convertible into those classes of securities, state, for the 12-month period before the date of the prospectus:
 - (a) the price at which the securities have been issued or are to be issued by the investment fund or sold by the selling securityholder;
 - (b) the number of securities issued or sold at that price; and
 - (c) the date on which the securities were issued or sold.

“17.2 Trading Price and Volume

- (1) For each class of securities of the investment fund that is traded or quoted on a Canadian marketplace, identify the marketplace and the price ranges and volume traded or quoted on the Canadian marketplace on which the greatest volume of trading or quotation generally occurs.
- (2) If a class of securities of the investment fund is not traded or quoted on a Canadian marketplace but is traded or quoted on a foreign marketplace, identify the foreign marketplace and the price ranges and volume traded or quoted on the foreign marketplace on which the greatest volume or quotation generally occurs.
- (3) Provide the information required under subsections (1) and (2) on a monthly basis for each month or, if applicable, partial months of the 12-month period before the date of the prospectus.

“Item 18 Income Tax Considerations**“18.1 Status of the Investment Fund**

Under the heading ‘Income Tax Considerations’ and under the sub-heading ‘Status of the Investment Fund’, briefly describe the status of the investment fund for income tax purposes. Also disclose whether the investment fund is eligible as an investment for registered retirement savings plans, registered retirement income plans, registered education savings plans or deferred profit sharing plans.

“18.2 Taxation of the Investment Fund

Under the sub-heading ‘Taxation of the Investment Fund’, state in general terms the bases upon which the income and capital receipts of the investment fund are taxed.

“18.3 Taxation of Securityholders

Under the sub-heading ‘Taxation of Securityholders’, state in general terms the income tax consequences to the holders of the securities offered of:

- (a) any distribution to the securityholders in the form of income, capital, dividends or otherwise, including amounts reinvested in securities of the investment fund;
- (b) the redemption of securities; and
- (c) the issue of securities.

“18.4 Taxation of Registered Plans

Under the sub-heading ‘Taxation of Registered Plans’, explain the tax treatment applicable to securities of the investment fund held in a registered tax plan.

“18.5 Tax Implications of the Investment Fund’s Distribution Policy

Under the sub-heading ‘Tax Implications of the Investment Fund’s Distribution Policy’, describe the impact of the investment fund’s distribution policy on a taxable investor who acquires securities of the investment fund late in a calendar year.

“Item 19 Organization and Management Details of the Investment Fund**“19.1 Management of the Investment Fund**

- (1) Under the heading ‘Organization and Management Details of the Investment Fund’ and under the sub-heading ‘Officers and Directors of the Investment Fund’:
 - (a) list the name and municipality of residence of each director and executive officer of the investment fund and indicate their respective positions and offices held with the investment fund and their respective principal occupations during the five preceding years;
 - (b) state the period or periods during which each director has served as a director and when his or her term of office will expire;
 - (c) state the number and percentage of securities of each class of voting securities of the investment fund or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by all directors and executive officers of the investment fund as a group;

- (d) disclose the board committees of the investment fund and identify the members of each committee;
 - (e) if the principal occupation of a director or executive officer of the investment fund is acting as an executive officer of a person or company other than the investment fund, disclose that fact and state the principal business of the person or company; and
 - (f) for an investment fund that is a limited partnership, provide the information required by this subsection for the general partner of the investment fund, modified as appropriate.
- (2) Under the sub-heading 'Cease Trade Orders and Bankruptcies', if a director or executive officer of the investment fund is, as at the date of the prospectus or pro forma prospectus, as applicable, or was within 10 years before the date of the prospectus or pro forma prospectus, as applicable, a director, chief executive officer or chief financial officer of any other investment fund, that:
- (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;

state the fact and describe the basis on which the order was made and whether the order is still in effect.

- (3) For the purposes of subsection (2), 'order' means:
- (a) a cease trade order;
 - (b) an order similar to a cease trade order; or
 - (c) an order that denied the relevant investment fund access to any exemption under securities legislation;

that was in effect for a period of more than 30 consecutive days.

- (4) If a director or executive officer of the investment fund:
- (a) is, as at the date of the prospectus or pro forma prospectus, as applicable, or has been within the 10 years before the date of the prospectus or pro forma prospectus, as applicable, a director or executive officer of any investment fund that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or
 - (b) has, within the 10 years before the date of the prospectus or pro forma prospectus, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer, state the fact.

(5) Under the heading 'Organization and Management Details of the Investment Fund' and under the sub-heading 'Manager of the Investment Fund', provide the complete municipal address of the manager and details of the manager of the investment fund, including the history and background of the manager and any overall investment strategy or approach used by the manager in connection with the investment fund.

(6) Under the sub-heading 'Duties and Services to be Provided by the Manager', provide a description of the duties and services that the manager will be providing to the investment fund.

(7) Under the sub-heading 'Details of the Management Agreement', provide a brief description of the essential details of any management agreement that the manager has entered into or will be entering into with the investment fund, including any termination rights.

(8) Under the sub-heading 'Officers and Directors of the Manager of the Investment Fund':

(a) list the name and municipality of residence of each partner, director and executive officer of the manager of the investment fund and indicate their respective positions and offices held with the manager and their respective principal occupations within the five preceding years;

(b) if a partner, director or executive officer of the manager has held more than one office with the manager within the past five years, state only the current office held; and

(c) if the principal occupation of a partner, director or executive officer of the manager is with an organization other than the manager of the investment fund, state the principal business in which the organization is engaged.

(9) Under the sub-heading 'Cease Trade Orders and Bankruptcies of the Manager', provide the information required under subsections (2) and (4) for the directors and executive officers of the manager of the investment fund, modified as appropriate.

INSTRUCTIONS:

(1) *The disclosure required by subsections (2) and (4) also applies to any personal holding companies of any of the persons referred to in subsections (2) and (4).*

(2) *A management cease trade order which applies to directors and executive officers of the investment fund is an 'order' for the purposes of paragraph (2)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.*

(3) *For the purposes of this section, a late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a 'penalty or sanction'.*

(4) *The disclosure in paragraph (2)(a) only applies if the director or executive officer of the investment fund was a director, chief executive officer or chief financial officer when the order was issued against the relevant investment fund. The investment fund does not have to provide disclosure if the director or executive officer became a director, chief executive officer or chief financial officer after the order was issued.*

“19.2 Portfolio Adviser

- (1) Under the sub-heading ‘Portfolio Adviser’:
 - (a) state the municipality and the province or country where the portfolio adviser principally provides its services to the investment fund and give details of the portfolio adviser of the investment fund, including the history and background of the portfolio adviser;
 - (b) state the extent to which investment decisions are made by certain individuals employed by the portfolio adviser and whether those decisions are subject to the oversight, approval or ratification of a committee; and
 - (c) state the name, title, and length of time of service of the person or persons employed by or associated with the portfolio adviser of the investment fund who is or are principally responsible for the day-to-day management of a material portion of the portfolio of the investment fund, implementing a particular material strategy or managing a particular segment of the portfolio of the investment fund, and each person’s business experience in the last five years.
- (2) Under the sub-heading ‘Details of the Portfolio Advisory Agreement’, provide a brief description of the essential details of any portfolio advisory agreement that the portfolio adviser has entered into or will be entering into with the investment fund or the manager of the investment fund, including any termination rights.

“19.2.1 Brokerage Arrangements

Under the sub-heading ‘Brokerage Arrangements’:

- (a) If any brokerage transactions involving the client brokerage commissions of the investment fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, state:
 - (i) the process for, and factors considered in, selecting a dealer to effect securities transactions for the investment fund, including whether receiving goods or services in addition to order execution is a factor, and whether and how the process may differ for a dealer that is an affiliated entity;
 - (ii) the nature of the arrangements under which order execution goods and services or research goods and services might be provided;
 - (iii) each type of good or service, other than order execution, that might be provided; and
 - (iv) the method by which the portfolio adviser makes a good faith determination that the investment fund, on whose behalf the portfolio adviser directs any brokerage transactions involving client brokerage commissions to a dealer in return for the provision of any order execution goods and services or research goods and services, by the dealer or a third party, receives reasonable benefit considering both the use of the goods or services and the amount of client brokerage commissions paid;

(b) If any brokerage transactions involving the client brokerage commissions of the investment fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, since the date of the investment fund's last prospectus or last annual information form, whichever one is the most recent, state:

(i) each type of good or service, other than order execution, that has been provided to the manager or the portfolio adviser of the investment fund; and

(ii) the name of any affiliated entity that provided any good or service referred to in subparagraph (i), separately identifying each affiliated entity and each type of good or service provided by each affiliated entity; and

(c) If any brokerage transactions involving the client brokerage commissions of the investment fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, state that the name of any other dealer or third party that provided a good or service referred to in paragraph (b)(i), that was not disclosed under paragraph (b)(ii), will be provided upon request by contacting the investment fund or investment fund family at [insert telephone number] or at [insert investment fund or investment fund family e-mail address].

INSTRUCTIONS:

Terms defined in NI 23-102 - Use of Client Brokerage Commissions have the same meaning where used in this item.

“19.3 Conflicts of Interest

Under the sub-heading ‘Conflicts of Interest’, disclose particulars of existing or potential material conflicts of interest between:

(a) the investment fund and a director or executive officer of the investment fund;

(b) the investment fund and the manager or any director or executive officer of the manager of the investment fund; and

(c) the investment fund and the portfolio adviser or any director or executive officer of the portfolio adviser of the investment fund.

“19.4 Independent Review Committee

Under the sub-heading ‘Independent Review Committee’, provide a description of the independent review committee of the investment fund, including:

(a) the mandate and responsibilities of the independent review committee;

(b) the composition of the independent review committee (including the names of its members), and the reasons for any change in its composition since the date of the most recently filed annual information form or prospectus of the investment fund, as applicable;

(c) that the independent review committee prepares a report at least annually of its activities for securityholders which is available on the [investment fund's/investment fund family's] Internet site at [insert investment fund's Internet site address], or at the securityholder's request at no cost, by contacting the [investment fund/investment fund family] at [investment fund's/investment fund family's email address]; and

(d) the amount of fees and expenses payable in connection with the independent review committee by the investment fund, including any amounts payable for committee participation or special assignments, and state whether the investment fund pays all of the fees payable to the independent review committee.

“19.5 Trustee

Under the sub-heading ‘Trustee’, provide details of the trustee of the investment fund, including the municipality and the province or country where the trustee principally provides its services to the investment fund.

“19.6 Custodian

(1) Under the sub-heading ‘Custodian’, state the name, municipality of the principal or head office, and nature of business of the custodian and any principal sub-custodian of the investment fund.

(2) Describe generally the sub-custodial arrangements of the investment fund.

INSTRUCTION:

A ‘principal sub-custodian’ is a sub-custodian to whom custodial authority has been delegated in respect of a material portion or segment of the portfolio assets of the investment fund.

“19.7 Auditor

Under the sub-heading ‘Auditor’, state the name and address of the auditor of the investment fund.

“19.8 Transfer Agent and Registrar

Under the sub-heading, ‘Transfer Agent and Registrar’, for each class of securities, state the name of the investment fund’s transfer agent(s), registrar(s), trustee, or other agent appointed by the investment fund to maintain the securities register and the register of transfers for such securities and indicate the location (by municipalities) of each of the offices of the investment fund or transfer agent, registrar, trustee or other agent where the securities, register and register of transfers are maintained or transfers of securities are recorded.

“19.9 Promoters

(1) For a person or company that is, or has been within the two years immediately preceding the date of the prospectus or pro forma prospectus, a promoter of the investment fund or of a subsidiary of the investment fund, state under the sub-heading ‘Promoter’:

(a) the person or company’s name and municipality and the province or country of residence;

(b) the number and percentage of each class of voting securities and equity securities of the investment fund or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by the person or company;

(c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the investment fund or from a subsidiary of the investment fund, and the nature and amount of any assets, services or other consideration received or to be received by the investment fund or a subsidiary of the investment fund in return; and

(d) for an asset acquired within the two years before the date of the preliminary prospectus or pro forma prospectus, or to be acquired, by the investment fund or by a subsidiary of the investment fund from a promoter:

(i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined;

(ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the investment fund, the promoter, or an affiliate of the investment fund or of the promoter; and

(iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

(2) If a promoter referred to in subsection (1) is, as at the date of the prospectus or pro forma prospectus, as applicable, or was within 10 years before the date of the prospectus or pro forma prospectus, as applicable, a director, chief executive officer or chief financial officer of any person or company, that:

(a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer;

state the fact and describe the basis on which the order was made and whether the order is still in effect.

(3) For the purposes of subsection (2), 'order' means:

(a) a cease trade order;

(b) an order similar to a cease trade order; or

(c) an order that denied the relevant person or company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

(4) If a promoter referred to in subsection (1):

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

- (b) has, within the 10 years before the date of the prospectus or pro forma prospectus, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.
- (5) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in subsection (1) has been subject to:
- (a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.
- (6) Despite subsection (5), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered to be important to a reasonable investor in making an investment decision.

INSTRUCTIONS:

- (1) *The disclosure required by subsections (2), (4) and (5) also applies to any personal holding companies of any of the persons referred to in subsections (2), (4), and (5).*
- (2) *A management cease trade order which applies to a promoter referred to in subsection (1) is an 'order' for the purposes of paragraph (2)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.*
- (3) *For the purposes of this section, a late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a 'penalty or sanction'.*
- (4) *The disclosure in paragraph (2)(a) only applies if the promoter was a director, chief executive officer or chief financial officer when the order was issued against the person or company. The investment fund does not have to provide disclosure if the promoter became a director, chief executive officer or chief financial officer after the order was issued.*

“Item 20 Calculation of Net Asset Value

“20.1 Calculation of Net Asset Value

Under the heading ‘Calculation of Net Asset Value’:

- (a) describe how the net asset value of the investment fund is calculated; and
- (b) state the frequency at which the net asset value is calculated and the date and time of day at which it is calculated.

“20.2 Valuation Policies and Procedures

Under the sub-heading ‘Valuation Policies and Procedures of the Investment Fund’:

- (a) describe the methods used to value the various types or classes of assets of the investment fund and its liabilities for the purpose of calculating net asset value;
- (a.1) if the valuation principles and practices established by the manager differ from Canadian GAAP, describe the differences; and
- (b) if the manager has discretion to deviate from the investment fund’s valuation practices described in paragraph (a), disclose when and to what extent that discretion may be exercised and, if it has been exercised in the past three years, provide an example of how it has been exercised or, if it has not been exercised in the past three years, so state.

“20.3 Reporting of Net Asset Value

Under the sub-heading ‘Reporting of Net Asset Value’, describe:

- (a) how the net asset value of the investment fund will be made available at no cost (e.g. website, toll-free telephone line, etc.); and
- (b) the frequency at which the net asset value is disclosed.

“Item 21 Description of the Securities Distributed**“21.1 Equity Securities**

If equity securities of the investment fund are being distributed, under the heading ‘Attributes of the Securities’ and under the sub-heading ‘Description of the Securities Distributed’ state the description or the designation of the class of equity securities distributed and describe all material attributes and characteristics, including:

- (a) dividend or distribution rights;
- (b) voting rights;
- (c) rights upon dissolution, termination or winding-up;
- (d) pre-emptive rights;
- (e) conversion or exchange rights;
- (f) redemption, retraction, purchase for cancellation or surrender provisions;
- (g) sinking or purchase fund provisions;
- (h) provisions permitting or restricting the issuance of additional securities and any other material restrictions; and
- (i) provisions requiring a securityholder to contribute additional capital.

“21.2 Debt Securities

If debt securities are being distributed, under the heading ‘Attributes of the Securities’ and under the sub-heading ‘Description of the Securities Distributed’, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt, including:

- (a) provisions for interest rate, maturity and premium, if any;
- (b) conversion or exchange rights;

- (c) redemption, retraction, purchase for cancellation or surrender provisions;
- (d) sinking or purchase fund provisions;
- (e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge;
- (f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants, including restrictions against payment of dividends and restrictions against giving security on the assets of the investment fund or its subsidiaries, and provisions as to the release or substitution of assets securing the debt securities;
- (g) the name of the trustee under any indenture relating to the debt securities and the nature of any material relationship between the trustee or any of its affiliates and the investment fund or any of its affiliates; and
- (h) any financial arrangements between the investment fund and any of its affiliates or among its affiliates that could affect the security for the indebtedness.

“21.3 Derivatives

If derivatives are being distributed, under the heading ‘Attributes of the Securities’ and under the sub-heading ‘Description of the Securities Distributed’, describe fully the material attributes and characteristics of the derivatives, including:

- (a) the calculation of the value or payment obligations under the derivatives;
- (b) the exercise of the derivatives;
- (c) settlements that are the result of the exercise of the derivatives;
- (d) the underlying interest of the derivatives;
- (e) the role of a calculation expert in connection with the derivatives;
- (f) the role of any credit supporter of the derivatives; and
- (g) the risk factors associated with the derivatives.

“21.4 Other Securities

If securities other than the securities mentioned above are being distributed, under the heading ‘Attributes of the Securities’ and under the sub-heading ‘Description of the Securities Distributed’, describe fully the material attributes and characteristics of those securities.

“21.5 Special Warrants

If the prospectus is used to qualify the distribution of securities issued upon the exercise of special warrants or other securities acquired on a prospectus-exempt basis, disclose that holders of such securities have been provided with a contractual right of rescission and provide the following disclosure in the prospectus, with the bracketed information completed:

‘The issuer has granted to each holder of a special warrant a contractual right of rescission of the prospectus-exempt transaction under which the special warrant was initially acquired. The contractual right of rescission provides that if a holder of a special warrant who acquires another security of the issuer on exercise of the special warrant as provided for in the prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the prospectus or an amendment to the prospectus containing a misrepresentation:

- (a) the holder is entitled to rescission of both the holder's exercise of its special warrant and the private placement transaction under which the special warrant was initially acquired;
- (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the underwriter or issuer, as the case may be, on the acquisition of the special warrant; and
- (c) if the holder is a permitted assignee of the interest of the original special warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber'.

INSTRUCTION:

If the prospectus is qualifying the distribution of securities issued upon the exercise of securities other than special warrants, replace the term 'special warrant' with the type of the security being distributed.

“21.6 Restricted Securities

- (1) If the investment fund has outstanding, or proposes to distribute under the prospectus, restricted securities, subject securities or securities that are, directly or indirectly, convertible into or exercisable or exchangeable for restricted securities or subject securities, provide a detailed description of:
 - (a) the voting rights attached to the restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, and the voting rights, if any, attached to the securities of any other class of securities of the investment fund that are the same as or greater than, on a per security basis, those attached to the restricted securities;
 - (b) any significant provisions under applicable corporate and securities law that do not apply to the holders of the restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, but do apply to the holders of another class of equity securities, and the extent of any rights provided in the constating documents or otherwise for the protection of holders of the restricted securities;
 - (c) any rights under applicable corporate law, in the constating documents or otherwise, of holders of restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, to attend, in person or by proxy, meetings of holders of equity securities of the investment fund and to speak at the meetings to the same extent that holders of equity securities are entitled; and
 - (d) how the investment fund complied with, or the basis upon which it was exempt from, the requirements of Part 12 of the Instrument.
- (2) If holders of restricted securities do not have all of the rights referred to in subsection (1), the detailed description referred to in that subsection must include, in boldface type, a statement of the rights the holders do not have.
- (3) If the investment fund is required to include the disclosure referred to in subsection (1), state the percentage of the aggregate voting rights attached to the investment fund's securities that will be represented by restricted securities after effect has been given to the issuance of the securities being offered.

“21.7 Modification of Terms

- (1) Describe provisions about the modification, amendment or variation of any rights attached to the securities being distributed.
- (2) If the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

“21.8 Ratings

If the investment fund has asked for and received a stability rating, or if the investment fund is aware that it has received any other kind of rating, including a provisional rating, from one or more approved rating organizations for the securities being distributed and the rating or ratings continue in effect, disclose:

- (a) each security rating, including a provisional rating or stability rating, received from an approved rating organization;
- (b) the name of each approved rating organization that has assigned a rating for the securities to be distributed;
- (c) a definition or description of the category in which each approved rating organization rated the securities to be distributed and the relative rank of each rating within the organization’s overall classification system;
- (d) an explanation of what the rating addresses and what attributes, if any, of the securities to be distributed are not addressed by the rating;
- (e) any factors or considerations identified by the approved rating organization as giving rise to unusual risks associated with the securities to be distributed;
- (f) a statement that a security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization; and
- (g) any announcement made by, or any proposed announcement known to the investment fund that is to be made by, an approved rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.

“21.9 Other Attributes

- (1) If the rights attaching to the securities being distributed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being distributed, include information about the other securities that will enable investors to understand the rights attaching to the securities being distributed.
- (2) If securities of the class being distributed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

INSTRUCTION:

This section requires only a brief summary of the provisions that are material from an investment standpoint. The provisions attaching to the securities being distributed or any other class of securities do not need to be set out in full. They may, in the investment fund’s discretion, be attached as a schedule to the prospectus.

“Item 22 Securityholder Matters**“22.1 Meetings of Securityholders**

Under the heading ‘Securityholder Matters’ and under the sub-heading ‘Meetings of Securityholders’, describe the circumstances, processes and procedures for holding any securityholder meeting and for any extraordinary resolution.

“22.2 Matters Requiring Securityholder Approval

Under the sub-heading ‘Matters Requiring Securityholder Approval’, describe the matters that require securityholder approval.

“22.3 Amendments to Declaration of Trust

For an investment fund established pursuant to a declaration of trust, under the sub-heading ‘Amendments to the Declaration of Trust’, describe the circumstances, processes and procedures required to amend the declaration of trust.

“22.4 Reporting to Securityholders

Under the sub-heading ‘Reporting to Securityholders’ describe the information or reports that will be delivered or made available to securityholders and the frequency with which such information or reports will be delivered or made available to securityholders, including any requirements under securities legislation.

“Item 23 Termination of the Fund**“23.1 Termination of the Fund**

Under the heading ‘Termination of the Fund’, describe the circumstances in which the investment fund will be terminated, including:

- (a) the date of termination;
- (b) how the value of the securities of the investment fund at termination will be determined;
- (c) whether securityholders will receive cash or any other type of payment upon termination;
- (d) the details of any rollover transaction, if securityholders will receive securities of another investment fund as part of a rollover transaction upon termination;
- (e) how the assets of the investment fund will be distributed upon termination; and
- (f) if the investment fund is a commodity pool, disclose whether the investment fund will be wound up without the approval of securityholders if the net asset value per security falls below a certain predetermined level, and, if so, the net asset value per security at which this will occur.

“Item 24 Use of Proceeds**“24.1 Application**

This Item does not apply to an investment fund in continuous distribution.

“24.2 Proceeds

(1) Under the heading ‘Use of Proceeds’, state the estimated net proceeds to be received by the investment fund or selling securityholder or, in the case of a non-fixed price distribution or a distribution to be made on a best efforts basis, the minimum amount, if any, of net proceeds to be received by the investment fund or selling securityholder from the sale of the securities distributed.

(2) Describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the net proceeds will be used by the investment fund.

(3) If the prospectus is used for a special warrant or similar transaction, state the amount that has been received by the issuer of the special warrants or similar securities on the sale of the special warrants or similar securities.

“24.3 Other Sources of Funding

If any material amounts of other funds are to be used in conjunction with the proceeds, state the amounts and sources of the other funds.

“24.4 Financing by Special Warrants, etc.

(1) If the prospectus is used to qualify the distribution of securities issued upon the exercise of special warrants or the exercise of other securities acquired on a prospectus-exempt basis, describe the principal purposes for which the proceeds of the prospectus-exempt financing were used or are to be used.

(2) If all or a portion of the funds have been spent, explain how the funds were spent.

“Item 25 Plan of Distribution**“25.1 Plan of Distribution**

Under the heading ‘Plan of Distribution’, briefly describe the plan of distribution.

“25.2 Name of Underwriters

(1) If the securities are being distributed by an underwriter, state the name of the underwriter and describe briefly the nature of the underwriter’s obligation to take up and pay for the securities.

(2) Disclose the date by which the underwriter is obligated to purchase the securities.

“25.3 Disclosure of Conditions to Underwriters’ Obligations

If securities are distributed by an underwriter that has agreed to purchase all of the securities at a specified price and the underwriter’s obligations are subject to conditions:

(a) include a statement in substantially the following form, with the bracketed information completed and with modifications necessary to reflect the terms of the distribution:

‘Under an agreement dated [insert date of agreement] between [insert name of investment fund or selling securityholder] and [insert name(s) of underwriter(s)], as underwriter[s], [insert name of investment fund or selling securityholder] has agreed to sell and the underwriter[s] [has/have] agreed to purchase on [insert closing date] the securities at a price of [insert offering price], payable in cash to [insert name of investment fund or selling securityholder] against delivery. The

obligations of the underwriter[s] under the agreement may be terminated at [its/their] discretion on the basis of [its/their] assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The underwriter[s] [is/are], however, obligated to take up and pay for all of the securities if any of the securities are purchased under the agreement'; and

(b) describe any other conditions and indicate any information known that is relevant to whether such conditions will be satisfied.

“25.4 Best Efforts Offering

Outline briefly the plan of distribution of any securities being distributed other than on the basis described in section 25.3.

“25.5 Minimum Distribution

If securities are being distributed on a best efforts basis and minimum funds are to be raised, state:

(a) the minimum funds to be raised;

(b) that the investment fund must appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practising member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until the minimum amount of funds stipulated in paragraph (a) has been raised; and

(c) that if the minimum amount of funds is not raised within the distribution period, the trustee must return the funds to the subscribers without any deductions.

“25.6 Determination of Price

Disclose the method by which the distribution price has been or will be determined and, if estimates have been provided, explain the process of determining the estimates.

“25.7 Stabilization

If the investment fund, a selling securityholder or an underwriter knows or has reason to believe that there is an intention to over-allot or that the price of any security may be stabilized to facilitate the distribution of the securities, describe the nature of these transactions, including the anticipated size of any over-allocation position, and explain how the transactions are expected to affect the price of the securities.

“25.8 Reduced Price Distributions

If the underwriter may decrease the offering price after the underwriter has made a reasonable effort to sell all of the securities at the initial offering price disclosed in the prospectus in accordance with the procedures permitted by the Instrument, disclose this fact and that the compensation realised by the underwriter will be decreased by the amount that the aggregate price paid by purchasers for the securities is less than the gross proceeds paid by the underwriter to the investment fund or selling securityholder.

“25.9 Listing Application

If application has been made to list or quote the securities being distributed, include a statement, in substantially the following form, with the bracketed information completed:

‘The investment fund has applied to [list/quote] the securities distributed under this prospectus on [name of exchange or other market]. [Listing/Quotation] will be subject to the investment fund fulfilling all the listing requirements of [name of exchange or other market]’.

“25.10 Conditional Listing Approval

If application has been made to list or quote the securities being distributed on an exchange or marketplace and conditional listing approval has been received, include a statement, in substantially the following form, with the bracketed information completed:

‘[name of exchange or marketplace] has conditionally approved the [listing/quotation] of these securities. [Listing/Quotation] is subject to the [name of investment fund]’s fulfilling all of the requirements of the [name of exchange or marketplace] on or before [date], [including distribution of these securities to a minimum number of public securityholders]’.

“25.11 Constraints

If there are constraints imposed on the ownership of securities of the investment fund to ensure that the investment fund has a required level of Canadian ownership, describe the mechanism, if any, by which the level of Canadian ownership of the securities of the investment fund will be monitored and maintained.

“25.12 Special Warrants Acquired by Underwriters or Agents

Disclose the number and dollar value of any special warrants acquired by any underwriter or agent and the percentage of the distribution represented by those special warrants.

“Item 26 Relationship Between Investment Fund or Selling Securityholder and Underwriter**“26.1 Relationship Between Investment Fund or Selling Securityholder and Underwriter**

(1) Under the heading ‘Relationship between Investment Fund [or Selling Securityholder] and Underwriter’, if the investment fund or selling securityholder is a connected issuer or related issuer of an underwriter of the distribution, or if the selling securityholder is also an underwriter, comply with the requirements of NI 33-105.

(2) For the purposes of subsection (1), ‘connected issuer’ and ‘related issuer’ have the same meanings as in NI 33-105.

“Item 27 Options to Purchase Securities**“27.1 Options to Purchase Securities**

(1) Under the heading ‘Options to Purchase Securities’, state, in tabular form, as at a specified date within 30 days before the date of the prospectus or pro forma prospectus, information about options to purchase securities of the investment fund, or a subsidiary of the investment fund, that are held or will be held upon completion of the distribution by:

- (a) all executive officers and past executive officers of the investment fund, as a group, and all directors and past directors of the investment fund who are not also executive officers, as a group, indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies;
- (b) all executive officers and past executive officers of all subsidiaries of the investment fund, as a group, and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary, as a group, excluding, in each case, individuals referred to in paragraph (a), indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies;
- (c) all other employees and past employees of the investment fund as a group;
- (d) all other employees and past employees of subsidiaries of the investment fund as a group;
- (e) all consultants of the investment fund as a group; and
- (f) any other person or company, other than the underwriter(s), naming each person or company.

(2) Describe any material change to the information required to be included in the prospectus under subsection (1) to the date of the prospectus.

INSTRUCTIONS:

(1) *Describe the options, warrants, or other similar securities stating the material provisions of each class or type of option, including:*

- (a) *the designation and number of the securities under option;*
- (b) *the purchase price of the securities under option or the formula by which the purchase price will be determined, and the expiration dates of the options;*
- (c) *if reasonably ascertainable, the market value of the securities under option on the date of grant;*
- (d) *if reasonably ascertainable, the market value of the securities under option on the specified date; and*
- (e) *with respect to options referred to in paragraph (1)(f), the particulars of the grant including the consideration for the grant.*

(2) *For the purposes of paragraph (1)(f), provide the information required for all options except warrants and special warrants.*

“Item 28 Principal Holders of Securities of the Investment Fund and Selling Securityholders

“28.1 Principal Holders of Securities of the Investment Fund and Selling Securityholders

(1) Under the heading ‘Principal Holders of Securities of the Investment Fund [and Selling Securityholders]’, provide the following information for each principal securityholder of the investment fund and, if any securities are being distributed for the account of a securityholder, for each selling securityholder, as of a specified date not more than 30 days before the date of the prospectus or pro forma prospectus, as applicable:

- (a) the name;
- (b) the number or amount of securities owned, controlled or directed of the class being distributed;
- (c) the number or amount of securities of the class being distributed for the account of the securityholder;
- (d) the number or amount of securities of the investment fund of any class to be owned, controlled or directed after the distribution, and the percentage that number or amount represents of the total outstanding; and
- (e) whether the securities referred to in paragraphs (b), (c) or (d) are owned both of record and beneficially, of record only, or beneficially only.

(2) If securities are being distributed in connection with a restructuring transaction, indicate, to the extent known, the holdings of each person or company described in paragraph (1)(a) that will exist after effect has been given to the transaction.

(3) If any of the securities being distributed are being distributed for the account of a securityholder and those securities were purchased by the selling securityholder within the two years preceding the date of the prospectus or pro forma prospectus, as applicable, state the date the selling securityholder acquired the securities and, if the securities were acquired in the 12 months preceding the date of the prospectus or pro forma prospectus, as applicable, the cost to the securityholder in the aggregate and on an average cost-per-security basis.

(4) If, to the knowledge of the investment fund or the underwriter of the securities being distributed, more than 10 percent of any class of voting securities of the investment fund is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement. State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.

(5) If, to the knowledge of the investment fund or the underwriter of the securities being distributed, any principal securityholder or selling securityholder is an associate or affiliate of another person or company named as a principal securityholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the investment fund held by the person or company other than the holding of voting securities of the investment fund.

(6) In addition to the above, include in a footnote to the table the required calculation(s) on a fully-diluted basis.

(7) Describe any material change to the information required to be included in the prospectus under subsection (1) to the date of the prospectus.

INSTRUCTION:

If a company, partnership, trust or other unincorporated entity is a principal securityholder of an investment fund, disclose, to the extent known, the name of each individual who, through ownership of or control or direction over the securities of the company, trust or other unincorporated entity, or membership in the partnership, as the case may be, is a principal securityholder of that entity.

“Item 29 Interests of Management and Others in Material Transactions

“29.1 Interests of Management and Others in Material Transactions

Under the heading ‘Interests of Management and Others in Material Transactions’, describe, and state the approximate amount of, any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three years before the date of the prospectus or pro forma prospectus that has materially affected or is reasonably expected to materially affect the investment fund:

- (a) a director or executive officer of the investment fund or the investment fund manager;
- (b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of the outstanding voting securities of the investment fund or the investment fund manager; and
- (c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

“29.2 Underwriting Discounts

Disclose any material underwriting discounts or commissions upon the sale of securities by the investment fund if any of the persons or companies listed under section 29.1 were or are to be an underwriter or are associates, affiliates or partners of a person or company that was or is to be an underwriter.

INSTRUCTIONS:

- (1) *The materiality of an interest is to be determined on the basis of the significance of the information to investors in light of all the circumstances of the particular case. The importance of the interest to the person having the interest, the relationship of the parties to the transaction with each other and the amount involved are among the factors to be considered in determining the significance of the information to investors.*
- (2) *Give a brief description of the material transaction. Include the name of each person or company whose interest in any transaction is described and the nature of the relationship to the investment fund.*

(3) *For any transaction involving the purchase of assets by or sale of assets to the investment fund, state the cost of the assets to the purchaser, and the cost of the assets to the seller if acquired by the seller within three years before the transaction.*

(4) *This Item does not apply to any interest arising from the ownership of securities of the investment fund if the securityholder receives no extra or special benefit or advantage not shared on an equal basis by all other holders of the same class of securities or all other holders of the same class of securities who are resident in Canada.*

(5) *No information need be given under this Item for a transaction if:*

(a) *the rates or charges involved in the transaction are fixed by law or determined by competitive bids;*

(b) *the interest of a specified person or company in the transaction is solely that of a director of another company that is a party to the transaction;*

(c) *the transaction involves services as a bank or other depository of funds, a transfer agent, registrar, trustee under a trust indenture or other similar services; or*

(d) *the transaction does not involve remuneration for services and the interest of the specified person or company arose from the beneficial ownership, direct or indirect, of less than ten percent of any class of equity securities of another company that is party to the transaction and the transaction is in the ordinary course of business of the investment fund or its subsidiaries.*

(6) *Describe all transactions not excluded above that involve remuneration (including an issuance of securities), directly or indirectly, to any of the specified persons or companies for services in any capacity unless the interest of the person or company arises solely from the beneficial ownership, direct or indirect, of less than ten percent of any class of equity securities of another company furnishing the services to the investment fund.*

“Item 30 Proxy Voting Disclosure

“30.1 Proxy Voting Disclosure for Portfolio Securities Held

Under the heading ‘Proxy Voting Disclosure for Portfolio Securities Held’, include the disclosure required by subsection 10.2(3) of NI 81-106.

“Item 31 Material Contracts

“31.1 Material Contracts

Under the heading ‘Material Contracts’, list and provide particulars of:

(a) the articles of incorporation, the declaration of trust or trust agreement of the investment fund or any other constating document, if any;

(b) any agreement of the investment fund or trustee with the manager of the investment fund;

(c) any agreement of the investment fund, the manager or trustee with the portfolio adviser of the investment fund;

- (d) any agreement of the investment fund, the manager or trustee with the custodian of the investment fund;
- (e) any agreement of the investment fund, the manager or trustee with the underwriters or agents of the investment fund;
- (f) any swap or forward agreement of the investment fund, the manager or trustee with a counterparty that is material to the investment fund fulfilling its investment objectives;
- (g) any agreement of the investment fund, the manager or trustee with the principal distributor of the investment fund; and
- (h) any other contract or agreement that can reasonably be regarded as material to an investor in the securities of the investment fund.

INSTRUCTIONS:

- (1) *Set out a complete list of all contracts for which particulars must be given under this section, indicating those that are disclosed elsewhere in the prospectus. Particulars need only be provided for those contracts that do not have the particulars given elsewhere in the prospectus.*
- (2) *Particulars of contracts must include the dates of, parties to, consideration provided for in, termination provisions, general nature and key terms of, the contracts.*

“Item 32 Legal and Administrative Proceedings

“32.1 Legal and Administrative Proceedings

Under the heading ‘Legal and Administrative Proceedings’, describe briefly any ongoing legal and administrative proceedings material to the investment fund, to which the investment fund, its manager or principal distributor is a party.

“32.2 Particulars of the Proceedings

- (1) For all matters disclosed under section 32.1, disclose:
 - (a) the name of the court or agency having jurisdiction;
 - (b) the date on which the proceeding was instituted;
 - (c) the principal parties to the proceeding;
 - (d) the nature of the proceeding and, if applicable, the amount claimed; and
 - (e) whether the proceeding is being contested and the present status of the proceeding.
- (2) Provide similar disclosure about any proceedings known to be contemplated.

“32.3 Penalties and Sanctions

Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of any settlement agreement and the circumstances that gave rise to the settlement agreement, if, within the 10 years before the date of the prospectus or pro forma prospectus, the manager of the investment fund, a director or executive officer of the investment fund or a partner, director or executive officer of the manager of the investment fund has:

(a) been subject to any penalties or sanctions imposed by a court or a securities regulatory authority relating to Canadian securities legislation, promotion or management of an investment fund, theft or fraud or has entered into a settlement agreement before a court or with a regulatory body in relation to any of these matters; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body or has entered into any other settlement agreement before a court or with a regulatory body that would likely be considered important to a reasonable investor in determining whether to purchase securities of the investment fund.

“Item 33 Experts

“33.1 Names of Experts

Under the heading ‘Experts’, name each person or company:

(a) who is named as having prepared or certified a report, valuation, statement or opinion in the prospectus or an amendment to the prospectus; and

(b) whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company.

“33.2 Interests of Experts

(1) Disclose all registered or beneficial interests, direct or indirect, in any securities or other property of the investment fund or of an associate or affiliate of the investment fund received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the prospectus or prepared or certified a report or valuation described or included in the prospectus.

(2) For the purpose of subsection (1), if the ownership is less than one percent, a general statement to that effect is sufficient.

(3) If a person, or a director, officer or employee of a person or company referred to in subsection (1) is or is expected to be elected, appointed or employed as a director, officer or employee of the investment fund or of any associate or affiliate of the investment fund, disclose the fact or expectation.

INSTRUCTIONS:

(1) Section 33.2 does not apply to the investment fund’s predecessor auditors, if any, for those periods when they were not the investment fund’s auditor.

(2) Section 33.2 does not apply to registered or beneficial interests, direct or indirect, held through mutual funds.

“Item 34 Exemptions and Approvals

“34.1 Exemptions and Approvals

Under the heading ‘Exemptions and Approvals’, describe all exemptions from or approvals under securities legislation obtained by the investment fund or the manager of the investment fund that continue to be relied upon by the investment fund or the manager, including all exemptions to be evidenced by the issuance of a receipt for the prospectus pursuant to section 19.3 of the Instrument.

“Item 35 Other Material Facts**“35.1 Other Material Facts**

Under the heading ‘Other Material Facts’, using sub-headings as appropriate, give particulars of any material facts about the securities being distributed that are not disclosed under any other section and are necessary in order for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

“Item 36 Purchasers’ Statutory Rights of Withdrawal and Rescission**“36.1 General**

For investment funds other than mutual funds, under the heading ‘Purchasers’ Statutory Rights of Withdrawal and Rescission’ include a statement in substantially the following form, with bracketed information completed:

‘Securities legislation in [certain of the provinces [and territories] of Canada/ the Province of [insert name of local jurisdiction, if applicable]] provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. [In several of the provinces/provinces and territories], [T/t]he securities legislation further provides a purchaser with remedies for rescission [or [, in some jurisdictions,] revisions of the price or damages] if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission [, revisions of the price or damages] are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province [or territory]. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province [or territory] for the particulars of these rights or consult with a legal adviser’.

“36.2 Mutual Funds

If the investment fund is a mutual fund, under the heading ‘Purchasers’ Statutory Rights of Withdrawal and Rescission’ include a statement in substantially the following form:

‘Securities legislation in [certain of the provinces [and territories] of Canada/ the Province of [insert name of local jurisdiction, if applicable]] provides purchasers with the right to withdraw from an agreement to purchase mutual fund securities within two business days after receipt of a prospectus and any amendment or within 48 hours after the receipt of a confirmation of a purchase of such securities. If the agreement is to purchase such securities under a contractual plan, the time period during which withdrawal may be made may be longer. [In several of the provinces/provinces and territories], [T/t]he securities legislation further provides a purchaser with remedies for rescission [or [, in some jurisdictions,] revisions of the price or damages] if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission [, revisions of the price or damages] are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province [or territory]. The purchaser should refer to the applicable provisions of the securities legislation of the province [or territory] for the particulars of these rights or should consult with a legal adviser’.

“36.3 Non-fixed Price Offerings

In the case of a non-fixed price offering, if applicable in the jurisdiction in which the prospectus is filed, replace the second sentence in the disclosure in section 36.1 with a statement in substantially the following form:

‘This right may only be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed’.

“Item 37 Documents Incorporated by Reference**“37.1 Mandatory Incorporation by Reference**

If the investment fund is in continuous distribution, other than a scholarship plan, incorporate by reference the following documents in the prospectus, by means of the following statement in substantially the following words under the heading ‘Documents Incorporated by Reference’:

‘Additional information about the Fund is available in the following documents:

- (a) The most recently filed comparative annual financial statements of the investment fund, together with the accompanying report of the auditor.
- (b) Any interim financial statements of the investment fund filed after those annual financial statements.
- (c) The most recently filed annual management report of fund performance of the investment fund.
- (d) Any interim management report of fund performance of the investment fund filed after that annual management report of fund performance.

These documents are incorporated by reference into the prospectus, which means that they legally form part of this document just as if they were printed as part of this document. You can get a copy of these documents, at your request, and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted] or from your dealer.

[If applicable] These documents are available on the [investment fund’s/ investment fund family’s] Internet site at [insert investment fund’s Internet site address], or by contacting the [investment fund/investment fund family] at [insert investment fund’s /investment fund family’s email address].

These documents and other information about the Fund are available on the Internet at www.sedar.com’.

“37.2 Mandatory Incorporation by Reference of Future Documents

If the investment fund is in continuous distribution, other than a scholarship plan, state that any documents, of the type described in section 37.1, if filed by the investment fund after the date of the prospectus and before the termination of the distribution, are deemed to be incorporated by reference in the prospectus.

“Item 38 Financial Disclosure**“38.1 Financial Statements**

- (1) Unless incorporated by reference under Item 37, include in the prospectus the comparative annual financial statements and the auditor’s report prepared in accordance with NI 81-106 for the investment fund’s most recently completed financial year.
- (2) If an investment fund’s most recent financial year ended within 90 days of the date of the prospectus referred to in subsection (1), the investment fund may treat the previous year as the most recently completed financial year under subsection (1).
- (3) If the investment fund has not completed its first financial year, the fund must include in the prospectus audited financial statements and the auditor’s report prepared in accordance with NI 81-106 for the period from the date of the fund’s formation to a date not more than 90 days before the date of the prospectus and as at a date not more than 90 days before the date of the prospectus, as applicable.
- (4) Despite subsections (1) and (3), if the investment fund is a newly established fund, include in the prospectus the opening balance sheet of the investment fund, accompanied by the auditor’s report prepared in accordance with NI 81-106.

“38.2 Interim Financial Statements

Unless incorporated by reference under Item 37, include in the prospectus financial statements for the investment fund prepared in accordance with NI 81-106 for the interim period that began immediately after the financial year to which the annual financial statements required to be included in the prospectus under section 38.1 relate, if the prospectus is filed 60 days or more after the end of that interim period.

“38.3 Management Reports of Fund Performance

Unless incorporated by reference under Item 37, include in the prospectus the most recently filed interim management report of fund performance, if filed after the most recently filed annual management report of fund performance and include the most recently filed annual management report of fund performance.

“Item 39 Certificates**“39.1 Certificate of the Investment Fund**

Include a certificate of the investment fund in the following form:

“This prospectus [together with the documents incorporated herein by reference.] constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert the jurisdictions in which qualified].”

“39.2 Certificate of the Manager

Include a certificate of the manager of the investment fund in the same form as the certificate of the investment fund.

“39.3 Certificate of the Underwriter

Where a person or company is required to provide a certificate in the underwriter certificate form, the certificate must state:

‘To the best of our knowledge, information and belief, this prospectus [together with the documents incorporated herein by reference,] constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert the jurisdictions in which qualified]’.

“39.4 Certificate of the Promoter

If there is a promoter of the investment fund or a subsidiary of the investment fund, include a certificate in the same form as the certificate of the investment fund.

“39.5 Amendments

(1) For an amendment to a prospectus that does not restate the prospectus, change ‘prospectus’ to ‘prospectus dated [insert date] as amended by this amendment’ wherever it appears in the statements in sections 39.1 to 39.4.

(2) For an amended and restated prospectus, change ‘prospectus’ to ‘amended and restated prospectus’ wherever it appears in the statements in sections 39.1 to 39.4.

“39.6 Non-offering Prospectus

For a non-offering prospectus, change ‘securities offered by this prospectus’ to ‘securities previously issued by the investment fund’ wherever it appears in the statements in sections 39.1 to 39.4”.

Part XIII of Appendix amended

10(1) Part XIII of the Appendix is amended in the manner set forth in this section.

(2) Section 1.1 is amended in the definition of “short form eligible exchange” by striking out “Canadian Trading and Quotation System Inc.” and substituting “Canadian National Stock Exchange”.

(3) Clause 4.3(2)(a) is repealed and the following substituted:

“(a) U.S. AICPA GAAS, the unaudited financial statements may be reviewed in accordance with the review standards issued by the American Institute of Certified Public Accountants;

“(a.1) U.S. PCAOB GAAS, the unaudited financial statements may be reviewed in accordance with the review standards issued by the Public Company Accounting Oversight Board (United States of America)”.

(4) Form 44-101F1 is amended:

(a) in the Instructions:

(i) in Item 3 by striking out “This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.”;

- (ii) in Item 8 by striking out “*the Handbook*” and substituting “*Canadian GAAP applicable to publicly accountable enterprises*”; and
- (iii) in Item 14 by striking out “*disclose the currency in which the financial information is disclosed*” and substituting “*display the presentation currency*”;
- (b) in section 1.6.1 by striking out “reporting”;
- (c) in section 6.1:
- (i) in clause (1)(c) by striking out “interim financial statements of the issuer have” and substituting “an interim financial report of the issuer has”;
- (ii) in subsection (2) by repealing clauses (b) to (e) and substituting the following:
- “(b) in the case of a distribution of preferred shares:
- (i) the issuance of all preferred shares since the date of the annual financial statements or interim financial report; and
- (ii) the repurchase, redemption or other retirement of all preferred shares repurchased, redeemed or otherwise retired since the date of the annual financial statements or interim financial report and of all preferred shares to be repurchased, redeemed or otherwise retired from the proceeds to be realized from the sale of securities under the short form prospectus;
- “(c) the issuance of all financial liabilities, as defined in accordance with the issuer’s GAAP since the date of the annual financial statements or interim financial report; and
- “(d) the repayment, redemption or other retirement of all financial liabilities, as defined in accordance with the issuer’s GAAP, since the date of the annual financial statements or interim financial report and all financial liabilities to be repaid or redeemed from the proceeds to be realized from the sale of securities distributed under the short form prospectus”;
- (iii) by repealing subsection (3); and
- (iv) in subsection (4) by striking out “earnings required” and substituting “numerator required”;
- (d) in the Instructions following Item 6:
- (i) in Item 2 by striking out “*entity’s earnings (the numerator) by its interest*” and substituting “*entity’s profit or loss attributable to owners of the parent (the numerator) by its borrowing costs*”;
- (ii) in Item 3:
- (A) in clause (a) by striking out “*net income before interest*” and substituting “*profit or loss attributable to owners of the parent before borrowing costs*”;
- (B) by repealing clause (c);
- (C) by repealing clause (d) and substituting the following:

“(d) for distributions of debt securities, the appropriate denominator is borrowing costs, after giving effect to the new debt securities issue and any retirement of obligations, plus the borrowing costs that have been capitalized during the period”;

(D) in subclause (e)(i) by striking out “annual interest requirements, including the amount of interest that has” and substituting “annual borrowing cost requirements, including the borrowing costs that have”; and

(E) in clause (f) by adding “securities” after “effect of the debt”;

(iii) in Item 4:

(A) in the portion preceding clause (a) by striking out “interest obligations on all long-term debt” and substituting “borrowing cost obligations on all financial liabilities”;

(B) by repealing clause (a) and substituting the following:

“(a) the issuance of all financial liabilities and, in addition in the case of an issuance of preferred shares, all preferred shares issued, since the date of the annual financial statements or interim financial report”;

(C) by adding “and” after clause (b);

(D) by repealing clause (c) and substituting the following:

“(c) the repayment or redemption of all financial liabilities since the date of the annual financial statements or interim financial report, all financial liabilities to be repaid or redeemed from the proceeds to be realized from the sale of securities under the short form prospectus and, in addition, in the case of an issuance of preferred shares, all preferred shares repaid or redeemed since the date of the annual financial statements or interim financial report and all preferred shares to be repaid or redeemed from the proceeds to be realized from the sale of securities under the short form prospectus”; and

(E) by repealing clause (d);

(iv) by repealing Item 5; and

(v) by repealing Items 6 and 7 and substituting the following:

“(6) For debt securities, disclosure of earnings coverage shall include language similar to the following, with the bracketed and bulleted information completed:

[Name of the issuer]’s borrowing cost requirements, after giving effect to the issue of [the debt securities to be distributed under the short form prospectus], amounted to \$• for the 12 months ended •. [Name of the issuer]’s profit or loss attributable to owners of the parent before borrowing costs and income tax for the 12 months then ended was \$•, which is • times [name of the issuer]’s borrowing cost requirements’.

“(7) For preferred share issues, disclosure of earnings coverage shall include language similar to the following, with the bracketed and bulleted information completed:

[Name of the issuer]’s dividend requirements on all of its preferred shares, after giving effect to the issue of [the preferred shares to be distributed under the prospectus], and adjusted to a before-tax equivalent using an effective income tax rate of •%, amounted to \$• for the 12 months ended •. [Name of the issuer]’s borrowing cost requirements for the 12 months then ended amounted to \$•. [Name of the issuer]’s profit or loss attributable to owners of the parent before borrowing costs and income tax for the 12 months ended • was \$•, which is • times [name of the issuer]’s aggregate dividend and borrowing cost requirements’;

(e) in clause 7.3(3)(b) by striking out “income” and substituting “profit”;

(f) in subsection 11.1(1) in Item 3 by striking out “interim financial statements” and substituting “interim financial report”;

(g) in subsection 13.1(1):

(i) in clause (c) by striking out “revenues” and substituting “revenue”;

(ii) in clause (g):

(A) by repealing subclauses (i) to (iii) and substituting the following:

“(i) revenue;

“(ii) profit or loss from continuing operations attributable to owners of the parent;

“(iii) profit or loss attributable to owners of the parent”;

(B) in subclause (iv) in the portion preceding paragraph (A) by striking out “balance sheet” and substituting “statement of financial position”; and

(C) by adding the following after clause (g):

“INSTRUCTION:

See section 1.1 of NI 41-101 for the definitions of ‘profit or loss attributable to owners of the parent’ and ‘profit or loss from continuing operations attributable to owners of the parent’;
and

(h) in subclause 13.2(f)(ii) in the portion preceding paragraph (A) by striking out “interim and annual consolidated” and substituting “consolidated interim financial report and consolidated annual”.

Part XIV of Appendix amended

11(1) Part XIV of the Appendix is amended in the manner set forth in this section.

(2) Subsection 6.2(4) is amended:

(a) in the portion preceding clause (a) by striking out “Acceptable Accounting Principles, Auditing Standards and Reporting Currency”; and

(b) by repealing clause (a) and substituting the following:

“(a) U.S. AICPA GAAS, the unaudited financial statements may be reviewed in accordance with the review standards issued by the American Institute of Certified Public Accountants;

“(a.1) U.S. PCAOB GAAS, the unaudited financial statements may be reviewed in accordance with the review standards issued by Public Company Accounting Oversight Board (United States of America)”.

(3) Clause 8.4(a) is amended by striking out “interim” and substituting “an interim financial report”.

Part XXII of Appendix amended

12 Form 21-101F of Part XXII of the Appendix is amended in Item 4 of Exhibit D by striking out the following:

“Such financial statements shall consist, at a minimum, of a balance sheet and an income statement prepared in accordance with, or if the affiliated entity is organized under the laws of a foreign jurisdiction, reconciled with Canadian GAAP”.

Part XXIV of Appendix amended

13 Form 54-101F1 of Part XXIV of the Appendix is amended in Part 2 by striking out “interim financial statements” and substituting “interim financial reports”.

Part XXVIII of Appendix amended

14 Form 33-109F6 of Part XXVIII of the Appendix is amended in section 5.13 by striking out “balance sheet” and substituting “statement of financial position”.

New Part XXXI of Appendix

15 Part XXXI of the Appendix is repealed and the following substituted:

“PART XXXI
[*clause 2(ee)*]

“NATIONAL INSTRUMENT 51-101
STANDARDS OF DISCLOSURE FOR OIL AND GAS ACTIVITIES

“PART 1 APPLICATION AND TERMINOLOGY¹**“1.1 Definitions² - In this *Instrument*:**

(a) ‘**annual information form**’ has the same meaning as ‘AIF’ in *NI 51-102*;

(a.1) ‘**analogous information**’ means information about an area outside the area in which the *reporting issuer* has an interest or intends to acquire an interest, which is referenced by the *reporting issuer* for the purpose of drawing a comparison or conclusion to an area in which the *reporting issuer* has an interest or intends to acquire an interest, which comparison or conclusion is reasonable, and includes:

¹For the convenience of readers, CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards for Disclosure for Oil and Gas Activities* sets out the meanings of terms, including those defined in this Part, that are printed in italics in this *Instrument*, *Form 51-101F1*, *Form 51-101F2*, *Form 51-101F3* or Companion Policy 51-101CP.

²A national definition instrument has been adopted as *NI 14-101*. It contains definitions of certain terms used in more than one national or multinational instrument. *NI 14-101* provides that a term used in a national or multilateral instrument and defined in the statute relating to securities of the applicable *jurisdiction*, the definition of which is not restricted to a specific portion of the statute, will have the meaning given to it in that statute unless the context otherwise requires. *NI 14-101* also provides that a provision or a reference within a provision of a national or multilateral instrument that specifically refers by name to a jurisdiction other than the local jurisdiction shall not have any effect in the local jurisdiction, unless otherwise stated in that national or multilateral instrument.

- (i) historical information concerning *reserves*;
 - (ii) estimates of the volume or value of *reserves*;
 - (iii) historical information concerning *resources*;
 - (iv) estimates of the volume or value of *resources*;
 - (v) historical *production* amounts;
 - (vi) *production* estimates; or
 - (vii) information concerning a *field*, well, basin or *reservoir*;
- (a.2) **‘anticipated results’** means information that may, in the opinion of a reasonable person, indicate the potential value or quantities of *resources* in respect of the *reporting issuer’s resources* or a portion of its *resources* and includes:
- (i) estimates of volume;
 - (ii) estimates of value;
 - (iii) areal extent;
 - (iv) pay thickness;
 - (v) flow rates; or
 - (vi) hydrocarbon content;
- (b) **‘BOEs’** means barrels of *oil* equivalent;
- (c) Repealed (December 30, 2010);
- (d) Repealed (December 30, 2010);
- (e) Repealed (December 30, 2010);
- (f) **‘COGE Handbook’** means the ‘Canadian Oil and Gas Evaluation Handbook’ prepared jointly by The Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society), as amended from time to time;
- (g) Repealed (December 28, 2007);
- (h) **‘effective date’**, in respect of information, means the date as at which, or for the period ended on which, the information is provided;
- (i) Repealed (December 30, 2010);
- (j) **‘forecast prices and costs’** means future prices and costs that are:
- (i) generally accepted as being a reasonable outlook of the future;
 - (ii) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the *reporting issuer* is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in subparagraph (i);
- (k) **‘foreign geographic area’** means a geographic area outside North America within one country or including all or portions of a number of countries;

- (l) **'Form 51-101F1'** means Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information*;
- (m) **'Form 51-101F2'** means Form 51-101F2 *Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor*;
- (n) **'Form 51-101F3'** means Form 51-101F3 *Report of Management and Directors on Oil and Gas Disclosure*;
- (n.1) **'Form 51-101F4'** means Form 51-101F4 *Notice of Filing of 51-101F1 Information*;
- (o) **'independent'**, in respect of the relationship between a *reporting issuer* and a person or company, means a relationship between the *reporting issuer* and that person or company in which there is no circumstance that could, in the opinion of a reasonable person aware of all relevant facts, interfere with that person's or company's exercise of judgment regarding the preparation of information which is used by the *reporting issuer*;
- (p) **'McfGEs'** means thousand cubic feet of *gas* equivalent;
- (q) **'NI 14-101'** means National Instrument 14-101 *Definitions*;
- (r) Repealed (December 30, 2005);
- (r.1) **'NI 51-102'** means National Instrument 51-102 *Continuous Disclosure Obligations*;
- (s) **'oil and gas activities'**:
 - (i) include:
 - (A) the search for *crude oil* or *natural gas* in their natural states and original locations;
 - (B) the acquisition of *property* rights or *properties* for the purpose of exploring for or removing *oil* or *gas* from their natural locations;
 - (C) the construction, drilling and *production* activities necessary to retrieve *oil* and *gas* from their natural locations, and the acquisition, construction, installation and maintenance of *field* gathering and storage systems including lifting the *oil* and *gas* to the surface and gathering, treating, *field* processing and *field* storage; and
 - (D) the extraction of hydrocarbons from oil sands, shale, coal or other non-conventional sources and activities similar to those referred to in clauses (A), (B) and (C) undertaken with a view to such extraction; but:
 - (ii) do not include:
 - (A) transporting, refining or marketing *oil* or *gas*;
 - (B) activities relating to the extraction of natural resources other than *oil* and *gas* and their by-products; or
 - (C) the extraction of geothermal steam or of hydrocarbons as a by-product of the extraction of geothermal steam or associated geothermal resources;

- (t) **‘preparation date’**, in respect of written disclosure, means the most recent date to which information relating to the period ending on the *effective date* was considered in the preparation of the disclosure;
- (u) **‘production group’** means one of the following together, in each case, with associated by-products:
- (i) light and medium *crude oil* (combined);
 - (ii) *heavy oil*;
 - (iii) *associated gas* and *non-associated gas* (combined); and
 - (iv) *bitumen, synthetic oil* or other products from non-conventional *oil and gas activities*;
- (v) **‘product type’** means one of the following:
- (i) in respect of conventional *oil and gas activities*:
 - (A) light and medium *crude oil* (combined);
 - (B) *heavy oil*;
 - (C) *natural gas* excluding *natural gas liquids*; or
 - (D) *natural gas liquids*; and
 - (ii) in respect of non-conventional *oil and gas activities*:
 - (A) *synthetic oil*;
 - (B) *bitumen*;
 - (C) coal bed methane;
 - (D) hydrates;
 - (E) shale oil; or
 - (F) shale gas;
- (w) **‘professional organization’** means a self-regulatory organization of engineers, geologists, other geoscientists or other professionals whose professional practice includes *reserves evaluations* or *reserves audits*, that:
- (i) admits members primarily on the basis of their educational qualifications;
 - (ii) requires its members to comply with the professional standards of competence and ethics prescribed by the organization that are relevant to the estimation, *evaluation, review* or *audit of reserves data*;
 - (iii) has disciplinary powers, including the power to suspend or expel a member; and
 - (iv) is either:
 - (A) given authority or recognition by statute in a Canadian jurisdiction; or
 - (B) accepted for this purpose by the *securities regulatory authority* or the *regulator*;

- (x) **‘qualified reserves auditor’** means an individual who:
- (i) in respect of particular *reserves data, resources* or related information, possesses professional qualifications and experience appropriate for the estimation, *evaluation, review* and *audit* of the *reserves data, resources* and related information; and
 - (ii) is a member in good standing of a *professional organization*;
- (y) **‘qualified reserves evaluator’** means an individual who:
- (i) in respect of particular *reserves data, resources* or related information, possesses professional qualifications and experience appropriate for the estimation, *evaluation* and *review* of the *reserves data, resources* and related information; and
 - (ii) is a member in good standing of a *professional organization*;
- (z) **‘qualified reserves evaluator or auditor’** means a *qualified reserves auditor* or a *qualified reserves evaluator*;
- (z.1) **‘reserves’** means *proved, probable* or *possible reserves*;
- (aa) **‘reserves data’** means an estimate of *proved reserves* and *probable reserves* and related *future net revenue*, estimated using *forecast prices and costs*; and
- (bb) **‘supporting filing’** means a document filed by a *reporting issuer* with a *securities regulatory authority*.

“1.2 COGE Handbook Definitions

- (1) Terms used in this *Instrument* but not defined in this *Instrument, NI 14-101* or the securities statute in the *jurisdiction*, and defined or interpreted in the *COGE Handbook*, have the meaning or interpretation ascribed to those terms in the *COGE Handbook*.
- (2) In the event of a conflict or inconsistency between the definition of a term in this *Instrument, NI 14-101* or the securities statute in the *jurisdiction* and the meaning ascribed to the term in the *COGE Handbook*, the definition in this *Instrument, NI 14-101* or the securities statute in the *jurisdiction*, as the case may be, applies.

“1.3 Applies to Reporting Issuers Only - This *Instrument* applies only to *reporting issuers* engaged, directly or indirectly, in *oil and gas activities*.

“1.4 Materiality Standard

- (1) This *Instrument* applies only in respect of information that is *material* in respect of a *reporting issuer*.
- (2) For the purpose of subsection (1), information is *material* in respect of a *reporting issuer* if it would be likely to influence a decision by a reasonable investor to buy, hold or sell a security of the *reporting issuer*.

“PART 2 ANNUAL FILING REQUIREMENTS

“2.1 Reserves Data and Other Oil and Gas Information - A reporting issuer must, not later than the date on which it is required by *securities legislation* to file audited financial statements for its most recent financial year, file with the *securities regulatory authority* the following:

1. **Statement of Reserves Data and Other Information** - a statement of the *reserves data* and other information specified in *Form 51-101F1*, as at the last day of the *reporting issuer's* most recent financial year and for the financial year then ended;

2. **Report of Independent Qualified Reserves Evaluator or Auditor** - a report in accordance with *Form 51-101F2* that is:

(a) included in, or filed concurrently with, the document filed under item 1; and

(b) executed by one or more *qualified reserves evaluators or auditors* each of whom is *independent* of the *reporting issuer*, who must in the aggregate have:

(i) *evaluated* or audited at least 75 percent of the *future net revenue* (calculated using a discount rate of 10 percent) attributable to *proved* plus *probable reserves*, as reported in the statement filed or to be filed under item 1; and

(ii) *reviewed* the balance of such *future net revenue*; and

3. **Report of Management and Directors** - a report in accordance with *Form 51-101F3* that:

(a) refers to the information filed or to be filed under items 1 and 2;

(b) confirms the responsibility of management of the *reporting issuer* for the content and filing of the statement referred to in item 1 and for the filing of the report referred to in item 2;

(c) confirms the role of the board of directors in connection with the information referred to in paragraph (b);

(d) is contained in, or filed concurrently with, the statement filed under item 1; and

(e) is executed:

(i) by two officers of the *reporting issuer*, one of whom is the chief executive officer; and

(ii) on behalf of the board of directors, by:

(A) any two directors of the *reporting issuer*, other than the persons referred to in subparagraph (i) above; or

(B) if the issuer has only three directors, two of whom are the persons referred to in subparagraph (i), all of the directors of the *reporting issuer*.

“2.2 Repealed (December 30, 2010)

“2.3 **Inclusion in *Annual Information Form***

(1) The requirements of section 2.1 may be satisfied by including the information specified in section 2.1 in an *annual information form* filed within the time specified in section 2.1.

(2) A reporting issuer that adopts the approach described in subsection (1) must, concurrently with filing its *annual information form*, file with the *securities regulatory authority* a notice of filing in accordance with *Form 51-101F4*.

“2.4 **Reservation in Report of *Qualified Reserves Evaluator or Auditor***

(1) If a *qualified reserves evaluator or auditor* cannot report on *reserves data* without *reservation*, the *reporting issuer* must ensure that the report of the *qualified reserves evaluator or auditor* prepared for the purpose of item 2 of section 2.1 sets out the cause of the *reservation* and the effect, if known to the *qualified reserves evaluator or auditor*, on the *reserves data*.

(2) A report containing a *reservation*, the cause of which can be removed by the *reporting issuer*, does not satisfy the requirements of item 2 of section 2.1.

“PART 3 RESPONSIBILITIES OF *REPORTING ISSUERS* AND DIRECTORS

“3.1 **Interpretation** - A reference to a board of directors in this Part means, for a *reporting issuer* that does not have a board of directors, those individuals whose authority and duties in respect of that *reporting issuer* are similar to those of a board of directors.

“3.2 **Reporting Issuer to Appoint *Independent Qualified Reserves Evaluator or Auditor*** - A *reporting issuer* must appoint one or more *qualified reserves evaluators or auditors*, each of whom is *independent* of the *reporting issuer*, to report to the board of directors of the *reporting issuer* on its *reserves data*.

“3.3 **Reporting Issuer to Make Information Available to *Qualified Reserves Evaluator or Auditor*** - A *reporting issuer* must make available to the *qualified reserves evaluators or auditors* that it appoints under section 3.2 all information reasonably necessary to enable the *qualified reserves evaluators or auditors* to provide a report that will satisfy the applicable requirements of this *Instrument*.

“3.4 **Certain Responsibilities of Board of Directors** - The board of directors of a *reporting issuer* must:

(a) review, with reasonable frequency, the *reporting issuer's* procedures relating to the disclosure of information with respect to *oil and gas activities*, including its procedures for complying with the disclosure requirements and restrictions of this *Instrument*;

(b) review each appointment under section 3.2 and, in the case of any proposed change in such appointment, determine the reasons for the proposal and whether there have been disputes between the appointed *qualified reserves evaluator or auditor* and management of the *reporting issuer*;

(c) review, with reasonable frequency, the *reporting issuer's* procedures for providing information to the *qualified reserves evaluators or auditors* who report on *reserves data* for the purposes of this *Instrument*;

- (d) before approving the filing of *reserves data* and the report of the *qualified reserves evaluators or auditors* thereon referred to in section 2.1, meet with management and each *qualified reserves evaluator or auditor* appointed under section 3.2, to:
- (i) determine whether any restrictions affect the ability of the *qualified reserves evaluator or auditor* to report on *reserves data* without reservation; and
 - (ii) review the *reserves data* and the report of the *qualified reserves evaluator or auditor* thereon; and
- (e) review and approve:
- (i) the content and filing, under section 2.1, of the statement referred to in item 1 of section 2.1;
 - (ii) the filing, under section 2.1, of the report referred to in item 2 of section 2.1; and
 - (iii) the content and filing, under section 2.1, of the report referred to in item 3 of section 2.1.

“3.5 Reserves Committee

- (1) The board of directors of a *reporting issuer* may, subject to subsection (2), delegate the responsibilities set out in section 3.4 to a committee of the board of directors, provided that a majority of the members of the committee:
- (a) are individuals who are not and have not been, during the preceding 12 months:
 - (i) an officer or employee of the *reporting issuer* or of an affiliate of the *reporting issuer*;
 - (ii) a person who beneficially owns 10 percent or more of the outstanding voting securities of the *reporting issuer*; or
 - (iii) a relative of a person referred to in subparagraph (a)(i) or (ii), residing in the same home as that person; and
 - (b) are free from any business or other relationship which could reasonably be seen to interfere with the exercise of their independent judgement.
- (2) Despite subsection (1), a board of directors of a *reporting issuer* must not delegate its responsibility under paragraph 3.4(e) to approve the content or the filing of information.
- (3) A board of directors that has delegated responsibility to a committee pursuant to subsection (1) must solicit the recommendation of that committee as to whether to approve the content and filing of information for the purpose of paragraph 3.4(e).

“3.6 Repealed (September 19, 2005)

“PART 4 MEASUREMENT

“4.1 Repealed (December 30, 2010)

“4.2 Consistency in Dates - The date or period with respect to which the effects of an event or transaction are recorded in a *reporting issuer's* annual financial statements must be the same as the date or period with respect to which they are first reflected in the *reporting issuer's* annual *reserves data* disclosure under Part 2.

“PART 5 REQUIREMENTS APPLICABLE TO ALL DISCLOSURE

“5.1 Application of Part 5 - This Part applies to disclosure made by or on behalf of a *reporting issuer*:

- (a) to the public;
- (b) in any document filed with a *securities regulatory authority*; or
- (c) in other circumstances in which, at the time of making the disclosure, the *reporting issuer* knows, or ought reasonably to know, that the disclosure is or will become available to the public.

“5.2 Disclosure of Reserves and Other Information - If a *reporting issuer* makes disclosure of *reserves* or other information of a type that is specified in *Form 51-101F1*, the *reporting issuer* must ensure that the disclosure satisfies the following requirements:

- (a) estimates of *reserves* or *future net revenue* must:
 - (i) disclose the *effective date* of the estimate;
 - (ii) have been prepared or audited by a *qualified reserves evaluator or auditor*;
 - (iii) have been prepared or audited in accordance with the *COGE Handbook*;
 - (iv) have been made assuming that development of each *property* in respect of which the estimate is made will occur, without regard to the likely availability to the *reporting issuer* of funding required for that development; and
 - (v) in the case of estimates of *possible reserves* or related *future net revenue* disclosed in writing, also include a cautionary statement that is proximate to the estimate to the following effect:

‘Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves’;

- (b) for the purpose of determining whether *reserves* should be attributed to a particular undrilled *property*, reasonably estimated future abandonment and reclamation costs related to the *property* must have been taken into account;
- (c) in disclosing aggregate *future net revenue* the disclosure must comply with the requirements for the determination of *future net revenue* specified in *Form 51-101F1*; and
- (d) the disclosure must be consistent with the corresponding information, if any, contained in the statement most recently filed by the *reporting issuer* with the *securities regulatory authority* under item 1 of section 2.1, except to the extent that the statement has been supplemented or superseded by a report of a material change³ filed by the *reporting issuer* with the *securities regulatory authority*.

³Material change’ has the meaning ascribed to the term under *securities legislation* of the applicable jurisdiction.

“5.3 Classification of *Reserves* and of *Resources* Other than *Reserves*

(1) *Reserves* or *resources* other than *reserves* must be disclosed using the applicable terminology and categories set out in the *COGE Handbook* and must be classified in the most specific category of *reserves* or *resources* other than *reserves* in which the *reserves* or *resources* other than *reserves* can be classified.

(2) Despite subsection (1), where the applicable terminology set out in the *COGE Handbook* for the disclosure of *resources* is *total petroleum initially-in-place*, *discovered petroleum initially-in-place* or *undiscovered petroleum initially-in-place*, the *reporting issuer* may depart from the applicable terminology by substituting, for the word ‘*petroleum*’, reference to the specific *product type* of the *resource*.

“5.4 Oil and Gas *Reserves* and Sales - Disclosure of *reserves* or of sales of *oil*, *gas* or associated by-products must be made only in respect of *marketable* quantities, reflecting the quantities and prices for the product in the condition (upgraded or not upgraded, processed or unprocessed) in which it is to be, or was, sold.

“5.5 Natural Gas By-Products - Disclosure concerning *natural gas* by-products (including *natural gas liquids* and sulphur) must be made in respect only of volumes that have been or are to be recovered prior to the point at which *marketable gas* is measured.

“5.6 Future Net Revenue Not Fair Market Value - Disclosure of an estimate of *future net revenue*, whether calculated without discount or using a discount rate, must include a statement to the effect that the estimated values disclosed do not represent fair market value.

“5.7 Consent of *Qualified Reserves Evaluator* or *Auditor*

(1) A *reporting issuer* must not disclose a report referred to in item 2 of section 2.1 that has been delivered to the board of directors of the *reporting issuer* by a *qualified reserves evaluator* or *auditor* pursuant to an appointment under section 3.2, or disclose information derived from the report or the identity of the *qualified reserves evaluator* or *auditor*, without the written consent of that *qualified reserves evaluator* or *auditor*.

(2) Subsection (1) does not apply to:

- (a) the filing of that report by a *reporting issuer* under section 2.1;
- (b) the use of or reference to that report in another document filed by the *reporting issuer* under section 2.1; or
- (c) the identification of the report or of the *qualified reserves evaluator* or *auditor* in a news release referred to in section 2.2.

“5.8 Disclosure of Less Than All *Reserves* - If a *reporting issuer* that has more than one *property* makes written disclosure of any *reserves* attributable to a particular *property*:

(a) the disclosure must include a cautionary statement to the effect that:

‘The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation’; and

(b) the document containing the disclosure of any *reserves* attributable to one *property* must also disclose total *reserves* of the same classification for all *properties* of the *reporting issuer* in the same country (or, if appropriate and not misleading, in the same *foreign geographic area*).

“5.9 Disclosure of *Resources Other than Reserves*

(1) If a *reporting issuer* discloses *anticipated results* from *resources* which are not currently classified as *reserves*, the *reporting issuer* must also disclose in writing, in the same document or in a *supporting filing*:

- (a) the *reporting issuer's* interest in the *resources*;
- (b) the location of the *resources*;
- (c) the *product types* reasonably expected;
- (d) the risks and the level of uncertainty associated with recovery of the *resources*; and
- (e) in the case of *unproved property*, if its value is disclosed:
 - (i) the basis of the calculation of its value; and
 - (ii) whether the value was prepared by an *independent party*.

(2) If disclosure referred to in subsection (1) includes an estimate of a quantity of *resources* other than *reserves* in which the *reporting issuer* has an interest or intends to acquire an interest, or an estimated value attributable to an estimated quantity, the estimate must:

- (a) have been prepared or audited by a *qualified reserves evaluator or auditor*;
- (b) have been prepared or audited in accordance with the *COGE Handbook*;
- (c) be classified in the most specific category of *resources* other than *reserves*, as required by section 5.3; and
- (d) be accompanied by the following information:
 - (i) a definition of the *resources* category used for the estimate;
 - (ii) the *effective date* of the estimate;
 - (iii) the significant positive and negative factors relevant to the estimate;
 - (iv) in respect of *contingent resources*, the specific contingencies which prevent the classification of the *resources* as *reserves*; and
 - (v) a cautionary statement that is proximate to the estimate to the effect that:
 - (A) in the case of *discovered resources* or a subcategory of *discovered resources* other than *reserves*:

‘There is no certainty that it will be commercially viable to produce any portion of the resources’; or
 - (B) in the case of *undiscovered resources* or a subcategory of *undiscovered resources*:

‘There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources’.

(3) Paragraphs (1)(d) and (e) and subparagraphs (2)(c)(iii) and (iv) do not apply if:

(a) the *reporting issuer* includes in the written disclosure a reference to the title and date of a previously filed document that complies with those requirements; and

(b) the *resources* in the written disclosure, taking into account the specific *properties* and interests reflected in the *resources* estimate or other *anticipated result*, are *materially* the same *resources* addressed in the previously filed document.

“5.10 Analogous Information

(1) Sections 5.2, 5.3, 5.9 and 5.16 do not apply to the disclosure of *analogous information* provided that the *reporting issuer* discloses the following:

(a) the source and date of the *analogous information*;

(b) whether the source of the *analogous information* was *independent*;

(c) if the *reporting issuer* is unable to confirm that the *analogous information* was prepared by a *qualified reserves evaluator or auditor* or in accordance with the *COGE Handbook*, a cautionary statement to that effect proximate to the disclosure of the *analogous information*; and

(d) the relevance of the *analogous information* to the *reporting issuer's oil and gas activities*.

(2) For greater certainty, if a *reporting issuer* discloses information that is an *anticipated result*, an estimate of a quantity of *reserves* or *resources*, or an estimate of value attributable to an estimated quantity of *reserves* or *resources* for an area in which it has an interest or intends to acquire an interest, that is based on an extrapolation from *analogous information*, sections 5.2, 5.3, 5.9 and 5.16 apply to the disclosure of the information.

“5.11 Net Asset Value and Net Asset Value per Share - Written disclosure of net asset value or net asset value per share must include a description of the methods used to value assets and liabilities and the number of shares used in the calculation.

“5.12 Reserve Replacement - Written disclosure concerning *reserve* replacement must include an explanation of the method of calculation applied.

“5.13 Netbacks - Written disclosure of a netback must:

(a) Repealed (December 28, 2007);

(b) reflect netbacks calculated by subtracting royalties and *operating costs* from revenues; and

(c) state the method of calculation.

“5.14 BOEs and McfGEs - If written disclosure includes information expressed in *BOEs*, *McfGEs* or other units of equivalency between *oil* and *gas*:

(a) the information must be presented:

(i) in the case of *BOEs*, using *BOEs* derived by converting *gas* to *oil* in the ratio of six thousand cubic feet of *gas* to one barrel of *oil* (6 *Mcf*:1 *bbl*);

- (ii) in the case of *McfGEs*, using *McfGEs* derived by converting *oil* to *gas* in the ratio of one barrel of *oil* to six thousand cubic feet of *gas* (1 *bbl*:6 *Mcf*); and
- (iii) with the conversion ratio stated;
- (b) if the information is also presented using *BOEs* or *McfGEs* derived using a conversion ratio other than a ratio specified in paragraph (a), the disclosure must state that other conversion ratio and explain why it has been chosen;
- (c) if the information is presented using a unit of equivalency other than *BOEs* or *McfGEs*, the disclosure must identify the unit, state the conversion ratio used and explain why it has been chosen; and
- (d) the disclosure must include a cautionary statement to the effect that:

‘BOEs [or “*McfGEs*” or other applicable units of equivalency] may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 *Mcf*: 1 *bbl* [or “An *McfGE* conversion ratio of 1 *bbl*: 6 *Mcf*”] is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead’.

“5.15 Finding and Development Costs - If written disclosure is made of finding and development costs:

- (a) those costs must be calculated using the following two methods, in each case after eliminating the effects of acquisitions and dispositions:

$$\text{Method 1: } \frac{a+b+c}{x}$$

$$\text{Method 2: } \frac{a+b+d}{y}$$

where a = *exploration costs* incurred in the most recent financial year

b = *development costs* incurred in the most recent financial year

c = the change during the most recent financial year in estimated future development costs relating to *proved reserves*

d = the change during the most recent financial year in estimated future development costs relating to *proved reserves* and *probable reserves*

x = additions to *proved reserves* during the most recent financial year, expressed in *BOEs* or other unit of equivalency

y = additions to *proved reserves* and *probable reserves* during the most recent financial year, expressed in *BOEs* or other unit of equivalency

- (b) the disclosure must include:
 - (i) the results of both methods of calculation under paragraph (a) and a description of those methods;
 - (ii) if the disclosure also includes a result derived using any other method of calculation, a description of that method and the reason for its use;
 - (iii) for each result, comparative information for the most recent financial year, the second most recent financial year and the averages for the three most recent financial years;

- (iv) a cautionary statement to the effect that:

‘The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year’; and

- (v) the cautionary statement required under paragraph 5.14(d).

“5.16 Restricted Disclosure: Summation of *Resource Categories*”

- (1) A *reporting issuer* must not disclose a summation of an estimated quantity, or estimated value, of two or more of the following:

- (a) *reserves*;
- (b) *contingent resources*;
- (c) *prospective resources*;
- (d) the unrecoverable portion of *discovered petroleum initially-in-place*;
- (e) the unrecoverable portion of *undiscovered petroleum initially-in-place*;
- (f) *discovered petroleum initially-in-place*; and
- (g) *undiscovered petroleum initially-in-place*.

- (2) Despite subsection (1), a *reporting issuer* may disclose an estimate of *total petroleum initially-in-place*, *discovered petroleum initially-in-place* or *undiscovered petroleum initially-in-place* if the *reporting issuer* includes, proximate to that disclosure, an estimate of each of the following, as applicable:

- (a) *reserves*;
- (b) *contingent resources*;
- (c) *prospective resources*;
- (d) the commercial portion of *discovered petroleum initially-in-place*;
- (e) the sub-commercial portion of *discovered petroleum initially-in-place*;
- (f) the unrecoverable portion of *discovered petroleum initially-in-place*;
- (g) the unrecoverable portion of *undiscovered petroleum initially-in-place*;
- (h) *discovered petroleum initially-in-place*; and
- (i) *undiscovered petroleum initially-in-place*.

- (3) A *reporting issuer* may disclose an estimate of *total petroleum initially-in-place*, *discovered petroleum initially-in-place* or *undiscovered petroleum initially-in-place* as the most specific category that it can assign to its *resources* if, proximate to its disclosure, the *reporting issuer*:

- (a) explains why *total petroleum initially-in-place*, *discovered petroleum initially-in-place* or *undiscovered petroleum initially-in-place*, as the case may be, is the most specific assignable category; and

(b) includes:

- (i) in the case of disclosure of *discovered petroleum initially-in-place*, the cautionary statement required by clause 5.9(2)(c)(v)(A); or
- (ii) in the case of disclosure of *total petroleum initially-in-place or undiscovered petroleum initially-in-place*, the cautionary statement required by clause 5.9(2)(c)(v)(B).

“5.17 Disclosure of High-Case Estimates of Reserves and of Resources other than Reserves

(1) If a *reporting issuer* discloses an estimate of *proved plus probable plus possible reserves*, the *reporting issuer* must also disclose the corresponding estimates of *proved* and *proved plus probable reserves* or of *proved* and *probable reserves*.

(2) If a *reporting issuer* discloses a high-case estimate of *resources* other than *reserves*, the *reporting issuer* must also disclose the corresponding low and best-case estimates.

“PART 6 MATERIAL CHANGE DISCLOSURE

“6.1 Material Change⁴ from Information Filed under Part 2

(1) This Part applies in respect of a material change that, had it occurred on or before the *effective date* of information included in the statement most recently filed by a *reporting issuer* under item 1 of section 2.1, would have resulted in a significant change in the information contained in the statement.

(2) In addition to any other requirement of *securities legislation* governing disclosure of a material change, disclosure of a material change referred to in subsection (1) must discuss the *reporting issuer’s* reasonable expectation of how the material change has affected its *reserves* data or other information:

- (a) Repealed (December 27, 2007).
- (b) Repealed (December 27, 2007).

“PART 7 OTHER INFORMATION

“7.1 Information to be Furnished on Request - A *reporting issuer* must, on the request of the *regulator*, deliver additional information with respect to the content of a document filed under this *Instrument*.

“PART 8 EXEMPTIONS

“8.1 Authority to Grant Exemption

(1) The *regulator* or the *securities regulatory authority* may grant an exemption from this *Instrument*, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario only the *regulator* may grant an exemption.

“8.2 Exemption for Certain Exchangeable Security Issuers

(1) An exchangeable security issuer, as defined in subsection 13.3(1) of *NI 51-102*, is exempt from this *Instrument* if all of the requirements of subsection 13.3(2) of *NI 51-102* are satisfied.

(2) For the purposes of subsection (1), the reference to ‘continuous disclosure documents’ in clause 13.3(2)(d)(ii)(A) of *NI 51-102* includes documents filed under this *Instrument*.

⁴Material change’ has the meaning ascribed to the term under *securities legislation* of the applicable jurisdiction.

“PART 9 INSTRUMENT IN FORCE

“9.1 Coming Into Force - This Instrument comes into force on September 30, 2003.

“9.2 Repealed (December 30, 2010).

**“FORM 51-101F1
STATEMENT OF RESERVES DATA
AND OTHER OIL AND GAS INFORMATION**

This is the form referred to in item 1 of section 2.1 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (“NI 51-101”).

GENERAL INSTRUCTIONS

(1) *Terms for which a meaning is given in NI 51-101 have the same meaning in this Form 51-101F1¹.*

(2) *Unless otherwise specified in this Form 51-101F1, information under item 1 of section 2.1 of NI 51-101 must be provided as at the last day of the reporting issuer’s most recent financial year or for its financial year then ended.*

(3) *It is not necessary to include the headings or numbering, or to follow the ordering of Items, in this Form 51-101F1. Information may be provided in tables.*

(4) *To the extent that any Item or any component of an Item specified in this Form 51-101F1 does not apply to a reporting issuer and its activities and operations, or is not material, no reference need be made to that Item or component. It is not necessary to state that such an Item or component is ‘not applicable’ or ‘not material’. Materiality is discussed in NI 51-101 and Companion Policy 51-101CP.*

(5) *This Form 51-101F1 sets out minimum requirements. A reporting issuer may provide additional information not required in this Form 51-101F1 provided that it is not misleading and not inconsistent with the requirements of NI 51-101, and provided that material information required to be disclosed is not omitted.*

(6) *A reporting issuer may satisfy the requirement of this Form 51-101F1 for disclosure of information ‘by country’ by instead providing information by foreign geographic area in respect of countries outside North America as may be appropriate for meaningful disclosure in the circumstances.*

(7) *A reporting issuer disclosing financial information in a currency other than the Canadian dollar must, clearly and as frequently as is necessary to avoid confusing or misleading readers, disclose the currency in which the financial information is disclosed.*

(8) *The COGE Handbook provides guidance about reporting using units of measurement. Reporting issuers should not, without compelling reason, switch between imperial units of measure (such as barrels) and Système International (SI) units of measurement (such as tonnes) within or between disclosure documents.*

“PART 1 DATE OF STATEMENT**“Item 1.1 Relevant Dates**

1. Date the statement.
2. Disclose the effective date of the information being provided.
3. Disclose the preparation date of the information being provided.

¹For the convenience of readers, CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* sets out the meanings of terms that are printed in italics (or, in the Instructions, in bold type) in this Form 51-101F1 or in NI 51-101, Form 51-101F2, Form 51-101F3 or Companion Policy 51-101CP.

INSTRUCTIONS:

(1) For the purpose of Part 2 of **NI 51-101**, and consistent with General Instruction (2) of this **Form 51-101F1**, the **effective date** to be disclosed under section 2 of Item 1.1 is the last day of the **reporting issuer's** most recent financial year.

(2) The same effective date applies to **reserves** of each category reported and to related **future net revenue**. References to a change in an item of information, such as changes in **production** or a change in reserves, mean changes in respect of that item during the year ended on the **effective date**.

(3) The **preparation date**, in respect of written disclosure, means the most recent date to which information relating to the period ending on the **effective date** was considered in the preparation of the disclosure. The **preparation date** is a date subsequent to the **effective date** because it takes time after the end of the financial year to assemble the information for that completed year that is needed to prepare the required disclosure as at the end of the financial year.

(4) Because of the interrelationship between certain of the **reporting issuer's reserves data** and other information referred to in this **Form 51-101F1** and certain of the information included in its financial statements, the **reporting issuer** should ensure that its financial auditor and its **qualified reserves evaluators or auditors** are kept apprised of relevant events and transactions, and should facilitate communication between them.

(5) If the **reporting issuer** provides information as at a date more recent than the **effective date**, in addition to the information required as at the **effective date**, also disclose the date as at which that additional information is provided. The provision of such additional information does not relieve the **reporting issuer** of the obligation to provide information as at the **effective date**.

“PART 2 DISCLOSURE OF RESERVES DATA**“Item 2.1 Reserves Data (Forecast Prices and Costs)**

1. Breakdown of Reserves (Forecast Case) - Disclose, by country and in the aggregate, reserves, gross and net, estimated using forecast prices and costs, for each product type, in the following categories:
 - (a) proved developed producing reserves;
 - (b) proved developed non-producing reserves;
 - (c) proved undeveloped reserves;
 - (d) proved reserves (in total);
 - (e) probable reserves (in total);
 - (f) proved plus probable reserves (in total); and
 - (g) if the reporting issuer discloses an estimate of possible reserves in the statement:
 - (i) possible reserves (in total); and
 - (ii) proved plus probable plus possible reserves (in total).

2. Net Present Value of Future Net Revenue (Forecast Case) - Disclose, by country and in the aggregate, the net present value of *future net revenue* attributable to the *reserves* categories referred to in section 1 of this Item, estimated using *forecast prices and costs*, before and after deducting *future income tax expenses*, calculated without discount and using discount rates of 5 percent, 10 percent, 15 percent and 20 percent. Also disclose the same information on a unit value basis (e.g., \$/Mcf or \$/bbl using *net reserves*) using a discount rate of 10 percent and calculated before deducting *future income tax expenses*. This unit value disclosure requirement may be satisfied by including the unit value disclosure for each category of *proved reserves* and for *probable reserves* in the disclosure referred to in paragraph 3(c) of Item 2.1.
3. Additional Information Concerning *Future Net Revenue* (Forecast Case)
 - (a) This section 3 applies to *future net revenue* attributable to each of the following *reserves* categories estimated using *forecast prices and costs*:
 - (i) *proved reserves* (in total);
 - (ii) *proved plus probable reserves* (in total); and
 - (iii) if paragraph 1(g) of this Item applies, *proved plus probable plus possible reserves* (in total).
 - (b) Disclose, by country and in the aggregate, the following elements of future net revenue estimated using forecast prices and costs and calculated without discount:
 - (i) revenue;
 - (ii) royalties;
 - (iii) *operating costs*;
 - (iv) *development costs*;
 - (v) *abandonment and reclamation costs*;
 - (vi) *future net revenue* before deducting *future income tax expenses*;
 - (vii) *future income tax expenses*; and
 - (viii) *future net revenue* after deducting *future income tax expenses*.
 - (c) Disclose, by *production group* and on a unit value basis for each *production group* (e.g., \$/Mcf or \$/bbl using *net reserves*), the net present value of *future net revenue* (before deducting *future income tax expenses*) estimated using *forecast prices and costs* and calculated using a discount rate of 10 percent.

“Item 2.2 Supplementary Disclosure (Constant Prices and Costs)

The *reporting issuer* may supplement its disclosure of *reserves data* under Item 2.1 by also disclosing estimates of *reserves*, *resources* other than *reserves*, or both, together with estimates of associated *future net revenue*, determined using constant prices and costs rather than *forecast prices and costs* for each applicable product type.

INSTRUCTION:

For this purpose:

- (a) a constant price is:
 - (i) if the **reporting issuer** is legally bound to supply the product at a particular price, that price; or
 - (ii) in every other case, the price that is the unweighted arithmetic average of the first-day-of-the-month price for that product for each of the 12 months preceding the effective date; and
- (b) the costs to be used are to be reasonably estimated on the basis of existing economic conditions without escalation or adjustment for inflation.

“Item 2.3 Reserves Disclosure Varies with Accounting

In determining *reserves* to be disclosed:

- (a) Consolidated Financial Disclosure - if the *reporting issuer* files consolidated financial statements:
 - (i) include 100 percent of *reserves* attributable to the parent company and 100 percent of the *reserves* attributable to its consolidated subsidiaries (whether or not wholly-owned); and
 - (ii) if a significant portion of *reserves* referred to in clause (i) is attributable to a consolidated subsidiary in which there is a significant non-controlling interest, disclose that fact and the approximate portion of such *reserves* attributable to the non-controlling interest;
- (b) Proportionate Consolidation - if the *reporting issuer* files financial statements in which investments are proportionately consolidated, the *reporting issuer's* disclosed *reserves* must include the *reporting issuer's* proportionate share of investees' *oil* and *gas reserves*; and
- (c) Equity Accounting - if the *reporting issuer* files financial statements in which investments are accounted for by the equity method, do not include investees' *oil* and *gas reserves* in disclosed *reserves* of the *reporting issuer*, but disclose the *reporting issuer's* share of investees' *oil* and *gas reserves* separately.

“Item 2.4 Future Net Revenue Disclosure Varies with Accounting

1. Consolidated Financial Disclosure - If the *reporting issuer* files consolidated financial statements, and if a significant portion of the *reporting issuer's* economic interest in *future net revenue* is attributable to a consolidated subsidiary in which there is a significant non-controlling interest, disclose that fact and the approximate portion of the economic interest in *future net revenue* attributable to the non-controlling interest.
2. Equity Accounting - If the *reporting issuer* files financial statements in which investments are accounted for by the equity method, do not include investees' *future net revenue* in disclosed *future net revenue* of the *reporting issuer*, but disclose the *reporting issuer's* share of investees' *future net revenue* separately, by country and in the aggregate.

INSTRUCTIONS:

(1) Do not include, in **reserves, oil or gas** that is subject to purchase under a long-term supply, purchase or similar agreement. However, if the **reporting issuer** is a party to such an agreement with a government or governmental authority, and participates in the operation of the **properties** in which the **oil or gas** is situated or otherwise serves as 'producer' of the **reserves** (in contrast to being an independent purchaser, broker, dealer or importer), disclose separately the **reporting issuer's** interest in the **reserves** that are subject to such agreements at the **effective date** and the **net** quantity of **oil or gas** received by the **reporting issuer** under the agreement during the year ended on the **effective date**.

(2) **Future net revenue** includes the portion attributable to the **reporting issuer's** interest under an agreement referred to in Instruction (1).

(3) **repealed**.

"PART 3 PRICING ASSUMPTIONS**"Item 3.1 Constant Prices Used in Supplementary Estimates**

If supplementary disclosure under Item 2.2 is made, the *reporting issuer* must disclose, for each *product type*, the constant price used.

"Item 3.2 Forecast Prices Used in Estimates

1. For each *product type*, disclose:

(a) the pricing assumptions used in estimating *reserves data* disclosed in response to Item 2.1:

(i) for each of at least the following five financial years; and

(ii) generally, for subsequent periods; and

(b) the *reporting issuer's* weighted average historical prices for the most recent financial year.

2. The disclosure in response to section 1 must include the benchmark reference pricing schedules for the countries or regions in which the *reporting issuer* operates, and inflation and other forecast factors used.

3. If the pricing assumptions specified in response to section 1 were provided by a *qualified reserves evaluator or auditor* who is *independent* of the *reporting issuer*, disclose that fact and identify the *qualified reserves evaluator or auditor*.

INSTRUCTIONS:

(1) *Benchmark reference prices* may be obtained from sources such as public product trading exchanges or prices posted by purchasers.

(2) The defined term '**forecast prices and costs**' includes any fixed or presently determinable future prices or costs to which the **reporting issuer** is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended. In effect, such contractually committed prices override benchmark reference prices for the purpose of estimating **reserves data**. To ensure that disclosure under this Part is not misleading, the disclosure should reflect such contractually committed prices.

(3) Under subsection 5.7(1) of NI 51-101, the **reporting issuer** must obtain the written consent of the **qualified reserves evaluator or auditor** to disclose his or her identity in response to section 3 of this Item.

“PART 4 RECONCILIATION OF CHANGES IN RESERVES**“Item 4.1 Reserves Reconciliation**

1. Provide the information specified in section 2 of this Item in respect of the following *reserves* categories:
 - (a) *gross proved reserves* (in total);
 - (b) *gross probable reserves* (in total); and
 - (c) *gross proved plus probable reserves* (in total).
2. Disclose changes between the *reserves* estimates made as at the *effective date* and the corresponding estimates (“prior-year estimates”) made as at the last day of the preceding financial year of the *reporting issuer*:
 - (a) by country;
 - (b) for each of the following:
 - (i) light and medium *crude oil* (combined);
 - (ii) *heavy oil*;
 - (iii) *associated gas* and *non-associated gas* (combined);
 - (iv) *synthetic oil*;
 - (v) *bitumen*;
 - (vi) coal bed methane;
 - (vii) hydrates;
 - (viii) shale oil; and
 - (ix) shale gas;
 - (c) separately identifying and explaining:
 - (i) extensions and improved recovery;
 - (ii) technical revisions;
 - (iii) discoveries;
 - (iv) acquisitions;
 - (v) dispositions;
 - (vi) economic factors; and
 - (vii) *production*.

INSTRUCTIONS:

- (1) *The reconciliation required under this Item 4.1 must be provided in respect of reserves estimated using forecast prices and costs, with the price and cost case indicated in the disclosure.*
- (2) *For the purpose of this Item 4.1, it is sufficient to provide the information in respect of the products specified in paragraph 2(b), excluding solution gas, natural gas liquids and other associated by-products.*

(3) The **COGE Handbook** provides guidance on the preparation of the reconciliation required under this Item 4.1.

(4) **Reporting issuers** must not include infill drilling reserves in the category of technical revisions specified in clause 2(c)(ii). **Reserves** additions from infill drilling must be included in the category of extensions and improved recovery in clause 2(c)(i) (or, alternatively, in an additional separate category under paragraph 2(c) labelled 'infill drilling').

(5) If the **reporting issuer** first became engaged in **oil and gas activities** only after the last day of its preceding financial year and no evaluation report in respect of its **reserves** as at that date is available to the **reporting issuer**, so that there is no opening data to be reconciled, the **reporting issuer** need not provide the reconciliation otherwise required under this Part but must disclose the reason for its absence.

“PART 5 ADDITIONAL INFORMATION RELATING TO RESERVES DATA

“Item 5.1 Undeveloped Reserves

1. For *proved undeveloped reserves*:
 - (a) disclose for each *product type* the volumes of *proved undeveloped reserves* that were first attributed in each of the most recent three financial years and, in the aggregate, before that time; and
 - (b) discuss generally the basis on which the *reporting issuer* attributes *proved undeveloped reserves*, its plans (including timing) for developing the *proved undeveloped reserves* and, if applicable, its reasons for not planning to develop particular *proved undeveloped reserves* during the following two years.
2. For *probable undeveloped reserves*:
 - (a) disclose for each *product type* the volumes of *probable undeveloped reserves* that were first attributed in each of the most recent three financial years and, in the aggregate, before that time; and
 - (b) discuss generally the basis on which the *reporting issuer* attributes *probable undeveloped reserves*, its plans (including timing) for developing the *probable undeveloped reserves* and, if applicable, its reasons for not planning to develop particular *probable undeveloped reserves* during the following two years.

“Item 5.2 Significant Factors or Uncertainties Affecting Reserves Data

1. Identify and discuss significant economic factors or significant uncertainties that affect particular components of the *reserves data*.
2. Section 1 does not apply if the information is disclosed in the *reporting issuer's* financial statements for the financial year ended on the *effective date*.

INSTRUCTION:

*Examples of information that could warrant disclosure under this Item 5.2 include unusually high expected **development costs** or **operating costs**, or contractual obligations to **produce** and sell a significant portion of **production** at prices substantially below those which could be realized but for those contractual obligations.*

“Item 5.3 Future Development Costs

1. (a) Provide the information specified in paragraph 1(b) in respect of *development costs* deducted in the estimation of *future net revenue* attributable to each of the following *reserves* categories:
 - (i) *proved reserves* (in total) estimated using *forecast prices and costs*; and
 - (ii) *proved plus probable reserves* (in total) estimated using *forecast prices and costs*.
- (b) Disclose, by country, the amount of *development costs* estimated:
 - (i) in total, calculated using no discount; and
 - (ii) by year for each of the first five years estimated.
2. Discuss the *reporting issuer's* expectations as to:
 - (a) the sources (including internally-generated cash flow, debt or equity financing, farm-outs or similar arrangements) and costs of funding for estimated future *development costs*; and
 - (b) the effect of those costs of funding on disclosed *reserves* or *future net revenue*.
3. If the *reporting issuer* expects that the costs of funding referred to in section 2, could make development of a *property* uneconomic for that *reporting issuer*, disclose that expectation and its plans for the *property*.

“PART 6 OTHER OIL AND GAS INFORMATION**“Item 6.1 Oil and Gas Properties and Wells**

1. Identify and describe generally the *reporting issuer's* important *properties*, plants, facilities and installations:
 - (a) identifying their location (province, territory or state if in Canada or the United States, and country otherwise);
 - (b) indicating whether they are located onshore or offshore;
 - (c) in respect of properties to which reserves have been attributed and which are capable of producing but which are not producing, disclosing how long they have been in that condition and discussing the general proximity of pipelines or other means of transportation; and
 - (d) describing any statutory or other mandatory relinquishments, surrenders, back-ins or changes in ownership.
2. State, separately for *oil* wells and *gas* wells, the number of the *reporting issuer's* producing wells and non-producing wells, expressed in terms of both *gross* wells and *net* wells, by location (province, territory or state if in Canada or the United States, and country otherwise).

“Item 6.2 Properties With No Attributed Reserves

1. For *unproved properties* disclose:
 - (a) the *gross* area (acres or hectares) in which the *reporting issuer* has an interest;
 - (b) the interest of the reporting issuer therein expressed in terms of net area (acres or hectares);
 - (c) the location, by country; and

- (d) the existence, nature (including any bonding requirements), timing and cost (specified or estimated) of any work commitments.
2. Disclose, by country, the *net* area (acres or hectares) of *unproved property* for which the *reporting issuer* expects its rights to explore, develop and exploit to expire within one year.

INSTRUCTION:

If the reporting issuer holds interests in different formations under the same surface area pursuant to separate leases, disclose the method of calculating the gross and net area. A general description of the method of calculating the disclosed area will suffice.

“Item 6.2.1 Significant Factors or Uncertainties Relevant to Properties With No Attributed Reserves

1. Identify and discuss significant economic factors or significant uncertainties that affect the anticipated development or production activities on *properties* with no attributed *reserves*.
2. Section 1 does not apply if the information is disclosed in the *reporting issuer’s* financial statements for the financial year ended on the *effective date*.

EXAMPLES

Examples of information that could warrant disclosure under this Item include unusually high expected development costs or operating costs, or the need to build a major pipeline or other major facility before production can begin.

“Item 6.3 Forward Contracts

1. If the *reporting issuer* is bound by an agreement (including a transportation agreement), directly or through an aggregator, under which it may be precluded from fully realizing, or may be protected from the full effect of, future market prices for *oil* or *gas*, describe generally the agreement, discussing dates or time periods and summaries or ranges of volumes and contracted or reasonably estimated values.
2. A *reporting issuer* may satisfy the requirement in section 1 by including the information required by that section in its financial statements for the financial year ended on the *effective date*.
3. If the *reporting issuer’s* transportation obligations or commitments for future physical deliveries of *oil* or *gas* exceed the *reporting issuer’s* expected related future *production* from its *proved reserves*, estimated using *forecast prices and costs* and disclosed under Part 2, discuss such excess, giving information about the amount of the excess, dates or time periods, volumes and reasonably estimated value.

“Item 6.4 Additional Information Concerning Abandonment and Reclamation Costs

In respect of abandonment and reclamation costs for surface *leases*, wells, facilities and pipelines, disclose:

- (a) how the *reporting issuer* estimates such costs;
- (b) the number of *net* wells for which the *reporting issuer* expects to incur such costs;
- (c) the total amount of such costs, net of estimated salvage value, expected to be incurred, calculated without discount and using a discount rate of 10 percent;

(d) the portion, if any, of the amounts disclosed under paragraph (c) of this Item 6.4 that was not deducted as abandonment and reclamation costs in estimating the *future net revenue* disclosed under Part 2; and

(e) the portion, if any, of the amounts disclosed under paragraph (c) of this Item 6.4 that the *reporting issuer* expects to pay in the next three financial years, in total.

INSTRUCTION:

*Item 6.4 supplements the information disclosed in response to clause 3(b)(v) of Item 2.1. The response to paragraph (d) of Item 6.4 should enable a reader of this statement and of the **reporting issuer's** financial statements for the financial year ending on the **effective date** to understand both the **reporting issuer's** estimated total abandonment and reclamation costs, and what portions of that total are, and are not, reflected in the disclosed **reserves data**.*

“Item 6.5 Tax Horizon

If the *reporting issuer* is not required to pay income taxes for its most recently completed financial year, discuss its estimate of when income taxes may become payable.

“Item 6.6 Costs Incurred

1. Disclose each of the following, by country, for the most recent financial year (irrespective of whether such costs were capitalized or charged to expense when incurred):

- (a) *property acquisition costs*, separately for *proved properties* and *unproved properties*;
- (b) *exploration costs*; and
- (c) *development costs*.

2. For the purpose of this Item 6.6, if the *reporting issuer* files financial statements in which investments are accounted for by the equity method, disclose by country the *reporting issuer's* share of investees' (i) *property acquisition costs*, (ii) *exploration costs* and (iii) *development costs* incurred in the most recent financial year.

“Item 6.7 Exploration and Development Activities

1. Disclose, by country and separately for *exploratory wells* and *development wells*:

- (a) the number of *gross wells* and *net wells* completed in the *reporting issuer's* most recent financial year; and
- (b) for each category of wells for which information is disclosed under paragraph (a), the number completed as *oil wells*, *gas wells*, *service wells* and *stratigraphic test wells* and the number that were dry holes.

2. Describe generally the *reporting issuer's* most important current and likely exploration and development activities, by country.

“Item 6.8 Production Estimates

1. Disclose, by country, for each *product type*, the volume of *production* estimated for the first year reflected in the estimates of *gross proved reserves* and *gross probable reserves* disclosed under Item 2.1.

2. If one *field* accounts for 20 percent or more of the estimated *production* disclosed under section 1, identify that *field* and disclose the volume of *production* estimated for the *field* for that year.

“Item 6.9 Production History

1. To the extent not previously disclosed in financial statements filed by the *reporting issuer*, disclose, for each quarter of its most recent financial year, by country for each *product type*:

- (a) the *reporting issuer's* share of average gross daily *production volume*; and
- (b) as an average per unit of volume (for example, \$/bbl or \$/Mcf):
 - (i) the prices received;
 - (ii) royalties paid;
 - (iii) *production costs*; and
 - (iv) the resulting netback.

2. For each important *field*, and in total, disclose the *reporting issuer's production volumes* for the most recent financial year, for each *product type*.

INSTRUCTION:

In providing information for each product type for the purpose of Item 6.9, it is not necessary to allocate among multiple product types attributable to a single well, reservoir or other reserves entity. It is sufficient to provide the information in respect of the principal product type attributable to the well, reservoir or other reserves entity. Resulting netbacks may be disclosed on the basis of units of equivalency between oil and gas (e.g. BOE) but if so that must be made clear and disclosure must comply with section 5.14 of NI 51-101.

**“FORM 51-101F2
REPORT ON RESERVES DATA
BY**

INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR

This is the form referred to in item 2 of section 2.1 of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (‘NI 51-101’).

1. Terms to which a meaning is ascribed in *NI 51-101* have the same meaning in this form¹
2. The report on *reserves data* referred to in item 2 of section 2.1 of *NI 51-101*, to be executed by one or more *qualified reserves evaluators or auditors independent* of the *reporting issuer*, must in all material respects be as follows:

Report on Reserves Data

To the board of directors of [name of reporting issuer] (the ‘Company’):

1. We have [audited] [evaluated] [and reviewed] the Company’s reserves data as at [last day of the reporting issuer’s most recently completed financial year]. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at [last day of the reporting issuer’s most recently completed financial year], estimated using forecast prices and costs.
2. The reserves data are the responsibility of the Company’s management. Our responsibility is to express an opinion on the reserves data based on our [audit] [evaluation] [and review].

¹This amount should be the amount disclosed by the *reporting issuer* in its statement of *reserves data* filed under item 1 of section 2.1 of *NI 51-101*, as its *future net revenue* (before deducting *future income tax expenses*) attributable to *proved plus probable reserves*, estimated using *forecast prices and costs* and calculated using a discount rate of 10 percent (required by section 2 of Item 2.1 of *Form 51-101F1*).

We carried out our [audit] [evaluation] [and review] in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the 'COGE Handbook') prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an [audit] [evaluation] [and review] to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An [audit] [evaluation] [and review] also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company [audited] [evaluated] [and reviewed] by us for the year ended xxx xx, 20xx, and identifies the respective portions thereof that we have [audited] [evaluated] [and reviewed] and reported on to the Company's [management/board of directors]:

Independent Qualified Reserves Evaluator or <u>Auditor</u>	Description and Preparation Date of [Audit/ Evaluation/ Review] Report	Location of Reserves (Country or Foreign Geographic <u>Area</u>)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate)			
			<u>Audited</u>	<u>Evaluated</u>	<u>Reviewed</u>	<u>Total</u>
Evaluator A	xxx xx, 20xx	xxxx	\$xxx	\$xxx	\$xxx	\$xxx
Evaluator B	xxx xx, 20xx	xxxx	xxx	xxx	xxx	xxx
Totals			<u>\$xxx</u>	<u>\$xxx</u>	<u>\$xxx</u>	<u>\$xxx²</u>

5. In our opinion, the reserves data respectively [audited] [evaluated] by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

6. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.

7. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Evaluator A, City, Province or State / Country,
Execution Date _____
[signed]

Evaluator B, City, Province or State / Country,
Execution Date _____
[signed]

²This amount should be the amount disclosed by the reporting issuer in its statement of reserves data filed under item 1 of section 2.1 of NI 51-101, as its future net revenue (before deducting future income tax expenses) attributable to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent (required by section 2 of Item 2.1 of Form 51-101F1).

**“FORM 51-101F3
REPORT OF
MANAGEMENT AND DIRECTORS
ON OIL AND GAS DISCLOSURE**

This is the form referred to in item 3 of section 2.1 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (‘NI 51-101’).

1. Terms to which a meaning is ascribed in *NI 51-101* have the same meaning in this form¹.
2. The report referred to in item 3 of section 2.1 of NI 51-101 must in all material respects be as follows:

**Report of Management and Directors on
Reserves Data and Other Information**

Management of [name of reporting issuer] (the ‘Company’) are responsible for the preparation and disclosure of information with respect to the Company’s oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data which are estimates of proved reserves and probable reserves and related future net revenue as at [last day of the reporting issuer’s most recently completed financial year], estimated using forecast prices and costs.

[An] independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] [has / have] [audited] [evaluated] [and reviewed] the Company’s reserves data. The report of the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] [is presented below / will be filed with securities regulatory authorities concurrently with this report].

The [Reserves Committee of the] board of directors of the Company has:

- (a) reviewed the Company’s procedures for providing information to the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]];
- (b) met with the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] to determine whether any restrictions affected the ability of the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] to report without reservation [and, in the event of a proposal to change the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]], to inquire whether there had been disputes between the previous independent [qualified reserves evaluator[s] or qualified reserves auditor[s] and management]; and
- (c) reviewed the reserves data with management and the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]].

The [Reserves Committee of the] board of directors has reviewed the Company’s procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has [, on the recommendation of the Reserves Committee,] approved:

- (a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
- (b) the filing of Form 51-101F2 which is the report of the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] on the reserves data; and
- (c) the content and filing of this report.

¹For the convenience of readers, CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* sets out the meanings of terms that are printed in italics in sections 1 and 2 of this Form or in *NI 51-101, Form 51-101F1, Form 51-101F2* or Companion Policy 51-101CP.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

[signature, name and title of chief executive officer]

[signature, name and title of an officer other than the chief executive officer]

[signature, name of a director]

[signature, name of a director]

[Date]

“FORM 51-101F4

NOTICE OF

FILING OF 51-101F1 INFORMATION

This is the form referred to in section 2.3 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (‘NI 51-101’).

On [date of SEDAR Filing], [name of reporting issuer] filed its reports under section 2.1 of NI 51-101, which can be found [describe where a copy of the filed information can be found for viewing by electronic means (for example, in the company’s annual information form under the company’s profile on SEDAR at www.sedar.com)]”.

Part XXXV of Appendix amended

16(1) Part XXXV of the Appendix is amended in the manner set forth in this section.

(2) Section 1.1 is amended in the definition of “accounting principles” by **striking out** “National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*” and **substituting** “National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*”.

(3) Subsection 2.3(5) is amended by **striking out** “interim earnings” and **substituting** “interim profit or loss”.

(4) Clause 3(b) of Form 52-110F1 is amended by **striking out** “reserves” and **substituting** “provisions”.

(5) Clause 3(b) of Form 52-110F2 is amended by **striking out** “reserves” and **substituting** “provisions”.

New Part XXXVI

17 Part XXXVI of the Appendix is repealed and the following substituted:

“PART XXXVI

“*[clause 2(jj)]*

“NATIONAL INSTRUMENT 51-102
CONTINUOUS DISCLOSURE OBLIGATIONS

“PART 1 DEFINITIONS AND INTERPRETATION

“1.1 Definitions and Interpretation

(1) In this Instrument:

‘**acquisition date**’ has the same meaning as in the issuer’s GAAP;

‘**AIF**’ means a completed Form 51-102F2 *Annual Information Form* or, in the case of an SEC issuer, a completed Form 51-102F2 or an annual report or transition report under the 1934 Act on Form 10-K or Form 20-F;

‘**approved rating organization**’ means each of DBRS Limited, Fitch Ratings Ltd., Moody’s Investors Service, Standard & Poor’s and any of their successors;

‘**asset-backed security**’ means a security that is primarily serviced by the cash flows of a discrete pool of mortgages, receivables or other financial assets, fixed or revolving, that by their terms convert into cash within a finite period and any rights or other assets designed to assure the servicing or the timely distribution of proceeds to securityholders;

‘**board of directors**’ means, for a person or company that does not have a board of directors, an individual or group that acts in a capacity similar to a board of directors;

‘**business acquisition report**’ means a completed Form 51-102F4 *Business Acquisition Report*;

‘**class**’ includes a series of a class;

‘**common share**’ means an equity security to which are attached voting rights exercisable in all circumstances, irrespective of the number or percentage of securities owned, that are not less, per security, than the voting rights attached to any other outstanding securities of the reporting issuer;

‘**date of transition to IFRS**’ means the date of transition to IFRSs as that term is defined in Canadian GAAP applicable to publicly accountable enterprises;

‘**electronic format**’ has the same meaning as in National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*;

‘**equity investee**’ means a business that the issuer has invested in and accounted for using the equity method;

'exchange-traded security' means a security that is listed on a recognized exchange or is quoted on a recognized quotation and trade reporting system or is listed on an exchange or quoted on a quotation and trade reporting system that is recognized for the purposes of National Instrument 21-101 *Marketplace Operation* and National Instrument 23-101 *Trading Rules*;

'executive officer' means, for a reporting issuer, an individual who is:

- (a) a chair, vice-chair or president;
- (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or
- (c) performing a policy-making function in respect of the issuer;

'financial outlook' means forward-looking information about prospective financial performance, financial position or cash flows that is based on assumptions about future economic conditions and courses of action and that is not presented in the format of a historical statement of financial position, statement of comprehensive income or statement of cash flows;

'financial statements' includes interim financial reports;

'first IFRS financial statements' has the same meaning as in Canadian GAAP applicable to publicly accountable enterprises;

'FOFF', or **'future-oriented financial information'**, means forward-looking information about prospective financial performance, financial position or cash flows, based on assumptions about future economic conditions and courses of action, and presented in the format of a historical statement of financial position, statement of comprehensive income or statement of cash flows;

'form of proxy' means a document containing the information required under section 9.4 that, on completion and execution by or on behalf of a securityholder, becomes a proxy;

'forward-looking information' means disclosure regarding possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action and includes future-oriented financial information with respect to prospective financial performance, financial position or cash flows that is presented as a forecast or a projection;

'information circular' means a completed Form 51-102F5 *Information Circular*;

'informed person' means:

- (a) a director or executive officer of a reporting issuer;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of a reporting issuer;
- (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of a reporting issuer or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the reporting issuer other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) a reporting issuer that has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities;

‘inter-dealer bond broker’ means a person or company that is approved by the Investment Industry Regulatory Organization of Canada under its Rule 36 *Inter-Dealer Bond Brokerage Systems*, as amended, and is subject to its Rule 36 and its Rule 2100 *Inter-Dealer Bond Brokerage Systems*, as amended;

‘interim period’ means:

- (a) in the case of a year other than a non-standard year or a transition year, a period commencing on the first day of the financial year and ending nine, six or three months before the end of the financial year;
- (a.1) in the case of a non-standard year, a period commencing on the first day of the financial year and ending within 22 days of the date that is nine, six or three months before the end of the financial year; or
- (b) in the case of a transition year, a period commencing on the first day of the transition year and ending:
 - (i) three, six, nine or twelve months, if applicable, after the end of the old financial year; or
 - (ii) twelve, nine, six or three months, if applicable, before the end of the transition year;

‘issuer’s GAAP’ has the same meaning as in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

‘MD&A’ means a completed Form 51-102F1 *Management’s Discussion & Analysis* or, in the case of an SEC issuer, a completed Form 51-102F1 or management’s discussion and analysis prepared in accordance with Item 303 of Regulation S-K under the 1934 Act;

‘marketplace’ means:

- (a) an exchange;
- (b) a quotation and trade reporting system;
- (c) a person or company not included in paragraph (a) or (b) that:
 - (i) constitutes, maintains or provides a market or facility for bringing together buyers and sellers of securities;
 - (ii) brings together the orders for securities of multiple buyers and sellers; and
 - (iii) uses established, non-discretionary methods under which the orders interact with each other, and the buyers and sellers entering the orders agree to the terms of a trade; or
- (d) a dealer that executes a trade of an exchange-traded security outside of a marketplace;

but does not include an inter-dealer bond broker;

‘material change’ means:

- (a) a change in the business, operations or capital of the reporting issuer that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the reporting issuer; or

(b) a decision to implement a change referred to in paragraph (a) made by the board of directors or other persons acting in a similar capacity or by senior management of the reporting issuer who believe that confirmation of the decision by the board of directors or any other persons acting in a similar capacity is probable;

'material contract' means any contract that an issuer or any of its subsidiaries is a party to, that is material to the issuer;

'mineral project' has the same meaning as in National Instrument 43-101 *Standards for Disclosure for Mineral Projects*;

'new financial year' means the financial year of a reporting issuer that immediately follows a transition year;

'NI 54-101' means National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

'non-standard year' means a financial year, other than a transition year, that does not have 365 days, or 366 days if it includes February 29;

'non-voting security' means a restricted security that does not carry the right to vote generally, except for a right to vote that is mandated, in special circumstances, by law;

'old financial year' means the financial year of a reporting issuer that immediately precedes a transition year;

'operating income' means gross revenue minus royalty expenses and production costs;

'preference share' means a security to which is attached a preference or right over the securities of any class of equity securities of the reporting issuer, but does not include an equity security;

'principal obligor' means, for an asset-backed security, a person or company that is obligated to make payments, has guaranteed payments, or has provided alternative credit support for payments, on financial assets that represent one-third or more of the aggregate amount owing on all of the financial assets servicing the asset-backed security;

'private enterprise' has the same meaning as in Part 3 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

'profit or loss attributable to owners of the parent' has the same meaning as in Canadian GAAP applicable to publicly accountable enterprises;

'profit or loss from continuing operations attributable to owners of the parent' has the same meaning as in Canadian GAAP applicable to publicly accountable enterprises;

'proxy' means a completed and executed form of proxy by which a securityholder has appointed a person or company as the securityholder's nominee to attend and act for the securityholder and on the securityholder's behalf at a meeting of securityholders;

'publicly accountable enterprise' has the same meaning as in Part 3 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

‘recognized exchange’ means:

- (a) in Ontario, an exchange recognized by the securities regulatory authority to carry on business as a stock exchange;
- (a.1) in Québec, a person or company authorized by the securities regulatory authority to carry on business as an exchange; and
- (b) in every other jurisdiction, an exchange recognized by the securities regulatory authority as an exchange, self-regulatory organization or self-regulatory body;

‘recognized quotation and trade reporting system’ means:

- (a) in every jurisdiction other than British Columbia, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation to carry on business as a quotation and trade reporting system; and
- (b) in British Columbia, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation as a quotation and trade reporting system or as an exchange;

‘restricted security’ means an equity security of a reporting issuer if any of the following apply:

- (a) there is another class of securities of the reporting issuer that, to a reasonable person, appears to carry a greater number of votes per security relative to the equity security;
- (b) the conditions attached to the class of equity securities, the conditions attached to another class of securities of the reporting issuer, or the reporting issuer’s constating documents have provisions that nullify or, to a reasonable person, appear to significantly restrict the voting rights of the equity securities; or
- (c) the reporting issuer has issued another class of equity securities that, to a reasonable person, appears to entitle the owners of securities of that other class to participate in the earnings or assets of the reporting issuer to a greater extent, on a per security basis, than the owners of the first class of equity securities;

‘restricted security term’ means each of the terms ‘non-voting security’, ‘subordinate voting security’ and ‘restricted voting security’;

‘restricted voting security’ means a restricted security that carries a right to vote subject to a restriction on the number or percentage of securities that may be voted by one or more persons or companies, unless the restriction is:

- (a) permitted or prescribed by statute; and
- (b) is applicable only to persons or companies that are not citizens or residents of Canada or that are otherwise considered as a result of any law applicable to the reporting issuer to be non-Canadians;

‘restructuring transaction’ means:

- (a) a reverse takeover;
- (b) an amalgamation, merger, arrangement or reorganization;
- (c) a transaction or series of transactions involving a reporting issuer acquiring assets and issuing securities that results in:
 - (i) new securityholders owning or controlling more than 50% of the reporting issuer’s outstanding voting securities; and
 - (ii) a new person or company, a new combination of persons or companies acting together, the vendors of the assets, or new management:
 - (A) being able to materially affect the control of the reporting issuer; or
 - (B) holding more than 20% of the outstanding voting securities of the reporting issuer, unless there is evidence showing that the holding of those securities does not materially affect the control of the reporting issuer; and
- (d) any other transaction similar to the transactions listed in paragraphs (a) to (c);

but does not include a subdivision, consolidation, or other transaction that does not alter a securityholder’s proportionate interest in the issuer and the issuer’s proportionate interest in its assets;

‘retrospective’ has the same meaning as in Canadian GAAP applicable to publicly accountable enterprises;

‘retrospectively’ has the same meaning as in Canadian GAAP applicable to publicly accountable enterprises;

‘reverse takeover’ means:

- (a) a reverse acquisition, which has the same meaning as in Canadian GAAP applicable to publicly accountable enterprises; or
- (b) a transaction where an issuer acquires a person or company by which the securityholders of the acquired person or company, at the time of the transaction, obtain control of the issuer, where, for purposes of this paragraph, ‘control’ has the same meaning as in Canadian GAAP applicable to publicly accountable enterprises;

‘reverse takeover acquiree’ means the legal parent in a reverse takeover;

‘reverse takeover acquirer’ means the legal subsidiary in a reverse takeover;

‘SEC issuer’ means an issuer that:

- (a) has a class of securities registered under section 12 of the 1934 Act or is required to file reports under section 15(d) of the 1934 Act; and
- (b) is not registered or required to be registered as an investment company under the Investment Company Act of 1940 of the United States of America, as amended;

'solicit', in connection with a proxy, includes:

- (a) requesting a proxy whether or not the request is accompanied by or included in a form of proxy;
- (b) requesting a securityholder to execute or not to execute a form of proxy or to revoke a proxy;
- (c) sending a form of proxy or other communication to a securityholder under circumstances that to a reasonable person will likely result in the giving, withholding or revocation of a proxy; or
- (d) sending a form of proxy to a securityholder by management of a reporting issuer;

but does not include:

- (e) sending a form of proxy to a securityholder in response to a unsolicited request made by or on behalf of the securityholder;
- (f) performing ministerial acts or professional services on behalf of a person or company soliciting a proxy;
- (g) sending, by an intermediary as defined in NI 54-101, of the documents referred to in NI 54-101;
- (h) soliciting by a person or company in respect of securities of which the person or company is the beneficial owner;
- (i) publicly announcing, by a securityholder, how the securityholder intends to vote and the reasons for that decision, if that public announcement is made by:
 - (i) a speech in a public forum; or
 - (ii) a press release, an opinion, a statement or an advertisement provided through a broadcast medium or by a telephonic, electronic or other communication facility, or appearing in a newspaper, a magazine or other publication generally available to the public;
- (j) communicating for the purposes of obtaining the number of securities required for a securityholder proposal under the laws under which the reporting issuer is incorporated, organized or continued or under the reporting issuer's constating or establishing documents; or
- (k) communicating, other than a solicitation by or on behalf of the management of the reporting issuer, to securityholders in the following circumstances:
 - (i) by one or more securityholders concerning the business and affairs of the reporting issuer, including its management or proposals contained in a management information circular, and no form of proxy is sent to those securityholders by the securityholder or securityholders making the communication or by a person or company acting on their behalf, unless the communication is made by:
 - (A) a securityholder who is an officer or director of the reporting issuer if the communication is financed directly or indirectly by the reporting issuer;

(B) a securityholder who is a nominee or who proposes a nominee for election as a director, if the communication relates to the election of directors;

(C) a securityholder whose communication is in opposition to an amalgamation, arrangement, consolidation or other transaction recommended or approved by the board of directors of the reporting issuer and who is proposing or intends to propose an alternative transaction to which the securityholder or an affiliate or associate of the securityholder is a party;

(D) a securityholder who, because of a material interest in the subject-matter to be voted on at a securityholder's meeting, is likely to receive a benefit from its approval or non-approval, which benefit would not be shared pro rata by all other holders of the same class of securities, unless the benefit arises from the securityholder's employment with the reporting issuer; or

(E) any person or company acting on behalf of a securityholder described in any of clauses (A) to (D);

(ii) by one or more securityholders and concerns the organization of a dissident's proxy solicitation, and no form of proxy is sent to those securityholders by the securityholder or securityholders making the communication or by a person or company acting on their behalf;

(iii) as clients, by a person or company who gives financial, corporate governance or proxy voting advice in the ordinary course of business and concerns proxy voting advice if:

(A) the person or company discloses to the securityholder any significant relationship with the reporting issuer and any of its affiliates or with a securityholder who has submitted a matter to the reporting issuer that the securityholder intends to raise at the meeting of securityholders and any material interests the person or company has in relation to a matter on which advice is given;

(B) the person or company receives any special commission or remuneration for giving the proxy voting advice only from the securityholder or securityholders receiving the advice; and

(C) the proxy voting advice is not given on behalf of any person or company soliciting proxies or on behalf of a nominee for election as a director; or

(iv) by a person or company who does not seek directly or indirectly the power to act as a proxyholder for a securityholder;

‘subordinate voting security’ means a restricted security that carries a right to vote, if there are securities of another class outstanding that carry a greater right to vote on a per security basis;

‘transition year’ means the financial year of a reporting issuer or business in which the issuer or business changes its financial year-end;

‘U.S. AICPA GAAS’ has the same meaning as in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

‘U.S. GAAP’ has the same meaning as in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

‘U.S. laws’ means the 1933 Act, the 1934 Act, all enactments made under those Acts and all SEC releases adopting the enactments, as amended;

‘U.S. marketplace’ means an exchange registered as a ‘national securities exchange’ under section 6 of the 1934 Act, or the Nasdaq Stock Market;

‘U.S. PCAOB GAAS’ has the same meaning as in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*; and

‘venture issuer’ means a reporting issuer that, as at the applicable time, did not have any of its securities listed or quoted on any of the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc; where the ‘applicable time’ in respect of:

- (a) Parts 4 and 5 of this Instrument and Form 51-102F1, is the end of the applicable financial period;
- (b) Parts 6 and 9 of this Instrument and Form 51-102F6, is the end of the most recently completed financial year;
- (c) Part 8 of this Instrument and Form 51-102F4, is the acquisition date; and
- (d) section 11.3 of this Instrument, is the date of the meeting of the securityholders.

(2) **Affiliate** - In this Instrument, an issuer is an affiliate of another issuer if:

- (a) one of them is the subsidiary of the other; or
- (b) each of them is controlled by the same person.

(3) **Control** - For the purposes of subsection (2), a person (first person) is considered to control another person (second person) if:

- (a) the first person beneficially owns, or controls or directs, directly or indirectly, securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation;
- (b) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership; or
- (c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

“PART 2 APPLICATION**“2.1 Application**

This Instrument does not apply to an investment fund.

“PART 3 LANGUAGE OF DOCUMENTS**“3.1 French or English**

- (1) A person or company must file a document required to be filed under this Instrument in French or in English.
- (2) Despite subsection (1), if a person or company files a document only in French or only in English but delivers to securityholders a version of the document in the other language, the person or company must file that other version not later than when it is first delivered to securityholders.
- (3) In Québec, a reporting issuer must comply with linguistic obligations and rights prescribed by Québec law.

“3.2 Filings Translated into French or English

If a person or company files a document under this Instrument that is a translation of a document prepared in a language other than French or English, the person or company must:

- (a) attach a certificate as to the accuracy of the translation to the filed document; and
- (b) make a copy of the document in the original language available to a registered holder or beneficial owner of its securities, on request.

“PART 4 FINANCIAL STATEMENTS**“4.1 Comparative Annual Financial Statements and Audit**

- (1) Subject to subsection 4.8(6), a reporting issuer must file annual financial statements that include:
 - (a) a statement of comprehensive income, a statement of changes in equity, and a statement of cash flows for:
 - (i) the most recently completed financial year; and
 - (ii) the financial year immediately preceding the most recently completed financial year, if any;
 - (b) a statement of financial position as at the end of each of the periods referred to in paragraph (a);
 - (c) in the following circumstances, a statement of financial position as at the beginning of the financial year immediately preceding the most recently completed financial year:
 - (i) the reporting issuer discloses in its annual financial statements an unreserved statement of compliance with IFRS; and
 - (ii) the reporting issuer:
 - (A) applies an accounting policy retrospectively in its annual financial statements;
 - (B) makes a retrospective restatement of items in its annual financial statements; or
 - (C) reclassifies items in its annual financial statements;

- (d) in the case of the reporting issuer's first IFRS financial statements, the opening IFRS statement of financial position at the date of transition to IFRS; and
 - (e) notes to the annual financial statements.
- (2) Annual financial statements filed under subsection (1) must be audited.
- (3) If a reporting issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the statement of comprehensive income filed under subsection (1).

“4.2 Filing Deadline for Annual Financial Statements

The audited annual financial statements required to be filed under section 4.1 must be filed:

- (a) in the case of a reporting issuer other than a venture issuer, on or before the earlier of:
 - (i) the 90th day after the end of its most recently completed financial year; and
 - (ii) the date of filing, in a foreign jurisdiction, annual financial statements for its most recently completed financial year; or
- (b) in the case of a venture issuer, on or before the earlier of:
 - (i) the 120th day after the end of its most recently completed financial year; and
 - (ii) the date of filing, in a foreign jurisdiction, annual financial statements for its most recently completed financial year.

“4.3 Interim Financial Report

- (1) Subject to sections 4.7 and 4.10, a reporting issuer must file an interim financial report for each interim period ended after it became a reporting issuer.
- (2) Subject to subsections 4.7(4), 4.8(7), 4.8(8) and 4.10(3), the interim financial report required to be filed under subsection (1) must include:
- (a) a statement of financial position as at the end of the interim period and a statement of financial position as at the end of the immediately preceding financial year, if any;
 - (b) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows, all for the year-to-date interim period, and comparative financial information for the corresponding interim period in the immediately preceding financial year, if any;
 - (c) for interim periods other than the first interim period in a reporting issuer's financial year, a statement of comprehensive income for the three month period ending on the last day of the interim period and comparative financial information for the corresponding period in the immediately preceding financial year, if any;
 - (d) in the following circumstances, a statement of financial position as at the beginning of the immediately preceding financial year:
 - (i) the reporting issuer discloses in its interim financial report an unreserved statement of compliance with International Accounting Standard 34 Interim Financial Reporting; and

- (ii) the reporting issuer:
 - (A) applies an accounting policy retrospectively in its interim financial report;
 - (B) makes a retrospective restatement of items in its interim financial report; or
 - (C) reclassifies items in its interim financial report;

(e) in the case of the reporting issuer's first interim financial report required to be filed in the year of adopting IFRS, the opening IFRS statement of financial position at the date of transition to IFRS; and

(f) notes to the interim financial report.

(2.1) If a reporting issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the statement of comprehensive income filed under subsection (2).

(3) Disclosure of Auditor Review of an Interim Financial Report

(a) If an auditor has not performed a review of an interim financial report required to be filed under subsection (1), the interim financial report must be accompanied by a notice indicating that the interim financial report has not been reviewed by an auditor.

(b) If a reporting issuer engaged an auditor to perform a review of an interim financial report required to be filed under subsection (1) and the auditor was unable to complete the review, the interim financial report must be accompanied by a notice indicating that the auditor was unable to complete a review of the interim financial report and the reasons why the auditor was unable to complete the review.

(c) If an auditor has performed a review of the interim financial report required to be filed under subsection (1) and the auditor has expressed a reservation of opinion in the auditor's interim review report, the interim financial report must be accompanied by a written review report from the auditor.

(4) SEC Issuer - Restatement of an Interim Financial Report

If an SEC issuer that is a reporting issuer:

(a) has filed an interim financial report prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises for one or more interim periods since its most recently completed financial year for which annual financial statements have been filed; and

(b) prepares its annual financial statements or an interim financial report for the period immediately following the periods referred to in paragraph (a) in accordance with U.S. GAAP;

the SEC issuer must:

(c) restate the interim financial report for the periods referred to in paragraph (a) in accordance with U.S. GAAP; and

(d) file the restated interim financial report referred to in paragraph (c) by the filing deadline for the financial statements referred to in paragraph (b).

“4.4 Filing Deadline for an Interim Financial Report

An interim financial report required to be filed under subsection 4.3(1) must be filed:

- (a) in the case of a reporting issuer other than a venture issuer, on or before the earlier of:
 - (i) the 45th day after the end of the interim period; and
 - (ii) the date of filing, in a foreign jurisdiction, an interim financial report for a period ending on the last day of the interim period; or
- (b) in the case of a venture issuer, on or before the earlier of:
 - (i) the 60th day after the end of the interim period; and
 - (ii) the date of filing, in a foreign jurisdiction, an interim financial report for a period ending on the last day of the interim period.

“4.5 Approval of Financial Statements

- (1) The annual financial statements a reporting issuer is required to file under section 4.1 must be approved by the board of directors before the statements are filed.
- (2) The interim financial report a reporting issuer is required to file under section 4.3 must be approved by the board of directors before the report is filed.
- (3) In fulfilling the requirement in subsection (2), the board of directors may delegate the approval of the interim financial report to the audit committee of the board of directors.

“4.6 Delivery of Financial Statements

- (1) Subject to subsection (2), a reporting issuer must send annually a request form to the registered holders and beneficial owners of its securities, other than debt instruments, that the registered holders and beneficial owners may use to request a copy of the reporting issuer’s annual financial statements and MD&A for the annual financial statements, the interim financial reports and MD&A for the interim financial reports, or both.
- (2) For the purposes of subsection (1), the reporting issuer must, applying the procedures set out in NI 54-101, send the request form to the beneficial owners of its securities who are identified under that Instrument as having chosen to receive all securityholder materials sent to beneficial owners of securities.
- (3) If a registered holder or beneficial owner of securities, other than debt instruments, of a reporting issuer requests the issuer’s annual financial statements or interim financial reports, the reporting issuer must send a copy of the requested financial statements to the person or company that made the request, without charge, by the later of:
 - (a) in the case of a reporting issuer other than a venture issuer, 10 calendar days after the filing deadline in subparagraph 4.2(a)(i) or 4.4(a)(i), section 4.7, or subsection 4.10(2), as applicable, for the financial statements requested;
 - (b) in the case of a venture issuer, 10 calendar days after the filing deadline in paragraph 4.2(b)(i) or 4.4(b)(i), section 4.7, or subsection 4.10(2), as applicable, for the financial statements requested; and
 - (c) 10 calendar days after the issuer receives the request.

(4) A reporting issuer is not required to send copies of annual financial statements or interim financial reports under subsection (3) that were filed more than two years before the issuer receives the request.

(5) Subsection (1) and the requirement to send annual financial statements under subsection (3) do not apply to a reporting issuer that sends its annual financial statements to its securityholders, other than holders of debt instruments, within 140 days of the issuer's financial year-end and in accordance with NI 54-101.

(6) If a reporting issuer sends financial statements under this section, the reporting issuer must also send, at the same time, the annual or interim MD&A relating to the financial statements.

“4.7 Filing of Financial Statements After Becoming a Reporting Issuer

(1) Despite any provisions of this Part other than subsections (2), (3) and (4) of this section, the first annual financial statements and interim financial reports that a reporting issuer must file under sections 4.1 and 4.3 are the financial statements for the financial year and interim periods immediately following the periods for which financial statements of the issuer were included in a document filed:

- (a) that resulted in the issuer becoming a reporting issuer; or
- (b) in respect of a transaction that resulted in the issuer becoming a reporting issuer.

(2) If, under subsection (1), a reporting issuer is required to file annual financial statements for a financial year that ended before the issuer became a reporting issuer, those annual financial statements must be filed on or before the later of:

- (a) the 20th day after the issuer became a reporting issuer; and
- (b) the filing deadline in section 4.2.

(3) If, under subsection (1), a reporting issuer is required to file an interim financial report for an interim period that ended before the issuer became a reporting issuer, that interim financial report must be filed on or before the later of:

- (a) the 10th day after the issuer became a reporting issuer; and
- (b) the filing deadline in section 4.4.

(4) A reporting issuer is not required to provide comparative interim financial information for periods that ended before the issuer became a reporting issuer if:

- (a) to a reasonable person it is impracticable to present prior-period information on a basis consistent with subsection 4.3(2);
- (b) the prior-period information that is available is presented; and
- (c) the notes to the interim financial report disclose the fact that the prior-period information has not been prepared on a basis consistent with the most recent interim financial information.

“4.8 Change in Year-End

(1) **Exemption from Change in Year-End Requirements** - An SEC issuer satisfies this section if:

(a) it complies with the requirements of U.S. laws relating to a change of fiscal year; and

(b) it files a copy of all materials required by U.S. laws relating to a change of fiscal year at the same time as, or as soon as practicable after, they are filed with or furnished to the SEC and, in the case of financial statements, no later than the filing deadlines prescribed under sections 4.2 and 4.4.

(2) **Notice of Change** - If a reporting issuer decides to change its financial year-end by more than 14 days, it must file a notice containing the information set out in subsection (3) as soon as practicable, and, in any event, not later than the earlier of:

(a) the filing deadline, based on the reporting issuer's old financial year-end, for the next financial statements required to be filed, either annual or interim, whichever comes first; and

(b) the filing deadline, based on the reporting issuer's new financial year-end, for the next financial statements required to be filed, either annual or interim, whichever comes first.

(3) The notice referred to in subsection (2) must state:

(a) that the reporting issuer has decided to change its year-end;

(b) the reason for the change;

(c) the reporting issuer's old financial year-end;

(d) the reporting issuer's new financial year-end;

(e) the length and ending date of the periods, including the comparative periods, of each interim financial report and the annual financial statements to be filed for the reporting issuer's transition year and its new financial year; and

(f) the filing deadlines, prescribed under sections 4.2 and 4.4, for the annual financial statements and interim financial reports for the reporting issuer's transition year.

(4) **Maximum Length of Transition Year** - For the purposes of this section:

(a) a transition year must not exceed 15 months; and

(b) the first interim period after an old financial year must not exceed four months.

(5) **Interim Period Ends Within One Month of Year-End** - Despite subsection 4.3(1), a reporting issuer is not required to file an interim financial report for any period in its transition year that ends not more than one month:

(a) after the last day of its old financial year; or

(b) before the first day of its new financial year.

(6) Comparative Financial Information in Annual Financial Statements for New Financial Year - If a transition year is less than nine months in length, the reporting issuer must include as comparative financial information to its annual financial statements for its new financial year:

- (a) a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows, and notes to the financial statements for its transition year;
- (b) a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements for its old financial year;
- (c) in the following circumstances, a statement of financial position as at the beginning of the old financial year:
 - (i) the reporting issuer discloses in its annual financial statements an unreserved statement of compliance with IFRS; and
 - (ii) the reporting issuer:
 - (A) applies an accounting policy retrospectively in its annual financial statements;
 - (B) makes a retrospective restatement of items in its annual financial statements; or
 - (C) reclassifies items in its annual financial statements; and
- (d) in the case of the reporting issuer's first IFRS financial statements, the opening IFRS statement of financial position at the date of transition to IFRS.

(7) Comparative Financial Information in each Interim Financial Report if Interim Periods Not Changed in Transition Year - If interim periods for the reporting issuer's transition year end three, six, nine or twelve months after the end of its old financial year, the reporting issuer must include:

- (a) as comparative financial information in each interim financial report during its transition year, the comparative financial information required by subsection 4.3(2), except if an interim period during the transition year is 12 months in length and the reporting issuer's transition year is longer than 13 months, the comparative financial information must be the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows for the 12 month period that constitutes its old financial year;
- (b) as comparative financial information in each interim financial report during its new financial year:
 - (i) a statement of financial position as at the end of its transition year; and
 - (ii) the statement of comprehensive income, statement of changes in equity and statement of cash flows for the periods in its transition year or old financial year, for the same calendar months as, or as close as possible to, the calendar months in the interim period in the new financial year;

(c) in the following circumstances, a statement of financial position as at the beginning of the earliest comparative period:

(i) the reporting issuer that discloses in its interim financial report an unreserved statement of compliance with International Accounting Standard 34 Interim Financial Reporting; and

(ii) the reporting issuer:

(A) applies an accounting policy retrospectively in its interim financial report;

(B) makes a retrospective restatement of items in its interim financial report; or

(C) reclassifies items in its interim financial report; and

(d) in the case of the reporting issuer's first interim financial report required to be filed in the year of adopting IFRS, the opening IFRS statement of financial position at the date of transition to IFRS.

(8) Comparative Financial Information in Interim Financial Reports if Interim Periods Changed in Transition Year - If interim periods for a reporting issuer's transition year end twelve, nine, six or three months before the end of the transition year, the reporting issuer must include:

(a) as comparative financial information in each interim financial report during its transition year:

(i) a statement of financial position as at the end of its old financial year; and

(ii) the statement of comprehensive income, statement of changes in equity and statement of cash flows for periods in its old financial year, for the same calendar months as, or as close as possible to, the calendar months in the interim period in the transition year;

(b) as comparative financial information in each interim financial report during its new financial year:

(i) a statement of financial position as at the end of its transition year; and

(ii) the statement of comprehensive income, statement of changes in equity and statement of cash flows in its transition year or old financial year, or both, as appropriate, for the same calendar months as, or as close as possible to, the calendar months in the interim period in the new financial year;

(c) in the following circumstances, a statement of financial position as at the beginning of the earliest comparative period:

(i) the reporting issuer discloses in its interim financial report an unreserved statement of compliance with International Accounting Standard 34 Interim Financial Reporting; and

(ii) the reporting issuer:

(A) applies an accounting policy retrospectively in its interim financial report;

(B) makes a retrospective restatement of items in its interim financial report; or

(C) reclassifies items in its interim financial report; and

(d) in the case of the reporting issuer's first interim financial report required to be filed in the year of adopting IFRS, the opening IFRS statement of financial position at the date of transition to IFRS.

“4.9 Change in Corporate Structure

If an issuer is party to a transaction that resulted in:

- (a) the issuer becoming a reporting issuer other than by filing a prospectus; or
- (b) if the issuer was already a reporting issuer, in:
 - (i) the issuer ceasing to be a reporting issuer;
 - (ii) a change in the reporting issuer's financial year end; or
 - (iii) a change in the name of the reporting issuer;

the issuer must, as soon as practicable, and in any event not later than the deadline for the first filing required under this Instrument following the transaction, file a notice stating:

- (c) the names of the parties to the transaction;
- (d) a description of the transaction;
- (e) the effective date of the transaction;
- (f) the name of each party, if any, that ceased to be a reporting issuer after the transaction and of each continuing entity;
- (g) the date of the reporting issuer's first financial year-end after the transaction if paragraph (a) or subparagraph (b)(ii) applies;
- (h) the periods, including the comparative periods, if any, of the interim financial reports and the annual financial statements required to be filed for the reporting issuer's first financial year after the transaction, if paragraph (a) or subparagraph (b)(ii) applies; and
- (i) what documents were filed under this Instrument that described the transaction and where those documents can be found in electronic format, if paragraph (a) or subparagraph (b)(ii) applies.

“4.10 Reverse Takeovers

(1) **Change in Year End** - If a reporting issuer must comply with section 4.9 because it was a party to a reverse takeover, the reporting issuer must comply with section 4.8 unless:

- (a) the reporting issuer had the same year-end as the reverse takeover acquirer before the transaction; or
- (b) the reporting issuer changes its year-end to be the same as that of the reverse takeover acquirer.

(2) **Financial Statements of the Reverse Takeover Acquirer for Periods Ending Before a Reverse Takeover** - If a reporting issuer completes a reverse takeover, it must:

(a) file the following financial statements for the reverse takeover acquirer, unless the financial statements have already been filed:

(i) financial statements for all annual and interim periods ending before the date of the reverse takeover and after the date of the financial statements included in an information circular or similar document, or under Item 5.2 of the Form 51-102F3 Material Change Report, prepared in connection with the transaction; or

(ii) if the reporting issuer did not file a document referred to in subparagraph (i), or the document does not include the financial statements for the reverse takeover acquirer that would be required to be included in a prospectus, the financial statements prescribed under securities legislation and described in the form of prospectus that the reverse takeover acquirer was eligible to use prior to the reverse takeover for a distribution of securities in the jurisdiction;

(b) file the annual financial statements required by paragraph (a) on or before the later of:

(i) the 20th day after the date of the reverse takeover;

(ii) the 90th date after the end of the financial year; and

(iii) the 120th day after the end of the financial year if the reporting issuer is a venture issuer; and

(c) file each interim financial report required by paragraph (a) on or before the later of:

(i) the 10th day after the date of the reverse takeover;

(ii) the 45th day after the end of the interim period;

(iii) the 60th day after the end of the interim period if the reporting issuer is a venture issuer; and

(iv) the filing deadline in paragraph (b).

(3) **Comparative Financial Information in each Interim Financial Report after a Reverse Takeover** - A reporting issuer is not required to provide comparative interim financial information for the reverse takeover acquirer for periods that ended before the date of a reverse takeover if:

(a) to a reasonable person it is impracticable to present prior-period information on a basis consistent with subsection 4.3(2);

(b) the prior-period information that is available is presented; and

(c) the notes to the interim financial report disclose the fact that the prior-period information has not been prepared on a basis consistent with the most recent interim financial information.

“4.11 Change of Auditor

(1) **Definitions** - In this section:

‘appointment’ means, in relation to a reporting issuer, the earlier of:

(a) the appointment as its auditor of a different person or company than its predecessor auditor; and

(b) the decision by the board of directors of the reporting issuer to propose to holders of qualified securities to appoint as its auditor a different person or company than its predecessor auditor;

‘consultation’ means advice provided by a successor auditor, whether or not in writing, to a reporting issuer during the relevant period, which the successor auditor concluded was an important factor considered by the reporting issuer in reaching a decision concerning:

- (a) the application of accounting principles or policies to a transaction, whether or not the transaction is completed;
- (b) a report provided by an auditor on the reporting issuer’s financial statements;
- (c) scope or procedure of an audit or review engagement; or
- (d) financial statement disclosure;

‘disagreement’ means a difference of opinion between personnel of a reporting issuer responsible for finalizing the reporting issuer’s financial statements and the personnel of a predecessor auditor responsible for authorizing the issuance of audit reports on the reporting issuer’s financial statements or authorizing the communication of the results of the auditor’s review of the reporting issuer’s interim financial report, if the difference of opinion:

- (a) resulted in a modified opinion in the predecessor auditor’s audit report on the reporting issuer’s financial statements for any period during the relevant period;
- (b) would have resulted in a modified opinion in the predecessor auditor’s audit report on the reporting issuer’s financial statements for any period during the relevant period if the difference of opinion had not been resolved to the predecessor auditor’s satisfaction, not including a difference of opinion based on incomplete or preliminary information that was resolved to the satisfaction of the predecessor auditor upon the receipt of further information;
- (c) resulted in a qualified or adverse communication or denial of assurance in respect of the predecessor auditor’s review of the reporting issuer’s interim financial report for any interim period during the relevant period; or
- (d) would have resulted in a qualified or adverse communication or denial of assurance in respect of the predecessor auditor’s review of the reporting issuer’s interim financial report for any interim period during the relevant period if the difference of opinion had not been resolved to the predecessor auditor’s satisfaction, not including a difference of opinion based on incomplete or preliminary information that was resolved to the satisfaction of the predecessor auditor upon the receipt of further information;

‘predecessor auditor’ means the auditor of a reporting issuer that is the subject of the most recent termination or resignation;

‘qualified securities’ means securities of a reporting issuer that carry the right to participate in voting on the appointment or removal of the reporting issuer’s auditor;

‘relevant information circular’ means:

- (a) if a reporting issuer’s constating documents or applicable law require holders of qualified securities to take action to remove the reporting issuer’s auditor or to appoint a successor auditor:
 - (i) the information circular required to accompany or form part of every notice of meeting at which that action is proposed to be taken; or
 - (ii) the disclosure document accompanying the text of the written resolution provided to holders of qualified securities; or
- (b) if paragraph (a) does not apply, the information circular required to accompany or form part of the first notice of meeting to be sent to holders of qualified securities following the preparation of a reporting package concerning a termination or resignation;

‘relevant period’ means the period:

- (a) commencing at the beginning of the reporting issuer’s two most recently completed financial years and ending on the date of termination or resignation; or
- (b) during which the predecessor auditor was the reporting issuer’s auditor, if the predecessor auditor was not the reporting issuer’s auditor throughout the period described in paragraph (a);

‘reportable event’ means a disagreement, a consultation, or an unresolved issue;

‘reporting package’ means:

- (a) the documents referred to in subparagraphs (5)(a)(i) and (6)(a)(i);
- (b) the letter referred to in clause (5)(a)(ii)(B), if received by the reporting issuer, unless an updated letter referred to in clause (6)(a)(iii)(B) has been received by the reporting issuer;
- (c) the letter referred to in clause (6)(a)(ii)(B), if received by the reporting issuer; and
- (d) any updated letter referred to in clause (6)(a)(iii)(B) received by the reporting issuer;

‘resignation’ means notification from an auditor to a reporting issuer of the auditor’s decision to resign or decline to stand for reappointment;

‘successor auditor’ means the person or company:

- (a) appointed;
- (b) that the board of directors have proposed to holders of qualified securities be appointed; or
- (c) that the board of directors have decided to propose to holders of qualified securities be appointed;

as the reporting issuer’s auditor after the termination or resignation of the reporting issuer’s predecessor auditor;

'termination' means, in relation to a reporting issuer, the earlier of:

- (a) the removal of its auditor before the expiry of the auditor's term of appointment, the expiry of its auditor's term of appointment without reappointment, or the appointment of a different person or company as its auditor upon expiry of its auditor's term of appointment; and
- (b) the decision by the board of directors of the reporting issuer to propose to holders of its qualified securities that its auditor be removed before, or that a different person or company be appointed as its auditor upon, the expiry of its auditor's term of appointment;

'unresolved issue' means any matter that, in the predecessor auditor's opinion, has, or could have, a material impact on the financial statements, or reports provided by the auditor relating to the financial statements, for any financial period during the relevant period, and about which the predecessor auditor has advised the reporting issuer if:

- (a) the predecessor auditor was unable to reach a conclusion as to the matter's implications before the date of termination or resignation;
- (b) the matter was not resolved to the predecessor auditor's satisfaction before the date of termination or resignation; or
- (c) the predecessor auditor is no longer willing to be associated with any of the financial statements;

(2) **Meaning of 'Material'** - For the purposes of this section, the term 'material' has a meaning consistent with the discussion of the term 'materiality' in the issuer's GAAP.

(3) **Exemption from Change of Auditor Requirements** - This section does not apply if:

- (a) the following three conditions are met:
 - (i) a termination, or resignation, and appointment occur in connection with an amalgamation, arrangement, takeover or similar transaction involving the reporting issuer or a reorganization of the reporting issuer;
 - (ii) the termination, or resignation, and appointment have been disclosed in a news release that has been filed or in a disclosure document that has been delivered to holders of qualified securities and filed; and
 - (iii) no reportable event has occurred;
- (b) the change of auditor is required by the legislation under which the reporting issuer exists or carries on its activities; or
- (c) the change of auditor arises from an amalgamation, merger or other reorganization of the auditor.

(4) **Exemption From Change of Auditor Requirements - SEC Issuers** - An SEC issuer satisfies this section if it:

- (a) complies with the requirements of U.S. laws relating to a change of auditor;
- (b) files a copy of all materials required by U.S. laws relating to a change of auditor at the same time as, or as soon as practicable after, they are filed with or furnished to the SEC;

(c) issues and files a news release describing the information disclosed in the materials referred to in paragraph (b), if there are any reportable events; and

(d) includes the materials referred to in paragraph (b) with each relevant information circular.

(5) Requirements Upon Auditor Termination or Resignation - Upon a termination or resignation of its auditor, a reporting issuer must:

(a) within 10 days after the date of termination or resignation:

(i) prepare a change of auditor notice in accordance with subsection (7) and deliver a copy of it to the predecessor auditor; and

(ii) request the predecessor auditor to:

(A) review the reporting issuer's change of auditor notice;

(B) prepare a letter, addressed to the regulator or securities regulatory authority, stating, for each statement in the change of auditor notice, whether the auditor:

(I) agrees;

(II) disagrees, and the reasons why; or

(III) has no basis to agree or disagree; and

(C) deliver the letter to the reporting issuer within 20 days after the date of termination or resignation;

(b) within 30 days after the date of termination or resignation:

(i) have the audit committee of its board of directors or its board of directors review the letter referred to in clause (5)(a)(ii)(B) if received by the reporting issuer, and approve the change of auditor notice;

(ii) file a copy of the reporting package with the regulator or securities regulatory authority;

(iii) deliver a copy of the reporting package to the predecessor auditor;

(iv) if there are any reportable events, issue and file a news release describing the information in the reporting package; and

(c) include with each relevant information circular:

(i) a copy of the reporting package as an appendix; and

(ii) a summary of the contents of the reporting package with a cross-reference to the appendix.

(6) Requirements upon Auditor Appointment - Upon an appointment of a successor auditor, a reporting issuer must:

(a) within 10 days after the date of appointment:

(i) prepare a change of auditor notice in accordance with subsection (7) and deliver it to the successor auditor and to the predecessor auditor;

(ii) request the successor auditor to:

(A) review the reporting issuer's change of auditor notice;

- (B) prepare a letter addressed to the regulator or securities regulatory authority, stating, for each statement in the change of auditor notice, whether the auditor:
 - (I) agrees;
 - (II) disagrees, and the reasons why; or
 - (III) has no basis to agree or disagree; and
 - (C) deliver that letter to the reporting issuer within 20 days after the date of appointment; and
 - (iii) request the predecessor auditor to, within 20 days after the date of appointment:
 - (A) confirm that the letter referred to in clause (5)(a)(ii)(B) does not have to be updated; or
 - (B) prepare and deliver to the reporting issuer an updated letter to replace the letter referred to in clause (5)(a)(ii)(B);
 - (b) within 30 days after the date of appointment:
 - (i) have the audit committee of its board of directors or its board of directors review the letters referred to in clauses (6)(a)(ii)(B) and (6)(a)(iii)(B) if received by the reporting issuer, and approve the change of auditor notice;
 - (ii) file a copy of the reporting package with the regulator or securities regulatory authority;
 - (iii) deliver a copy of the reporting package to the successor auditor and to the predecessor auditor; and
 - (iv) if there are any reportable events, issue and file a news release disclosing the appointment of the successor auditor and either describing the information in the reporting package or referring to the news release required under subparagraph (5)(b)(iv).
- (7) **Change of Auditor Notice Content** - A change of auditor notice must state:
- (a) the date of termination or resignation;
 - (b) whether the predecessor auditor:
 - (i) resigned on the predecessor auditor's own initiative or at the reporting issuer's request;
 - (ii) was removed or is proposed to holders of qualified securities to be removed during the predecessor auditor's term of appointment; or
 - (iii) was not reappointed or has not been proposed for reappointment;
 - (c) whether the termination or resignation of the predecessor auditor and any appointment of the successor auditor were considered or approved by the audit committee of the reporting issuer's board of directors or the reporting issuer's board of directors;
 - (d) whether the predecessor auditor's report on any of the reporting issuer's financial statements relating to the relevant period expressed a modified opinion and, if so, a description of each modification;

- (e) if there is a reportable event, the following information:
 - (i) for a disagreement:
 - (A) a description of the disagreement;
 - (B) whether the audit committee of the reporting issuer's board of directors or the reporting issuer's board of directors discussed the disagreement with the predecessor auditor; and
 - (C) whether the reporting issuer authorized the predecessor auditor to respond fully to inquiries by any successor auditor concerning the disagreement and, if not, a description of and reasons for any limitation;
 - (ii) for a consultation:
 - (A) a description of the issue that was the subject of the consultation;
 - (B) a summary of the successor auditor's oral advice, if any, provided to the reporting issuer concerning the issue;
 - (C) a copy of the successor auditor's written advice, if any, received by the reporting issuer concerning the issue; and
 - (D) whether the reporting issuer consulted with the predecessor auditor concerning the issue and, if so, a summary of the predecessor auditor's advice concerning the issue; and
 - (iii) for an unresolved issue:
 - (A) a description of the issue;
 - (B) whether the audit committee of the reporting issuer's board of directors or the reporting issuer's board of directors discussed the issue with the predecessor auditor; and
 - (C) whether the reporting issuer authorized the predecessor auditor to respond fully to inquiries by any successor auditor concerning the issue and, if not, a description of and reasons for any limitation; and
- (f) if there are no reportable events, a statement to that effect.

(8) **Auditor's Obligations to Report Non-Compliance** - If the successor auditor becomes aware that the change of auditor notice required by this section has not been prepared and filed by the reporting issuer, the auditor must, within 7 days, advise the reporting issuer in writing and deliver a copy of the letter to the regulator or securities regulatory authority.

"PART 4A FORWARD-LOOKING INFORMATION

"4A.1 Application

This Part applies to forward-looking information that is disclosed by a reporting issuer other than forward-looking information contained in oral statements.

“4A.2 Reasonable Basis

A reporting issuer must not disclose forward-looking information unless the issuer has a reasonable basis for the forward-looking information.

“4A.3 Disclosure

A reporting issuer that discloses material forward-looking information must include disclosure that:

- (a) identifies forward-looking information as such;
- (b) cautions users of forward-looking information that actual results may vary from the forward-looking information and identifies material risk factors that could cause actual results to differ materially from the forward-looking information;
- (c) states the material factors or assumptions used to develop forward-looking information; and
- (d) describes the reporting issuer’s policy for updating forward-looking information if it includes procedures in addition to those described in subsection 5.8(2).

“PART 4B FOFI AND FINANCIAL OUTLOOKS**“4B.1 Application**

- (1) Subject to subsection (2), this Part applies to FOFI or a financial outlook that is disclosed by a reporting issuer.
- (2) This Part does not apply to disclosure that is:
 - (a) subject to requirements in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* or National Instrument 43-101 *Standards of Disclosure for Mineral Projects*;
 - (b) made to comply with the conditions of any exemption from the requirements referred to in paragraph (a) that a reporting issuer received from a regulator or securities regulatory authority unless the regulator or securities regulatory authority orders that this Part applies to disclosure made under the exemption; or
 - (c) contained in an oral statement.

“4B.2 Assumptions

- (1) A reporting issuer must not disclose FOFI or a financial outlook unless the FOFI or financial outlook is based on assumptions that are reasonable in the circumstances.
- (2) FOFI or a financial outlook that is based on assumptions that are reasonable in the circumstances must, without limitation:
 - (a) be limited to a period for which the information in the FOFI or financial outlook can be reasonably estimated; and
 - (b) use the accounting policies the reporting issuer expects to use to prepare its historical financial statements for the period covered by the FOFI or the financial outlook.

“4B.3 Disclosure

In addition to the disclosure required by section 4A.3, if a reporting issuer discloses FOFI or a financial outlook, the issuer must include disclosure that:

- (a) states the date management approved the FOFI or financial outlook, if the document containing the FOFI or financial outlook is undated; and
- (b) explains the purpose of the FOFI or financial outlook and cautions readers that the information may not be appropriate for other purposes.

“PART 5 MANAGEMENT’S DISCUSSION & ANALYSIS**“5.1 Filing of MD&A**

(1) A reporting issuer must file MD&A relating to its annual financial statements and each interim financial report required under Part 4.

(1.1) Despite subsection (1), a reporting issuer does not have to file MD&A relating to the annual financial statements and interim financial reports required under sections 4.7 and 4.10 for financial years and interim periods that ended before the issuer became a reporting issuer.

(2) Subject to section 5.2, the MD&A required to be filed under subsection (1) must be filed on or before the earlier of:

- (a) the filing deadlines for the annual financial statements and each interim financial report set out in sections 4.2 and 4.4, as applicable; and
- (b) the date the reporting issuer files the financial statements under subsections 4.1(1) or 4.3(1), as applicable.

“5.2 Filing of MD&A for SEC Issuers

If an SEC issuer that is a reporting issuer is filing its annual or interim MD&A prepared in accordance with Item 303 of Regulation S-K under the 1934 Act, the SEC issuer must file that document on or before the earlier of:

- (a) the date the SEC issuer would be required to file that document under section 5.1; and
- (b) the date the SEC issuer files that document with the SEC.

“5.3 Additional Disclosure for Venture Issuers Without Significant Revenue

(1) A venture issuer that has not had significant revenue from operations in either of its last two financial years, must disclose in its MD&A, for each period referred to in subsection (2), a breakdown of material components of:

- (a) exploration and evaluation assets or expenditures;
- (b) expensed research and development costs;
- (c) intangible assets arising from development;
- (d) general and administration expenses; and
- (e) any material costs, whether expensed or recognized as assets, not referred to in paragraphs (a) through (d);

and if the venture issuer’s business primarily involves mining exploration and development, the analysis of exploration and evaluation assets or expenditures must be presented on a property-by-property basis.

- (2) The disclosure in subsection (1) must be provided for the following periods:
 - (a) in the case of annual MD&A, for the two most recently completed financial years; and
 - (b) in the case of interim MD&A, for the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial report.
- (3) Subsection (1) does not apply if the information required under that subsection has been disclosed in the financial statements to which the MD&A relates.

“5.4 Disclosure of Outstanding Share Data

- (1) A reporting issuer must disclose in its MD&A the designation and number or principal amount of:
 - (a) each class and series of voting or equity securities of the reporting issuer for which there are securities outstanding;
 - (b) each class and series of securities of the reporting issuer for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of the reporting issuer; and
 - (c) subject to subsection (2), each class and series of voting or equity securities of the reporting issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the reporting issuer.
- (2) If the exact number or principal amount of voting or equity securities of the reporting issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the reporting issuer is not determinable, the reporting issuer must disclose the maximum number or principal amount of each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities of the reporting issuer and, if that maximum number or principal amount is not determinable, the reporting issuer must describe the exchange or conversion features and the manner in which the number or principal amount of voting or equity securities will be determined.
- (3) The disclosure under subsections (1) and (2) must be prepared as of the latest practicable date.

“5.5 Approval of MD&A

- (1) The annual MD&A that a reporting issuer is required to file under this Part must be approved by the board of directors before being filed.
- (2) The interim MD&A that a reporting issuer is required to file under this Part must be approved by the board of directors before being filed.
- (3) In fulfilling the requirement in subsection (2), the board of directors may delegate the approval of the interim MD&A required to be filed under this Part to the audit committee of the board of directors.

“5.6 Delivery of MD&A

- (1) If a registered holder or beneficial owner of securities, other than debt instruments, of a reporting issuer requests the reporting issuer's annual or interim MD&A, the reporting issuer must send a copy of the requested MD&A to the person or company that made the request, without charge, by the delivery deadline set out in subsection 4.6(3) for the annual financial statements or interim financial report to which the MD&A relates.

(2) A reporting issuer is not required to send copies of any MD&A under subsection (1) that was filed more than two years before the issuer receives the request.

(3) The requirement to send annual MD&A under subsection (1) does not apply to a reporting issuer that sends its annual MD&A to its securityholders, other than holders of debt instruments, within 140 days of the issuer's financial year-end and in accordance with NI 54-101.

(4) If a reporting issuer sends MD&A under this section, the reporting issuer must also send, at the same time, the annual financial statements or interim financial report to which the MD&A relates.

“5.7 Additional Disclosure for Reporting Issuers with Significant Equity Investees

(1) A reporting issuer that has a significant equity investee must disclose in its MD&A for each period referred to in subsection (2):

(a) summarized financial information of the equity investee, including the aggregated amounts of assets, liabilities, revenue and profit or loss; and

(b) the reporting issuer's proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the reporting issuer's share of profit or loss.

(2) The disclosure in subsection (1) must be provided for the following periods:

(a) in the case of annual MD&A, for the two most recently completed financial years; and

(b) in the case of interim MD&A, for the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial report.

(3) Subsection (1) does not apply if:

(a) the information required under that subsection has been disclosed in the financial statements to which the MD&A relates; or

(b) the issuer files separate financial statements of the equity investee for the periods referred to in subsection (2).

“5.8 Disclosure Relating to Previously Disclosed Material Forward-Looking Information

(1) **Application** - This section applies to material forward-looking information that is disclosed by a reporting issuer other than:

(a) forward-looking information contained in an oral statement; or

(b) disclosure that is:

(i) subject to the requirements in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* or National Instrument 43-101 *Standards of Disclosure for Mineral Projects*; or

(ii) made to comply with the conditions of any exemption from the requirements referred to in subparagraph (i) that a reporting issuer received from a regulator or securities regulatory authority unless the regulator or securities regulatory authority orders that this Part applies to disclosure made under the exemption.

- (2) **Update** - A reporting issuer must discuss in its MD&A:
- (a) events and circumstances that occurred during the period to which the MD&A relates that are reasonably likely to cause actual results to differ materially from material forward-looking information for a period that is not yet complete that the reporting issuer previously disclosed to the public; and
 - (b) the expected differences referred to in paragraph (a).
- (3) **Exemption** - Subsection (2) does not apply if the reporting issuer:
- (a) includes the information required by subsection (2) in a news release issued and filed by the reporting issuer before the filing of the MD&A referred to in subsection (2); and
 - (b) includes disclosure in the MD&A referred to in subsection (2) that:
 - (i) identifies the news release referred to in paragraph (a);
 - (ii) states the date of the news release; and
 - (iii) states that the news release is available at www.sedar.com.
- (4) **Comparison to Actual** - A reporting issuer must disclose and discuss in its MD&A material differences between:
- (a) actual results for the annual or interim period to which the MD&A relates; and
 - (b) any FOFI or financial outlook for the period referred to in paragraph (a) that the reporting issuer previously disclosed.
- (5) **Withdrawal** - If during the period to which its MD&A relates, a reporting issuer decides to withdraw previously disclosed material forward-looking information:
- (a) the reporting issuer must disclose in its MD&A the decision and discuss the events and circumstances that led the reporting issuer to that decision, including a discussion of the assumptions underlying the forward-looking information that are no longer valid; and
 - (b) subsection (4) does not apply to the reporting issuer with respect to the MD&A:
 - (i) if the reporting issuer complies with paragraph (a); and
 - (ii) the MD&A is filed before the end of the period covered by the forward-looking information.
- (6) **Exemption** - Paragraph 5(a) does not apply if the reporting issuer:
- (a) includes the information required by paragraph (5)(a) in a news release issued and filed by the reporting issuer before the filing of the MD&A referred to in subsection (5); and
 - (b) includes disclosure in the MD&A referred to in subsection (5) that:
 - (i) identifies the news release referred to in paragraph (a);
 - (ii) states the date of the news release; and
 - (iii) states that the news release is available at www.sedar.com.

“PART 6 ANNUAL INFORMATION FORM**“6.1 Requirement to File an AIF**

A reporting issuer that is not a venture issuer must file an AIF.

“6.2 Filing Deadline for an AIF

An AIF required to be filed under section 6.1 must be filed:

- (a) subject to paragraph (b), on or before the 90th day after the end of the reporting issuer’s most recently completed financial year; or
- (b) in the case of a reporting issuer that is an SEC issuer filing its AIF on Form 10-K or Form 20-F, on or before the earlier of:
 - (i) the 90th day after the end of the reporting issuer’s most recently completed financial year; and
 - (ii) the date the reporting issuer files its Form 10-K or Form 20-F with the SEC.

“6.3 [Repealed]**“PART 7 MATERIAL CHANGE REPORTS****“7.1 Publication of Material Change**

(1) Subject to subsection (2), if a material change occurs in the affairs of a reporting issuer, the reporting issuer must:

- (a) immediately issue and file a news release authorized by an executive officer disclosing the nature and substance of the change; and
- (b) as soon as practicable, and in any event within 10 days of the date on which the change occurs, file a Form 51-102F3 *Material Change Report* with respect to the material change.

(2) Subsection (1) does not apply if:

- (a) in the opinion of the reporting issuer, and if that opinion is arrived at in a reasonable manner, the disclosure required by subsection (1) would be unduly detrimental to the interests of the reporting issuer; or
- (b) the material change consists of a decision to implement a change made by senior management of the reporting issuer who believe that confirmation of the decision by the board of directors is probable, and senior management of the reporting issuer has no reason to believe that persons with knowledge of the material change have made use of that knowledge in purchasing or selling securities of the reporting issuer;

and the reporting issuer immediately files the report required under paragraph (1)(b) marked so as to indicate that it is confidential, together with written reasons for non-disclosure.

(3) [Repealed]

(4) [Repealed]

(5) If a report has been filed under subsection (2), the reporting issuer must advise the regulator or securities regulatory authority in writing if it believes the report should continue to remain confidential, within 10 days of the date of filing of the initial report and every 10 days thereafter until the material change is generally disclosed in the manner referred to in paragraph (1)(a), or, if the material change consists of a decision of the type referred to in paragraph (2)(b), until that decision has been rejected by the board of directors of the reporting issuer.

(6) Despite subsection (5), in Ontario, the reporting issuer must advise the securities regulatory authority.

(7) If a report has been filed under subsection (2), the reporting issuer must promptly generally disclose the material change in the manner referred to in subsection (1) upon the reporting issuer becoming aware, or having reasonable grounds to believe, that persons or companies are purchasing or selling securities of the reporting issuer with knowledge of the material change that has not been generally disclosed.

“PART 8 BUSINESS ACQUISITION REPORT

“8.1 Interpretation and Application

(1) In this Part:

‘acquisition’ includes an acquisition of an interest in a business that is consolidated for accounting purposes or accounted for by another method, such as the equity method;

‘acquisition of related businesses’ means the acquisition of two or more businesses if:

- (a) the businesses were under common control or management before the acquisitions were completed;
- (b) each acquisition was conditional upon the completion of each other acquisition; or
- (c) the acquisitions were contingent upon a single common event;

‘business’ includes an interest in an oil and gas property to which reserves, as defined in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, have been specifically attributed; and

‘specified profit or loss’ means profit or loss from continuing operations attributable to owners of the parent, adjusted to exclude income taxes.

(2) This Part does not apply to a transaction that is a reverse takeover.

“8.2 Obligation to File a Business Acquisition Report and Filing Deadline

(1) If a reporting issuer completes a significant acquisition, as determined under section 8.3, it must file a business acquisition report within 75 days after the acquisition date.

(2) Despite subsection (1), if the most recently completed financial year of the acquired business ended 45 days or less before the acquisition date, a reporting issuer must file a business acquisition report:

- (a) within 90 days after the acquisition date, in the case of an issuer other than a venture issuer; or
- (b) within 120 days after the acquisition date, in the case of a venture issuer.

“8.3 Determination of Significance

(1) **Significant Acquisitions** - Subject to subsection (3) and subsections 8.10(1) and 8.10(2), an acquisition of a business or related businesses is a significant acquisition:

(a) for a reporting issuer that is not a venture issuer, if the acquisition satisfies any of the three significance tests set out in subsection (2); and

(b) for a venture issuer, if the acquisition satisfies either of the significance tests set out in paragraphs (2)(a) or (b) if ‘20 percent’ is read as ‘40 percent’.

(2) **Required Significance Tests** - For the purposes of subsection (1) and subject to subsections (4.1) and (4.2), the significance tests are:

(a) **The Asset Test.** The reporting issuer’s proportionate share of the consolidated assets of the business or related businesses exceeds 20 percent of the consolidated assets of the reporting issuer calculated using the audited annual financial statements of each of the reporting issuer and the business or the related businesses for the most recently completed financial year of each that ended before the acquisition date.

(b) **The Investment Test.** The reporting issuer’s consolidated investments in and advances to the business or related businesses as at the acquisition date exceeds 20 percent of the consolidated assets of the reporting issuer as at the last day of the most recently completed financial year of the reporting issuer ended before the acquisition date, excluding any investments in or advances to the business or related businesses as at that date.

(c) **The Profit or Loss Test.** The reporting issuer’s proportionate share of the consolidated specified profit or loss of the business or related businesses exceeds 20 percent of the consolidated specified profit or loss of the reporting issuer calculated using the audited annual financial statements of each of the reporting issuer and the business or related businesses for the most recently completed financial year of each ended before the acquisition date.

(3) **Optional Significance Tests** - Despite subsection (1) and subject to subsections 8.10(1) and 8.10(2), if an acquisition of a business or related businesses is significant based on the significance tests in subsection (2):

(a) a reporting issuer that is not a venture issuer may re-calculate the significance using the optional significance tests in subsection (4); and

(b) a venture issuer may re-calculate the significance using the optional significance tests in paragraphs (4)(a) or (b) if ‘20 percent’ is read as ‘40 percent’.

(4) For the purposes of subsection (3) and subject to subsections (4.1) and (4.2), the optional significance tests are:

(a) **The Asset Test.** The reporting issuer’s proportionate share of the consolidated assets of the business or related businesses exceeds 20 percent of the consolidated assets of the reporting issuer, calculated using the financial statements of each of the reporting issuer and the business or the related businesses for the most recently completed interim period or financial year of each, without giving effect to the acquisition.

(b) **The Investment Test.** The reporting issuer’s consolidated investments in and advances to the business or related businesses as at the acquisition date exceeds 20 percent of the consolidated assets of the reporting issuer as at the last day of the most recently completed interim period or financial year of the reporting issuer, excluding any investments in or advances to the business or related businesses as at that date.

(c) **The Profit or Loss Test.** The specified profit or loss calculated under the following subparagraph (i) exceeds 20 percent of the specified profit or loss calculated under the following subparagraph (ii):

(i) the reporting issuer's proportionate share of the consolidated specified profit or loss of the business or related businesses for the later of:

(A) the most recently completed financial year of the business or related businesses; or

(B) the 12 months ended on the last day of the most recently completed interim period of the business or related businesses;

(ii) the reporting issuer's consolidated specified profit or loss for the later of:

(A) the most recently completed financial year, without giving effect to the acquisition; or

(B) the 12 months ended on the last day of the most recently completed interim period of the reporting issuer, without giving effect to the acquisition.

(4.1) For the purposes of subsections (2) and (4), the reporting issuer must not remeasure its previously held equity interest in the business or related businesses.

(4.2) For the purposes of paragraphs (2)(b) and (4)(b), the reporting issuer's investments in and advances to the business or related businesses must include:

(a) the consideration transferred for the acquisition, measured in accordance with the issuer's GAAP;

(b) payments made in connection with the acquisition which do not constitute consideration transferred but which would not have been paid unless the acquisition had occurred; and

(c) contingent consideration for the acquisition measured in accordance with the issuer's GAAP.

(5) If an acquisition does not meet any of the significance tests under subsection (4), the acquisition is not a significant acquisition.

(6) Despite subsection (3), the significance of an acquisition of a business or related businesses may be re-calculated using financial statements for periods that ended after the acquisition date only if, after the acquisition date, the business or related businesses remained substantially intact and were not significantly reorganized, and no significant assets or liabilities were transferred to other entities.

(7) **Application of the Profit or Loss Test if a Loss Occurred** - For the purposes of paragraphs (2)(c) and (4)(c), if any of the reporting issuer, the business or the related businesses has incurred a loss, the significance test must be applied using the absolute value of the loss from continuing operations attributable to owners of the parent, adjusted to exclude income taxes.

(8) **Application of the Profit or Loss Test if Lower Than Average Profit or Loss for the Most Recent Year** - For the purposes of paragraph (2)(c) and clause (4)(c)(ii)(A), if the reporting issuer's consolidated specified profit or loss for the most recently completed financial year was lower by 20 percent or more than its average consolidated specified profit or loss for the three most recently completed financial years, the issuer may, subject to subsection (10), substitute

the average consolidated specified profit or loss for the three most recently completed financial years in determining whether the significance test set out in paragraph (2)(c) or (4)(c) is satisfied.

(9) Application of the Optional Profit or Loss Test if Lower Than Average Profit or Loss for the Most Recent Year - For the purpose of clause (4)(c)(ii)(B) if the reporting issuer's consolidated specified profit or loss for the most recently completed 12-month period was lower by 20 percent or more than its average consolidated specified profit or loss for the three most recently completed 12-month periods, the issuer may, subject to subsection (10), substitute the average consolidated specified profit or loss for the three most recently completed 12-month periods in determining whether the significance test set out in paragraph (4)(c) is satisfied.

(10) Lower than Average Profit or Loss of the Issuer if a Loss Occurred - If the reporting issuer's consolidated specified profit or loss for either of the two earlier financial periods referred to in subsections (8) and (9) is a loss, the reporting issuer's specified profit or loss for that period is considered to be zero for the purposes of calculating the average consolidated specified profit or loss for the three financial periods.

(11) Application of Significance Tests - Multiple Investments in the Same Business - If a reporting issuer has made multiple investments in the same business, then for the purposes of applying subsections (2) and (4):

- (a) if the initial investment and one or more incremental investments were made during the same financial year, the investments must be aggregated and tested on a combined basis;
- (b) if one or more incremental investments were made in a financial year subsequent to the financial year in which an initial or incremental investment was made and the initial or previous incremental investments are reflected in audited annual financial statements of the reporting issuer previously filed, the reporting issuer must apply the significance tests set out in subsections (2) and (4) on a combined basis to the incremental investments not reflected in audited financial statements of the reporting issuer previously filed; and
- (c) if one or more incremental investments were made in a financial year subsequent to the financial year in which the initial investment was made and the initial investment is not reflected in audited annual financial statements of the reporting issuer previously filed, the reporting issuer must apply the significance tests set out in subsections (2) and (4) to the initial and incremental investments on a combined basis.

(11.1) Application of the Optional Profit or Loss Test based on Pro Forma Financial Information - For the purposes of calculating the optional profit or loss test under clause (4)(c)(ii)(A), a reporting issuer may use pro forma consolidated specified profit or loss for its most recently completed financial year that was included in a previously filed document if:

- (a) the reporting issuer has made a significant acquisition of a business after its most recently completed financial year; and
- (b) the previously filed document included:
 - (i) audited annual financial statements of that acquired business for the periods required by this Part; and
 - (ii) the pro forma financial information required by subsection 8.4(5) or (6).

(12) **Application of Significance Tests - Related Businesses** - In determining whether an acquisition of related businesses is a significant acquisition, related businesses acquired after the ending date of the most recently filed audited annual financial statements of the reporting issuer must be considered on a combined basis.

(13) **Application of Significance Tests - Accounting Principles and Currency** - For the purposes of calculating the significance tests in subsections (2) and (4), the amounts used for the business or related businesses must:

- (a) subject to subsection (13.1), be based on the issuer's GAAP; and
- (b) be translated into the same presentation currency as that used in the reporting issuer's financial statements.

(13.1) **Application of Significance Tests - Exemption - Canadian GAAP Applicable to Private Enterprises** - Paragraph 8.3(13)(a) does not apply to a venture issuer if:

- (a) the financial statements for the business or related businesses referred to in subsections 8.3(2) and (4):
 - (i) are prepared in accordance with Canadian GAAP applicable to private enterprises; and
 - (ii) are prepared in a manner that consolidates any subsidiaries and accounts for significantly influenced investees and joint ventures using the equity method; and
- (b) none of the accounting principles described in paragraphs 3.11(1)(a) through (e) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* were used to prepare financial statements for the business or related businesses referred to in subsections 8.3(2) and (4).

(14) **Application of Significance Tests - Use of Unaudited Financial Statements** - Despite subsections (2) and (4), the significance of an acquisition of a business or related businesses may be calculated using unaudited financial statements of the business or related businesses that comply with section 3.11 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* if the financial statements of the business or related businesses for the most recently completed financial year have not been audited.

(15) **Application of Significance Tests - Use of Previous Audited Financial Statements** - Despite subsections (2) and (4), the significance of an acquisition of a business or related businesses may be calculated using the audited financial statements for the financial year immediately preceding the reporting issuer's most recently completed financial year if the reporting issuer has not been required to file, and has not filed, audited financial statements for its most recently completed financial year.

“8.4 Financial Statement Disclosure for Significant Acquisitions

(1) **Comparative Annual Financial Statements** - If a reporting issuer is required to file a business acquisition report under section 8.2, subject to sections 8.6 through 8.11, the business acquisition report must include the following for each business or related businesses:

- (a) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the following periods:

- (i) if the business has completed one financial year:
 - (A) the most recently completed financial year ended on or before the acquisition date; and
 - (B) the financial year immediately preceding the most recently completed financial year, if any; or
 - (ii) if the business has not completed one financial year, the financial period commencing on the date of formation and ending on a date not more than 45 days before the acquisition date;
 - (b) a statement of financial position as at the end of each of the periods specified in paragraph (a); and
 - (c) notes to the financial statements.
- (2) **Audit** - The most recently completed financial period referred to in subsection (1) must be audited.
- (3) **Interim Financial Report** - Subject to subsection (4) and sections 8.6 through 8.11, if a reporting issuer is required to include financial statements in a business acquisition report under subsection (1), the business acquisition report must include financial statements for:
- (a) the most recently completed interim period or other period that started the day after the date of the statement of financial position specified in paragraph (1)(b) and ended:
 - (i) in the case of an interim period, before the acquisition date; or
 - (ii) in the case of a period other than an interim period, after the interim period referred to in subparagraph (i) and on or before the acquisition date; and
 - (b) a comparable period in the preceding financial year of the business.
- (3.1) **Contents of Interim Financial Report - Canadian GAAP Applicable to Private Enterprises** - If a reporting issuer is required under subsection (3) to include an interim financial report in a business acquisition report and the financial statements for the business or related businesses acquired are prepared in accordance with Canadian GAAP applicable to private enterprises, as permitted under National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, the interim financial report must include:
- (a) a balance sheet as at the end of the interim period and a balance sheet as at the end of the immediately preceding financial year, if any;
 - (b) an income statement, a statement of retained earnings and a cash flow statement, all for the year-to-date interim period, and comparative financial information for the corresponding interim period in the immediately preceding financial year, if any; and
 - (c) notes to the financial statements.
- (4) **Earlier Financial Statements Permitted** - Despite subsection (3), the business acquisition report may include financial statements for a period ending not more than one interim period before the period referred to in subparagraph (3)(a)(i) if:
- (a) the business does not, or related businesses do not, constitute a material departure from the business or operations of the reporting issuer immediately before the acquisition; and

- (b) [Repealed];
- (c) either:
 - (i) the acquisition date is, and the reporting issuer files the business acquisition report, within the following time after the business's or related businesses' most recently completed interim period:
 - (A) 45 days, if the reporting issuer is not a venture issuer; or
 - (B) 60 days, if the reporting issuer is a venture issuer; or
 - (ii) the reporting issuer filed a document before the acquisition date that included financial statements for the business or related businesses that would have been required if the document were a prospectus, and those financial statements are for a period ending not more than one interim period before the interim period referred to in subparagraph (3)(a)(i).

(5) Pro Forma Financial Statements Required in a Business Acquisition Report - If a reporting issuer is required to include financial statements in a business acquisition report under subsection (1) or (3), the business acquisition report must include:

- (a) a pro forma statement of financial position of the reporting issuer:
 - (i) as at the date of the reporting issuer's most recent statement of financial position filed, that gives effect, as if they had taken place as at the date of the pro forma statement of financial position, to significant acquisitions that have been completed, but are not reflected in the reporting issuer's most recent statement of financial position for an annual or interim period; or
 - (ii) if the reporting issuer has not filed a statement of financial position for any annual or interim period, as at the date of the acquired business's most recent statement of financial position, that gives effect, as if they had taken place as at the date of the pro forma statement of financial position, to significant acquisitions that have been completed;
- (b) a pro forma income statement of the reporting issuer that gives effect to significant acquisitions completed since the beginning of the financial year referred to in clause (i)(A) or (ii)(A), as applicable, as if they had taken place at the beginning of that financial year, for each of the following financial periods:
 - (i) the reporting issuer's:
 - (A) most recently completed financial year for which it has filed financial statements; and
 - (B) interim period for which it has filed an interim financial report that started after the period in clause (A) and ended immediately before the acquisition date or, in the reporting issuer's discretion, after the acquisition date; or
 - (ii) if the reporting issuer has not filed a statement of comprehensive income for any annual or interim period, for the business's or related businesses':

- (A) most recently completed financial year that ended before the acquisition date; and
 - (B) period for which financial statements are included in the business acquisition report under paragraph (3)(a); and
 - (c) pro forma earnings per share based on the pro forma financial statements referred to in paragraph (b).
- (6) Pro Forma Financial Statements based on Earlier Financial Statements Permitted** - Despite paragraph (5)(a) and clauses (5)(b)(i)(B) and (5)(b)(ii)(B), if the reporting issuer relies on subsection (4), the business acquisition report may include:
- (a) a pro forma statement of financial position as at the date of the statement of financial position filed immediately before the reporting issuer's most recent statement of financial position filed; and
 - (b) a pro forma income statement for the period ending not more than one interim period before the interim period referred to in clause (5)(b)(i)(B) or (5)(b)(ii)(B), as applicable.
- (7) Preparation of Pro Forma Financial Statements** - If a reporting issuer is required to include pro forma financial statements in a business acquisition report under subsection (5):
- (a) the reporting issuer must identify in the pro forma financial statements each significant acquisition, if the pro forma financial statements give effect to more than one significant acquisition;
 - (b) the reporting issuer must include in the pro forma financial statements:
 - (i) adjustments attributable to each significant acquisition for which there are firm commitments and for which the complete financial effects are objectively determinable;
 - (ii) adjustments to conform amounts for the business or related businesses to the issuer's accounting policies; and
 - (iii) a description of the underlying assumptions on which the pro forma financial statements are prepared, cross-referenced to each related pro forma adjustment;
 - (c) if the financial year-end of the business differs from the reporting issuer's year-end by more than 93 days, for the purpose of preparing the pro forma income statement for the reporting issuer's most recently completed financial year, the reporting issuer must construct an income statement of the business for a period of 12 consecutive months ending no more than 93 days before or after the reporting issuer's year-end, by adding the results for a subsequent interim period to a completed financial year of the business and deducting the comparable interim results for the immediately preceding year;
 - (d) if a constructed income statement is required under paragraph (c), the pro forma financial statements must disclose the period covered by the constructed income statement on the face of the pro forma financial statements and must include a note stating that the financial statements of the business used to prepare the pro forma financial statements were prepared for the purpose of the pro forma financial statements and do not conform with the financial statements for the business included elsewhere in the business acquisition report;

(e) if a reporting issuer is required to prepare a pro forma income statement for an interim period required by paragraph (5)(b), and the pro forma income statement for the most recently completed financial year includes results of the business which are also included in the pro forma income statement for the interim period, the reporting issuer must disclose in a note to the pro forma financial statements the revenue, expenses and profit or loss from continuing operations included in each pro forma income statement for the overlapping period; and

(f) a constructed period referred to in paragraph (c) does not have to be audited.

(8) Financial Statements of Related Businesses - If a reporting issuer is required under subsection (1) to include financial statements for more than one business because the significant acquisition involves an acquisition of related businesses, the financial statements required under subsection (1) must be presented separately for each business, except for the periods during which the businesses have been under common control or management, in which case the reporting issuer may present the financial statements of the businesses on a combined basis.

“8.5 [Repealed]”

“8.6 Exemption for Significant Acquisitions Accounted for Using the Equity Method”

A reporting issuer is exempt from the requirements in section 8.4 if:

- (a) the acquisition is, or will be, of an equity investee;
- (b) the business acquisition report includes disclosure for the periods for which financial statements are otherwise required under subsection 8.4(1) that:
 - (i) summarizes financial information of the equity investee, including the aggregated amounts of assets, liabilities, revenue and profit or loss; and
 - (ii) describes the reporting issuer’s proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the reporting issuer’s share of profit or loss;
- (c) the financial information provided under paragraph (b) for the most recently completed financial year:
 - (i) has been derived from audited financial statements of the equity investee; or
 - (ii) has been audited; and
- (d) the business acquisition report:
 - (i) identifies the financial statements referred to in subparagraph (c)(i) from which the disclosure provided under paragraph (b) has been derived; or

(ii) discloses that the financial information provided under paragraph (b), if not derived from audited financial statements, has been audited; and

(iii) discloses that the auditor expressed an unmodified opinion with respect to the financial statements referred to in subparagraph (i) or the financial information referred to in subparagraph (ii).

“8.7 [Repealed]

“8.8 Exemption for Significant Acquisitions if Financial Year End Changed

If under section 8.4 a reporting issuer is required to provide financial statements for a business acquired and the business changed its financial year end during either of the financial years required to be included, the reporting issuer may include financial statements for the transition year in satisfaction of the financial statements for one of the years, provided that the transition year is at least nine months.

“8.9 Exemption from Comparatives if Financial Statements Not Previously Prepared

A reporting issuer is not required to provide comparative information for an interim financial report required under subsection 8.4(3) for a business acquired if:

- (a) to a reasonable person it is impracticable to present prior-period information on a basis consistent with the most recently completed interim period of the acquired business;
- (b) the prior-period information that is available is presented; and
- (c) the notes to the interim financial report disclose the fact that the prior-period information has not been prepared on a basis consistent with the most recent interim financial information.

“8.10 Acquisition of an Interest in an Oil and Gas Property

(1) **Asset Test** - Despite subsections 8.3(2) and 8.3(4), the asset tests in paragraphs 8.3(2)(a) and 8.3(4)(a) do not apply to an acquisition:

- (a) of a business that is an interest in an oil and gas property or related businesses that are interests in oil and gas properties; and
- (b) that is not of securities of another issuer.

(2) **Profit or Loss Test** - Despite subsections 8.3(2), 8.3(4), 8.3(8), 8.3(9), 8.3(10) and 8.3(11.1), a reporting issuer must substitute ‘operating income’ for ‘specified profit or loss’ for the purposes of the profit or loss test in paragraphs 8.3(2)(c) and 8.3(4)(c) if the acquisition is one described in subsection (1).

(3) **Exemption from Financial Statement Disclosure** - A reporting issuer is exempt from the requirements in section 8.4 if:

- (a) the significant acquisition is an acquisition described in subsection (1);
- (b) the reporting issuer is unable to provide the financial statements in respect of the significant acquisition otherwise required under this Part because those financial statements do not exist or because the reporting issuer does not have access to those financial statements;

- (c) the acquisition does not constitute a reverse takeover;
 - (d) [Repealed];
 - (e) subject to subsection (4), in respect of the business or related businesses, for each of the financial periods for which financial statements would, but for this section, be required under section 8.4, the business acquisition report includes:
 - (i) an operating statement for the business or related businesses prepared in accordance with subsection 3.11(5) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;
 - (ii) a pro forma operating statement of the reporting issuer that gives effect to significant acquisitions completed since the beginning of the reporting issuer's most recently completed financial year for which financial statements are required to have been filed, as if they had taken place at the beginning of that financial year, for each of the financial periods referred to in paragraph 8.4(5)(b);
 - (iii) a description of the property or properties and the interest acquired by the reporting issuer; and
 - (iv) disclosure of the annual oil and gas production volumes from the business or related businesses;
 - (f) the operating statement for the most recently completed financial period referred to in subsection 8.4(1) is audited; and
 - (g) the business acquisition report discloses:
 - (i) the estimated reserves and related future net revenue attributable to the business or related businesses, the material assumptions used in preparing the estimates and the identity and relationship to the reporting issuer or to the vendor of the person who prepared the estimates; and
 - (ii) the estimated oil and gas production volumes from the business or related businesses for the first year reflected in the estimates disclosed under subparagraph (i).
- (4) **Exemption from Alternative Disclosure** - A reporting issuer is exempt from the requirements of subparagraphs (3)(e)(i), (ii) and (iv), if:
- (a) production, gross revenue, royalty expenses, production costs and operating income were nil for the business or related businesses for each financial period; and
 - (b) the business acquisition report discloses this fact.

“8.11 Exemption for Multiple Investments in the Same Business

Despite section 8.4, a reporting issuer is exempt from the requirements to file financial statements for an acquired business, other than the pro forma financial statements required by subsection 8.4(5), in a business acquisition report if the reporting issuer has made multiple investments in the same business and the acquired business has been consolidated in the reporting issuer's most recent annual financial statements that have been filed.

“PART 9 PROXY SOLICITATION AND INFORMATION CIRCULARS**“9.1 Sending of Proxies and Information Circulars**

(1) If management of a reporting issuer gives notice of a meeting to its registered holders of voting securities, management must, at the same time as or before giving that notice, send to each registered holder of voting securities who is entitled to notice of the meeting a form of proxy for use at the meeting.

(2) Subject to section 9.2, a person or company that solicits proxies from registered holders of voting securities of a reporting issuer must:

(a) in the case of a solicitation by or on behalf of management of a reporting issuer, send an information circular with the notice of meeting to each registered securityholder whose proxy is solicited; or

(b) in the case of any other solicitation, concurrently with or before the solicitation, send an information circular to each registered securityholder whose proxy is solicited.

(3) [Repealed]

“9.2 Exemptions from Sending Information Circular

(1) Subsection 9.1(2) does not apply to a solicitation by a person or company in respect of securities of which the person or company is the beneficial owner.

(2) Paragraph 9.1(2)(b) does not apply to a solicitation if the total number of securityholders whose proxies are solicited is not more than 15.

(3) For the purposes of subsection (2), two or more persons or companies who are joint registered owners of one or more securities are considered to be one securityholder.

(4) Despite paragraph 9.1(2)(b), a person or company, other than management of a reporting issuer or a person or company acting on behalf of management, may solicit proxies from registered securityholders of a reporting issuer without sending an information circular, if:

(a) the solicitation is made to the public by broadcast, speech or publication;

(b) soliciting proxies by broadcast, speech or publication is permitted by the laws under which the reporting issuer is incorporated, organized or continued and the person or company making the solicitation complies with the requirements, if any, of those laws relating to the broadcast, speech or publication;

(c) the person or company has filed the following information:

(i) the name and address of the reporting issuer to which the solicitation relates;

(ii) the information required under item 2, sections 3.2, 3.3 and 3.4 and paragraphs (b) and (d) of item 5 of Form 51-102F5 Information Circular;

(iii) any information required to be disclosed in respect of the broadcast, speech or publication by the laws under which the reporting issuer is incorporated, organized or continued; and

(iv) a copy of any communication intended to be published; and

(d) the broadcast, speech or publication contains the information referred to in paragraphs (c)(i) to (iii).

(5) Subsection (4) does not apply to a person or company that is proposing, at the time of the solicitation, a significant acquisition or restructuring transaction involving the reporting issuer and the person or company, under which securities of the person or company, or securities of an affiliate of the person or company, are to be changed, exchanged, issued or distributed, unless:

(a) the person or company has filed an information circular or other document containing the information required by section 14.4 of Form 51-102F5 *Information Circular*; and

(b) the solicitation refers to that information circular or other document and discloses that the circular or other document is on SEDAR.

(6) Subsection (4) does not apply to a person or company that is nominating or proposing to nominate, at the time of the solicitation, an individual, including himself or herself, for election as a director of the reporting issuer, unless:

(a) the person or company has filed an information circular or other document containing the information required by Form 51-102F5 *Information Circular* in respect of the proposed nominee; and

(b) the solicitation refers to that information circular or other document and discloses that the circular or other document is on SEDAR.

“9.3 Filing of Information Circulars and Proxy-Related Material

A person or company that is required under this Instrument to send an information circular or form of proxy to registered securityholders of a reporting issuer must promptly file a copy of the information circular, form of proxy and all other material required to be sent by the person or company in connection with the meeting to which the information circular or form of proxy relates.

“9.3.1 Content of Information Circular

(1) Subject to Item 8 of Form 51-102F5, if a reporting issuer sends an information circular to a securityholder under paragraph 9.1(2)(a), the issuer must:

(a) disclose all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the issuer, or a subsidiary of the issuer, to each NEO and director, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given, or otherwise provided to the NEO or director for services provided, directly or indirectly, to the issuer or a subsidiary of the issuer; and

(b) include detail and discussion of the compensation, and the decision-making process relating to compensation, presented in such a way that it provides a reasonable person, applying reasonable effort, an understanding of:

(i) how decisions about NEO and director compensation are made;

(ii) the compensation the board of directors intended the issuer to pay, make payable, award, grant, give or otherwise provide to each NEO and director; and

(iii) how specific NEO and director compensation relates to the overall stewardship and governance of the reporting issuer.

(2) The disclosure required under subsection (1) must be provided for the periods set out in, in accordance with, and subject to any exemptions set out in, Form 51-102F6 *Statement of Executive Compensation*, which came into force on December 31, 2008.

(3) For the purposes of this section, 'NEO' and 'plan' have the meaning ascribed to those terms in Form 51-102F6 *Statement of Executive Compensation*, which came into force on December 31, 2008.

(4) This section does not apply to an issuer in respect of a financial year ending before December 31, 2008.

“9.4 Content of Form of Proxy

(1) A form of proxy sent to securityholders of a reporting issuer by a person or company soliciting proxies must indicate in bold-face type whether or not the proxy is solicited by or on behalf of the management of the reporting issuer, provide a specifically designated blank space for dating the form of proxy and specify the meeting in respect of which the proxy is solicited.

(2) An information circular sent to securityholders of a reporting issuer or the form of proxy to which the information circular relates must:

(a) indicate in bold-face type that the securityholder has the right to appoint a person or company to represent the securityholder at the meeting other than the person or company if any, designated in the form of proxy; and

(b) contain instructions as to the manner in which the securityholder may exercise the right referred to in paragraph (a).

(3) If a form of proxy sent to securityholders of a reporting issuer contains a designation of a named person or company as nominee, it must provide an option for the securityholder to designate in the form of proxy some other person or company as the securityholder's nominee.

(4) A form of proxy sent to securityholders of a reporting issuer must provide an option for the securityholder to specify that the securities registered in the securityholder's name will be voted for or against each matter or group of related matters identified in the form of proxy, in the notice of meeting or in an information circular, other than the appointment of an auditor and the election of directors.

(5) A form of proxy sent to securityholders of a reporting issuer may confer discretionary authority with respect to each matter referred to in subsection (4) as to which a choice is not specified if the form of proxy or the information circular states in bold-face type how the securities represented by the proxy will be voted in respect of each matter or group of related matters.

(6) A form of proxy sent to securityholders of a reporting issuer must provide an option for the securityholder to specify that the securities registered in the name of the securityholder must be voted or withheld from voting in respect of the appointment of an auditor or the election of directors.

(7) An information circular sent to securityholders of a reporting issuer or the form of proxy to which the information circular relates must state that:

(a) the securities represented by the proxy will be voted or withheld from voting in accordance with the instructions of the securityholder on any ballot that may be called for; and

- (b) if the securityholder specifies a choice under subsection (4) or (6) with respect to any matter to be acted upon, the securities will be voted accordingly.
- (8) A form of proxy sent to securityholders of a reporting issuer may confer discretionary authority with respect to:
- (a) amendments or variations to matters identified in the notice of meeting; and
 - (b) other matters which may properly come before the meeting;
- if:
- (c) the person or company by whom or on whose behalf the solicitation is made is not aware within a reasonable time before the time the solicitation is made that any of those amendments, variations or other matters are to be presented for action at the meeting; and
 - (d) a specific statement is made in the information circular or in the form of proxy that the proxy is conferring such discretionary authority.
- (9) A form of proxy sent to securityholders of a reporting issuer must not confer authority to vote:
- (a) for the election of any person as a director of a reporting issuer unless a bona fide proposed nominee for that election is named in the information circular or, in the case of a solicitation under subsection 9.2(4), the document required under paragraph 9.2(6)(a); or
 - (b) at any meeting other than the meeting specified in the notice of meeting or any adjournment of that meeting.

“9.5 Exemption

Sections 9.1 to 9.4 do not apply to a reporting issuer, or a person or company that solicits proxies from registered holders of voting securities of a reporting issuer, if:

- (a) the reporting issuer or other person or company complies with the requirements of the laws relating to the solicitation of proxies under which the reporting issuer is incorporated, organized or continued;
- (b) the requirements referred to in subsection (a) are substantially similar to the requirements of this Part; and
- (c) the reporting issuer or other person or company files a copy of any information circular and form of proxy, or other documents that contain substantially similar information, promptly after the reporting issuer or other person or company sends the circular, form or other document in connection with the meeting.

“PART 10 RESTRICTED SECURITY DISCLOSURE

“10.1 Restricted Security Disclosure

- (1) Except as otherwise provided in section 10.3, if a reporting issuer has outstanding restricted securities, or securities that are directly or indirectly convertible into or exercisable or exchangeable for restricted securities or securities that will, when issued, result in an existing class of outstanding securities being considered restricted securities, each document referred to in subsection (2) must:

- (a) refer to restricted securities using a term that includes the appropriate restricted security term;
 - (b) not refer to securities by a term that includes 'common', or 'preference' or 'preferred', unless the securities are common shares or preference shares, respectively;
 - (c) describe any restrictions on the voting rights of restricted securities;
 - (d) describe the rights to participate, if any, of holders of restricted securities if a takeover bid is made for securities of the reporting issuer with voting rights superior to those attached to the restricted securities;
 - (e) state the percentage of the aggregate voting rights attached to the reporting issuer's securities that are represented by the class of restricted securities; and
 - (f) if holders of restricted securities have no right to participate if a takeover bid is made for securities of the reporting issuer with voting rights superior to those attached to the restricted securities, contain a statement to that effect in bold-face type.
- (2) Subsection (1) applies to the following documents except as provided in subsections (3) and (6):
- (a) an information circular;
 - (b) a document required by this Instrument to be delivered upon request by a reporting issuer to any of its securityholders; and
 - (c) an AIF prepared by a reporting issuer.
- (3) Despite subsection (2), annual financial statements, an interim financial report and MD&A or other accompanying discussion by management of those financial statements are not required to include the details referred to in paragraphs (1)(c), (d), (e) and (f).
- (4) Each reference to restricted securities in any document not referred to in subsection (2) that a reporting issuer sends to its securityholders must include the appropriate restricted security term.
- (5) A reporting issuer must not refer, in any of the documents described in subsection (4), to securities by a term that includes 'common' or 'preference' or 'preferred', unless the securities are common shares or preference shares, respectively.
- (6) Despite paragraph (1)(b) and subsection (5), a reporting issuer may, in one place only in a document referred to in subsection (2) or (4), describe the restricted securities by the term used in the constating documents of the reporting issuer, to the extent that term differs from the appropriate restricted security term, if the description is not on the front page of the document and is in the same type face and type size as that used generally in the document.

“10.2 Dissemination of Disclosure Documents to Holder of Restricted Securities

- (1) If a reporting issuer sends a document to all holders of any class of its equity securities the document must also be sent by the reporting issuer at the same time to the holders of its restricted securities.

(2) A reporting issuer that is required by this Instrument to arrange for, or voluntarily makes arrangements for, delivery of the documents referred to in subsection (1) to the beneficial owners of any securities of a class of equity securities registered in the name of a registrant, must make similar arrangements for delivery of the documents to the beneficial owners of securities of a class of restricted securities registered in the name of the registrant.

“10.3 Exemptions for Certain Reporting Issuers

The provisions of sections 10.1 and 10.2 do not apply to:

- (a) securities that carry a right to vote subject to a restriction on the number or percentage of securities that may be voted or owned by persons or companies that are not citizens or residents of Canada or that are otherwise considered as a result of any law applicable to the reporting issuer to be non-Canadians, but only to the extent of the restriction; and
- (b) securities that are subject to a restriction, imposed by any law governing the reporting issuer, on the level of ownership of the securities by any person, company or combination of persons or companies, but only to the extent of the restriction.

“PART 11 ADDITIONAL FILING REQUIREMENTS

“11.1 Additional Disclosure Requirements

- (1) A reporting issuer must file a copy of any disclosure material:
 - (a) that it sends to its securityholders;
 - (b) in the case of an SEC issuer, that it files with or furnishes to the SEC under the 1934 Act, including material filed as exhibits to other documents, if the material contains information that has not been included in disclosure already filed in a jurisdiction by the SEC issuer; or
 - (c) that it files with another provincial or territorial securities regulatory authority or regulator other than in connection with a distribution.
- (2) A reporting issuer must file the material referred to in subsection (1) on the same date as, or as soon as practicable after, the earlier of:
 - (a) the date on which the reporting issuer sends the material to its securityholders;
 - (b) the date on which the reporting issuer files or furnishes the material to the SEC; and
 - (c) the date on which the reporting issuer files that material with the other provincial or territorial securities regulatory authority or regulator.

“11.2 Change of Status Report

A reporting issuer must file a notice promptly after the occurrence of either of the following:

- (a) the reporting issuer becomes a venture issuer; or
- (b) the reporting issuer ceases to be a venture issuer.

“11.3 Voting Results

A reporting issuer that is not a venture issuer must, promptly following a meeting of securityholders at which a matter was submitted to a vote, file a report that discloses, for each matter voted upon:

- (a) a brief description of the matter voted upon and the outcome of the vote; and
- (b) if the vote was conducted by ballot, including a vote on a matter in which votes are cast both in person and by proxy, the number or percentage of votes cast for, against or withheld from the vote.

“11.4 Financial Information

A reporting issuer must file a copy of any news release issued by it that discloses information regarding its historical or prospective financial performance or financial condition for a financial year or interim period.

“11.5 Re-filing Documents

If a reporting issuer decides it will:

- (a) re-file a document filed under this Instrument; or
- (b) re-state financial information for comparative periods in financial statements for reasons other than retrospective application of a change in an accounting standard or policy or a new accounting standard;

and the information in the re-filed document, or re-stated financial information, will differ materially from the information originally filed, the issuer must immediately issue and file a news release authorized by an executive officer disclosing the nature and substance of the change or proposed changes.

“11.6 Executive Compensation Disclosure for Certain Reporting Issuers

(1) A reporting issuer that does not send to its securityholders an information circular that includes the disclosure required by Item 8 of Form 51-102F5 and that does not file an AIF that includes the executive compensation disclosure required by Item 18 of Form 51-102F2 must:

- (a) disclose all compensation, paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the issuer, or a subsidiary of the issuer, to each NEO and director, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given, or otherwise provided to the NEO or director for services provided, directly or indirectly, to the issuer or a subsidiary of the issuer, and
- (b) include detail and discussion of the compensation, and the decision-making process relating to compensation, presented in such a way that it provides a reasonable person, applying reasonable effort, an understanding of:
 - (i) how decisions about NEO and director compensation are made;
 - (ii) the compensation the board of directors intended the issuer to pay, make payable, award, grant, give or otherwise provide to each NEO and director; and
 - (iii) how specific NEO and director compensation relates to the overall stewardship and governance of the reporting issuer.

(2) The disclosure required under subsection (1) must be provided for the periods set out in, and in accordance with, Form 51-102F6 *Statement of Executive Compensation*, which came into force on December 31, 2008.

(3) The disclosure required under subsection (1) must be filed not later than 140 days after the end of the reporting issuer's most recently completed financial year.

(4) For the purposes of this section, 'NEO' and 'plan' have the meaning ascribed to those terms in Form 51-102F6 *Statement of Executive Compensation*, which came into force on December 31, 2008.

(5) This section does not apply to an issuer that satisfies securities legislation requirements relating to information circulars, proxies and proxy solicitation under section 4.6 or 5.7 of National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*.

(6) This section does not apply to an issuer in respect of a financial year ending before December 31, 2008.

“PART 12 FILING OF CERTAIN DOCUMENTS

“12.1 Filing of Documents Affecting the Rights of Securityholders

(1) A reporting issuer must file copies of the following documents, and any material amendments to the following documents, unless previously filed:

- (a) articles of incorporation, amalgamation, continuation or any other constating or establishing documents of the issuer, unless the constating or establishing document is a statutory or regulatory instrument;
- (b) by-laws or other corresponding instruments currently in effect;
- (c) any securityholder or voting trust agreement that the reporting issuer has access to and that can reasonably be regarded as material to an investor in securities of the reporting issuer;
- (d) any securityholders' rights plans or other similar plans; and
- (e) any other contract of the issuer or a subsidiary of the issuer that creates or can reasonably be regarded as materially affecting the rights or obligations of its securityholders generally.

(2) A document required to be filed under subsection (1) may be filed in paper format if:

- (a) it is dated before March 30, 2004; and
- (b) it does not exist in an acceptable electronic format.

“12.2 Filing of Material Contracts

(1) Unless previously filed, a reporting issuer must file a material contract entered into:

- (a) within the last financial year; or
- (b) before the last financial year if that material contract is still in effect.

(2) Despite subsection (1), a reporting issuer is not required to file a material contract entered into in the ordinary course of business unless the material contract is:

- (a) a contract to which directors, officers, or promoters are parties other than a contract of employment;
- (b) a continuing contract to sell the majority of the reporting issuer's products or services or to purchase the majority of the reporting issuer's requirements of goods, services, or raw materials;
- (c) a franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name;
- (d) a financing or credit agreement with terms that have a direct correlation with anticipated cash distributions;
- (e) an external management or external administration agreement; or
- (f) a contract on which the reporting issuer's business is substantially dependent.

(3) A provision in a material contract filed pursuant to subsections (1) or (2) may be omitted or marked to be unreadable if an executive officer of the reporting issuer reasonably believes that disclosure of that provision would be seriously prejudicial to the interests of the reporting issuer or would violate confidentiality provisions.

(4) Subsection (3) does not apply if the provision relates to:

- (a) debt covenants and ratios in financing or credit agreements;
- (b) events of default or other terms relating to the termination of the material contract; or
- (c) other terms necessary for understanding the impact of the material contract on the business of the reporting issuer.

(5) If a provision is omitted or marked to be unreadable under subsection (3), the reporting issuer must include a description of the type of information that has been omitted or marked to be unreadable immediately after the provision in the copy of the material contract filed by the reporting issuer.

(6) Despite subsections (1) and (2), a reporting issuer is not required to file a material contract entered into before January 1, 2002.

“12.3 Time for Filing of Documents

The documents required to be filed under sections 12.1 and 12.2 must be filed no later than the time the reporting issuer files a material change report in Form 51-102F3, if the making of the document constitutes a material change for the issuer, and

- (a) no later than the time the reporting issuer's AIF is filed under section 6.1, if the document was made or adopted before the date of the issuer's AIF; or
- (b) if the reporting issuer is not required to file an AIF under section 6.1, within 120 days after the end of the issuer's most recently completed financial year, if the document was made or adopted before the end of the issuer's most recently completed financial year.

“PART 13 EXEMPTIONS

“13.1 Exemptions from this Instrument

- (1) The regulator or securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.
- (2) Despite subsection (1), in Ontario only the regulator may grant such an exemption.
- (3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

“13.2 Existing Exemptions

- (1) A reporting issuer that was entitled to rely on an exemption, waiver or approval granted to it by a regulator or securities regulatory authority relating to continuous disclosure requirements of securities legislation or securities directions existing immediately before this Instrument came into force is exempt from any substantially similar provision of this Instrument to the same extent and on the same conditions, if any, as contained in the exemption, waiver or approval.
- (2) A reporting issuer must, at the time that it first intends to rely on subsection (1) in connection with a filing requirement under this Instrument, inform the securities regulatory authority in writing of:
 - (a) the general nature of the prior exemption, waiver or approval and the date on which it was granted; and
 - (b) the requirement under prior securities legislation or securities directions in respect of which the prior exemption, waiver or approval applied and the substantially similar provision of this Instrument.

“13.3 Exemption for Certain Exchangeable Security Issuers

- (1) In this section:

‘designated Canadian jurisdiction’ means Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Québec, or Saskatchewan;

‘designated exchangeable security’ means an exchangeable security which provides the holder of the security with economic and voting rights which are, as nearly as possible except for tax implications, equivalent to the underlying securities;

‘exchangeable security’ means a security of an issuer that is exchangeable for, or carries the right of the holder to purchase, or of the parent issuer to cause the purchase of, an underlying security;

‘exchangeable security issuer’ means a person or company that has issued an exchangeable security;

‘parent issuer’, when used in relation to an exchangeable security issuer, means the person or company that issues the underlying security; and

‘underlying security’ means a security of a parent issuer issued or transferred, or to be issued or transferred, on the exchange of an exchangeable security.

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- (2) Except as provided in this subsection, an exchangeable security issuer satisfies the requirements in this Instrument if:
- (a) the parent issuer is the beneficial owner of all the issued and outstanding voting securities of the exchangeable security issuer;
 - (b) the parent issuer is either:
 - (i) an SEC issuer with a class of securities listed or quoted on a U.S. marketplace that has filed all documents it is required to file with the SEC; or
 - (ii) a reporting issuer in a designated Canadian jurisdiction that has filed all documents it is required to file under this Instrument;
 - (c) the exchangeable security issuer does not issue any securities, and does not have any securities outstanding, other than:
 - (i) designated exchangeable securities;
 - (ii) securities issued to and held by the parent issuer or an affiliate of the parent issuer;
 - (iii) debt securities issued to and held by banks, loan corporations, loan and investment corporations, savings companies, trust corporations, treasury branches, savings or credit unions, financial services cooperatives, insurance companies or other financial institutions; or
 - (iv) securities issued under exemptions from the prospectus requirement in section 2.35 and registration requirement in section 3.35 of National Instrument 45-106 *Prospectus and Registration Exemptions*;
 - (d) the exchangeable security issuer files in electronic format:
 - (i) if the parent issuer is not a reporting issuer in a designated Canadian jurisdiction, copies of all documents the parent issuer is required to file with the SEC under the 1934 Act, at the same time as, or as soon as practicable after, the filing by the parent issuer of those documents with the SEC; or
 - (ii) if the parent issuer is a reporting issuer in a designated Canadian jurisdiction:
 - (A) a notice indicating that the exchangeable security issuer is relying on the continuous disclosure documents filed by its parent issuer and setting out where those documents can be found in electronic format, if the parent issuer is a reporting issuer in the local jurisdiction; or
 - (B) copies of all documents the parent issuer is required to file under securities legislation, other than in connection with a distribution, at the same time as the filing by the parent issuer of those documents with a securities regulatory authority or regulator;

- (e) the exchangeable security issuer concurrently sends to all holders of designated exchangeable securities all disclosure materials that are sent to holders of the underlying securities in the manner and at the time required by:
 - (i) U.S. laws and any U.S. marketplace on which securities of the parent issuer are listed or quoted, if the parent issuer is not a reporting issuer in a designated Canadian jurisdiction; or
 - (ii) securities legislation, if the parent issuer is a reporting issuer in a designated Canadian jurisdiction;
 - (f) the parent issuer:
 - (i) complies with U.S. laws and the requirements of any U.S. marketplace on which the securities of the parent issuer are listed or quoted if the parent issuer is not a reporting issuer in a designated Canadian jurisdiction, or securities legislation if the parent issuer is a reporting issuer in a designated Canadian jurisdiction, in respect of making public disclosure of material information on a timely basis; and
 - (ii) immediately issues in Canada and files any news release that discloses a material change in its affairs;
 - (g) the exchangeable security issuer issues in Canada a news release and files a material change report in accordance with Part 7 of this Instrument for all material changes in respect of the affairs of the exchangeable security issuer that are not also material changes in the affairs of its parent issuer; and
 - (h) the parent issuer includes in all mailings of proxy solicitation materials to holders of designated exchangeable securities a clear and concise statement that:
 - (i) explains the reason the mailed material relates solely to the parent issuer;
 - (ii) indicates that the designated exchangeable securities are the economic equivalent to the underlying securities; and
 - (iii) describes the voting rights associated with the designated exchangeable securities.
- (3) The insider reporting requirement and the requirement to file an insider profile under National Instrument 55-102 *System for Electronic Disclosure by Insiders* does not apply to any insider of an exchangeable security issuer in respect of securities of the exchangeable security issuer so long as:
- (a) if the insider is not the parent issuer:
 - (i) the insider does not receive, in the ordinary course, information as to material facts or material changes concerning the parent issuer before the material facts or material changes are generally disclosed; and
 - (ii) the insider is not an insider of the parent issuer in any capacity other than by virtue of being an insider of the exchangeable security issuer;

- (b) the parent issuer is the beneficial owner of all of the issued and outstanding voting securities of the exchangeable security issuer;
- (c) if the insider is the parent issuer, the insider does not beneficially own any designated exchangeable securities other than securities acquired through the exercise of the exchange right and not subsequently traded by the insider;
- (d) the parent issuer is an SEC issuer or a reporting issuer in a designated Canadian jurisdiction; and
- (e) the exchangeable security issuer has not issued any securities and does not have any securities outstanding, other than:
 - (i) designated exchangeable securities;
 - (ii) securities issued to and held by the parent issuer or an affiliate of the parent issuer;
 - (iii) debt securities issued to and held by banks, loan corporations, loan and investment corporations, savings companies, trust corporations, treasury branches, savings or credit unions, financial services cooperatives, insurance companies or other financial institutions; and
 - (iv) securities issued under exemptions from the prospectus requirement in section 2.35 and registration requirement in section 3.35 of National Instrument 45-106 *Prospectus and Registration Exemptions*.

“13.4 Exemption for Certain Credit Support Issuers

- (1) In this section:

‘alternative credit support’ means support, other than a guarantee, for the payments to be made by the issuer, as stipulated in the terms of the securities or in an agreement governing rights of, or granting rights to, holders of the securities that:

- (a) obliges the person or company providing the support to provide the issuer with funds sufficient to enable the issuer to make the stipulated payments; or
- (b) entitles the holder of the securities to receive, from the person or company providing the support, payment if the issuer fails to make a stipulated payment;

‘credit support issuer’ means an issuer of securities for which a credit supporter has provided a guarantee or alternative credit support;

‘credit supporter’ means a person or company that provides a guarantee or alternative credit support for any of the payments to be made by an issuer of securities as stipulated in the terms of the securities or in an agreement governing rights of, or granting rights to, holders of the securities;

‘designated Canadian jurisdiction’ means Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Québec or Saskatchewan;

‘designated credit support securities’ means:

- (a) non-convertible debt securities or convertible debt securities that are convertible into non-convertible securities of the credit supporter;
- or

- (b) non-convertible preferred shares or convertible preferred shares that are convertible into securities of the credit supporter;

in respect of which a parent credit supporter has provided:

- (c) alternative credit support that:
 - (i) entitles the holder of the securities to receive payment from the credit supporter, or enables the holder to receive payment from the credit support issuer, within 15 days of any failure by the credit support issuer to make a payment; and
 - (ii) results in the securities receiving the same credit rating as, or a higher credit rating than, the credit rating they would have received if payment had been fully and unconditionally guaranteed by the credit supporter, or would result in the securities receiving such a rating if they were rated; or
- (d) a full and unconditional guarantee of the payments to be made by the credit support issuer, as stipulated in the terms of the securities or in an agreement governing the rights of holders of the securities, that results in the holder of such securities being entitled to receive payment from the credit supporter within 15 days of any failure by the credit support issuer to make a payment;

‘parent credit supporter’ means a credit supporter of which the reporting issuer is a subsidiary;

‘subsidiary credit supporter’ means a credit supporter that is a subsidiary of the parent credit supporter; and

‘summary financial information’ includes the following line items:

- (a) revenue;
- (b) profit or loss from continuing operations attributable to owners of the parent;
- (c) profit or loss attributable to owners of the parent; and
- (d) unless the accounting principles used to prepare the financial statements of the person or company permits the preparation of the person or company’s statement of financial position without classifying assets and liabilities between current and non-current and the person or company provides alternative meaningful financial information which is more appropriate to the industry:
 - (i) current assets;
 - (ii) non-current assets;
 - (iii) current liabilities; and
 - (iv) non-current liabilities.

[**Note:** See section 1.1 of the Instrument for the definitions of ‘**profit or loss attributable to owners of the parent**’ and ‘**profit or loss from continuing operations attributable to owners of the parent**’.]

(1.1) For the purposes of subparagraph (2)(g)(ii), consolidating summary financial information must be prepared on the following basis:

- (a) an entity’s annual or interim summary financial information must be derived from the entity’s financial information underlying the corresponding consolidated financial statements of the parent credit supporter for the corresponding period;
- (b) the parent credit supporter column must account for investments in all subsidiaries under the equity method; and
- (c) all subsidiary entity columns must account for investments in non-credit supporter subsidiaries under the equity method.

(2) Except as provided in this section, a credit support issuer satisfies the requirements in this Instrument if:

- (a) the parent credit supporter is the beneficial owner of all the outstanding voting securities of the credit support issuer;
- (b) the parent credit supporter is either:
 - (i) an SEC issuer that is incorporated or organized under the laws of the United States of America or any state or territory of the United States of America or the District of Columbia and that has filed all documents it is required to file with the SEC; or
 - (ii) subject to subsection (4), a reporting issuer in a designated Canadian jurisdiction that has filed all documents it is required to file under this Instrument;
- (c) the credit support issuer does not issue any securities, and does not have any securities outstanding, other than:
 - (i) designated credit support securities;
 - (ii) securities issued to and held by the parent credit supporter or an affiliate of the parent credit supporter;
 - (iii) debt securities issued to and held by banks, loan corporations, loan and investment corporations, savings companies, trust corporations, treasury branches, savings or credit unions, financial services cooperatives, insurance companies or other financial institutions; or
 - (iv) securities issued under exemptions from the prospectus requirement in section 2.35 and registration requirement in section 3.35 of National Instrument 45-106 *Prospectus and Registration Exemptions*;
- (d) the credit support issuer files in electronic format:
 - (i) if the parent credit supporter is not a reporting issuer in a designated Canadian jurisdiction, copies of all documents the parent credit supporter is required to file with the SEC under the 1934 Act, at the same time or as soon as practicable after the filing by the parent credit supporter of those documents with the SEC; or

- (ii) if the parent credit supporter is a reporting issuer in a designated Canadian jurisdiction:
 - (A) a notice indicating that the credit support issuer is relying on the continuous disclosure documents filed by the parent credit supporter and setting out where those documents can be found for viewing in electronic format, if the credit support issuer is a reporting issuer in the local jurisdiction; or
 - (B) copies of all documents the parent credit supporter is required to file under securities legislation, other than in connection with a distribution, at the same time as the filing by the parent credit supporter of those documents with a securities regulatory authority or regulator;
- (e) if the parent credit supporter is not a reporting issuer in a designated Canadian jurisdiction, the parent credit supporter:
 - (i) complies with U.S. laws and the requirements of any U.S. marketplace on which securities of the parent credit supporter are listed or quoted in respect of making public disclosure of material information on a timely basis; and
 - (ii) immediately issues in Canada and files any news release that discloses a material change in its affairs;
- (f) the credit support issuer issues in Canada a news release and files a material change report in accordance with Part 7 for all material changes in respect of the affairs of the credit support issuer that are not also material changes in the affairs of the parent credit supporter;
- (g) the credit support issuer files, in electronic format, in the notice referred to in clause (d)(ii)(A) or in or with the copy of each consolidated interim financial report and consolidated annual financial statements filed under subparagraph (d)(i) or clause (d)(ii)(B), either:
 - (i) a statement that the financial results of the credit support issuer are included in the consolidated financial results of the parent credit supporter, if at that time:
 - (A) the credit support issuer has minimal assets, operations, revenue or cash flows other than those related to the issuance, administration and repayment of the securities described in paragraph (c); and
 - (B) each item of the summary financial information of the subsidiaries of the parent credit supporter on a combined basis, other than the credit support issuer, represents less than 3% of the corresponding items on the consolidated financial statements of the parent credit supporter being filed or referred to under paragraph (d); or
 - (ii) for the periods covered by the consolidated interim financial report or consolidated annual financial statements of the parent credit supporter filed, consolidating summary financial information for the parent credit supporter presented with a separate column for each of the following:

- (A) the parent credit supporter;
 - (B) the credit support issuer;
 - (C) any other subsidiaries of the parent credit supporter on a combined basis;
 - (D) consolidating adjustments; and
 - (E) the total consolidated amounts;
- (h) the credit support issuer files a corrected notice under clause (d)(ii)(A) if the credit support issuer filed the notice with the statement contemplated in subparagraph (g)(i) and the credit support issuer can no longer rely on subparagraph (g)(i);
- (i) in the case of designated credit support securities that include debt, the credit support issuer concurrently sends to all holders of such securities all disclosure materials that are sent to holders of similar debt of the parent credit supporter in the manner and at the time required by:
- (i) U.S. laws and any U.S. marketplace on which securities of the parent credit supporter are listed or quoted, if the parent credit supporter is not a reporting issuer in a designated Canadian jurisdiction; or
 - (ii) securities legislation, if the parent credit supporter is a reporting issuer in a designated Canadian jurisdiction;
- (j) in the case of designated credit support securities that include preferred shares, the credit support issuer concurrently sends to all holders of such securities all disclosure materials that are sent to holders of similar preferred shares of the parent credit supporter in the manner and at the time required by:
- (i) U.S. laws and any U.S. marketplace on which securities of the parent credit supporter are listed or quoted, if the parent credit supporter is not a reporting issuer in a designated Canadian jurisdiction; or
 - (ii) securities legislation, if the parent credit supporter is a reporting issuer in a designated Canadian jurisdiction; and
- (k) no person or company other than the parent credit supporter has provided a guarantee or alternative credit support for the payments to be made under any issued and outstanding securities of the credit support issuer.
- (2.1) A credit support issuer satisfies the requirements of this Instrument where there is a parent credit supporter and one or more subsidiary credit supporters if:
- (a) the conditions in paragraphs (2)(a) to (f), (i), and (j) are complied with;
 - (b) the parent credit supporter controls each subsidiary credit supporter and the parent credit supporter has consolidated the financial statements of each subsidiary credit supporter into the parent credit supporter's financial statements that are filed or referred to under paragraph (2)(d);

(c) the credit support issuer files, in electronic format, in the notice referred to in clause (2)(d)(ii)(A) or in or with the copy of each consolidated interim financial report and the consolidated annual financial statements filed under subparagraph (2)(d)(i) or clause (2)(d)(ii)(B), for a period covered by any consolidated interim financial report or consolidated annual financial statements of the parent credit supporter filed by the parent credit supporter, consolidating summary financial information for the parent credit supporter presented with a separate column for each of the following:

- (i) the parent credit supporter;
- (ii) the credit support issuer;
- (iii) each subsidiary credit supporter on a combined basis;
- (iv) any other subsidiaries of the parent credit supporter on a combined basis;
- (v) consolidating adjustments; and
- (vi) the total consolidated amounts;

(d) no person or company, other than the parent credit supporter or a subsidiary credit supporter has provided a guarantee or alternative credit support for the payments to be made under the issued and outstanding designated credit support securities; and

(e) the guarantees or alternative credit supports are joint and several.

(2.2) Despite paragraph (2.1)(c), the information set out in a column in accordance with:

(a) subparagraph (2.1)(c)(iv), may be combined with the information set out in accordance with any of the other columns in paragraph (2.1)(c) if each item of the summary financial information set out in a column in accordance with subparagraph (2.1)(c)(iv) represents less than 3% of the corresponding items on the consolidated financial statements of the parent credit supporter being filed or referred to under paragraph (2)(d);

(b) subparagraph (2.1)(c)(ii) may be combined with the information set out in accordance with any of the other columns in paragraph (2.1)(c) if the credit support issuer has minimal assets, operations, revenue or cash flows other than those related to the issuance, administration and repayment of the securities described in paragraph (2)(c).

(3) The insider reporting requirement and the requirement to file an insider profile under National Instrument 55-102 *System for Electronic Disclosure by Insiders* do not apply to an insider of a credit support issuer in respect of securities of the credit support issuer so long as:

(a) the conditions in paragraphs (2)(a) to (c) are complied with;

(b) if the insider is not a credit supporter:

(i) the insider does not receive, in the ordinary course, information as to material facts or material changes concerning a credit supporter before the material facts or material changes are generally disclosed; and

(ii) the insider is not an insider of a credit supporter in any capacity other than by virtue of being an insider of the credit support issuer; and

(c) if the insider is a credit supporter, the insider does not beneficially own any designated credit support securities.

(4) A parent credit supporter is not a reporting issuer in a designated Canadian jurisdiction for the purposes of subparagraph (2)(b)(ii) if the parent credit supporter complies with a requirement of this Instrument by relying on a provision of National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*.

“PART 14 EFFECTIVE DATE AND TRANSITION

“14.1 Effective Date

This Instrument comes into force on March 30, 2004.

“14.2 Transition

Despite section 14.1, section 5.7 applies for financial years of the reporting issuer beginning on or after January 1, 2007.

“14.3 Transition - Interim Financial Report

(1) Despite section 4.4 and paragraph 4.10(2)(c), the first interim financial report required to be filed in the year of adopting IFRS in respect of an interim period beginning on or after January 1, 2011 may be filed:

(a) in the case of a reporting issuer other than a venture issuer, on or before the earlier of:

(i) the 75th day after the end of the interim period; and

(ii) the date of filing, in a foreign jurisdiction, an interim financial report for a period ending on the last day of the interim period; or

(b) in the case of a venture issuer, on or before the earlier of:

(i) the 90th day after the end of the interim period; and

(ii) the date of filing, in a foreign jurisdiction, an interim financial report for a period ending on the last day of the interim period.

(2) Despite subsection 5.1(2), the MD&A required to be filed under subsection 5.1(1) relating to the first interim financial report required to be filed in the year of adopting IFRS in respect of an interim period beginning on or after January 1, 2011 may be filed on or before the earlier of:

(a) the filing deadline for the interim financial report set out in subsection (1); and

(b) the date the reporting issuer files the interim financial report under subsections (1) or 4.3(1), as applicable.

(3) Despite subsection 4.6(3), if a registered holder or beneficial owner of securities, other than debt instruments, of a reporting issuer requests the issuer's first interim financial report required to be filed in the year of adopting IFRS in respect of an interim period beginning on or after January 1, 2011, the reporting issuer may send a copy of the required interim financial report and the interim MD&A relating to the interim financial report to the person or company that made the request, without charge, by the later of:

- (a) in the case of a reporting issuer relying on subsection (1), 10 calendar days after the filing deadline set out in subsection (1), for the financial statements requested;
- (b) in the case of a reporting issuer not relying on subsection (1), 10 calendar days after the filing deadline in subparagraph 4.4(a)(i) or 4.4(b)(i), subsection 4.10(2) or subsection 14.3(1), as applicable, for the financial statements requested; and
- (c) 10 calendar days after the issuer receives the request.
- (4) Subsections (1), (2) and (3) do not apply unless the reporting issuer:
- (a) is disclosing, for the first time, a statement of compliance with International Accounting Standard 34 Interim Financial Reporting; and
- (b) did not previously file financial statements that disclosed compliance with IFRS.
- (5) Subsections (1), (2) and (3) do not apply if the first interim financial report is in respect of an interim period ending after March 30, 2012.

**“FORM 51-102F1
MANAGEMENT’S DISCUSSION & ANALYSIS**

“PART 1 GENERAL PROVISIONS

“(a) What is MD&A?

MD&A is a narrative explanation, through the eyes of management, of how your company performed during the period covered by the financial statements, and of your company’s financial condition and future prospects. MD&A complements and supplements your financial statements, but does not form part of your financial statements.

Your objective when preparing the MD&A should be to improve your company’s overall financial disclosure by giving a balanced discussion of your company’s financial performance and financial condition including, without limitation, such considerations as liquidity and capital resources - openly reporting bad news as well as good news. Your MD&A should:

- help current and prospective investors understand what the financial statements show and do not show;
- discuss material information that may not be fully reflected in the financial statements, such as contingent liabilities, defaults under debt, off-balance sheet financing arrangements, or other contractual obligations;
- discuss important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in the future; and
- provide information about the quality, and potential variability, of your company’s profit or loss and cash flow, to assist investors in determining if past performance is indicative of future performance.

“(b) Date of Information

In preparing the MD&A, you must take into account information available up to the date of the MD&A. If the date of the MD&A is not the date it is filed, you must ensure the disclosure in the MD&A is current so that it will not be misleading when it is filed.

“(c) Use of ‘Company’

Wherever this Form uses the word ‘company’, the term includes other types of business organizations such as partnerships, trusts and other unincorporated business entities.

“(d) Explain Your Analysis

Explain the nature of, and reasons for, changes in your company’s performance. Do not simply disclose the amount of change in a financial statement item from period to period. Avoid using boilerplate language. Your discussion should assist the reader to understand trends, events, transactions and expenditures.

“(e) Focus on Material Information

Focus your MD&A on material information. You do not need to disclose information that is not material. Exercise your judgment when determining whether information is material.

“(f) What is Material?

Would a reasonable investor’s decision whether or not to buy, sell or hold securities in your company likely be influenced or changed if the information in question was omitted or misstated? If so, the information is likely material.

“(g) Venture Issuers Without Significant Revenue

If your company is a venture issuer without significant revenue from operations, focus your discussion and analysis of financial performance on expenditures and progress towards achieving your business objectives and milestones.

“(h) Reverse Takeover Transactions

If an acquisition is a reverse takeover, the MD&A should be based on the reverse takeover acquirer’s financial statements.

“(i) [Repealed]**“(j) Resource Issuers**

If your company has mineral projects, your disclosure must comply with National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, including the requirement that all scientific and technical disclosure be based on a technical report or other information prepared by or under the supervision of a qualified person.

If your company has oil and gas activities, your disclosure must comply with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*.

“(k) Numbering and Headings

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the headings or numbering or follow the order of items in this Form. Disclosure provided in response to any item need not be repeated elsewhere.

“(l) Omitting Information

You do not need to respond to any item in this Form that is inapplicable.

“(m) Defined Terms

If a term is used but not defined in this Form, refer to Part 1 of National Instrument 51-102 and to National Instrument 14-101 *Definitions*. If a term is used in this Form and is defined in both the securities statute of the local jurisdiction and in National Instrument 51-102, refer to section 1.4 of Companion Policy 51-102CP for further guidance.

This Form also uses accounting terms that are defined or used in Canadian GAAP applicable to publicly accountable enterprises. For further guidance, see subsections 1.4(7) and (8) of Companion Policy 51-102CP.

“(n) Plain Language

Write the MD&A so that readers are able to understand it. Refer to the plain language principles listed in section 1.5 of Companion Policy 51-102CP for further guidance. If you use technical terms, explain them in a clear and concise manner.

“(o) Available Prior Period Information

If you have not presented comparative financial information in your financial statements, in your MD&A you must provide prior period information relating to financial performance that is available.

“(p) Use of ‘Financial Condition’

This Form uses the term ‘financial condition’. Financial condition reflects the overall health of the company and includes your company’s financial position (as shown on the statement of financial position) and other factors that may affect your company’s liquidity, capital resources and solvency.

“PART 2 CONTENT OF MD&A**“Item 1 Annual MD&A****“1.1 Date**

Specify the date of your MD&A. The date of the MD&A must be no earlier than the date of the auditor’s report on the annual financial statements for your company’s most recently completed financial year.

“1.2 Overall Performance

Provide an analysis of your company’s financial condition, financial performance and cash flows. Discuss known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on your company’s business. Compare your company’s performance in the most recently completed financial year to the prior year’s performance. Your analysis should address at least the following:

- (a) operating segments that are reportable segments as those terms are described in the issuer’s GAAP;
- (b) other parts of your business if:
 - (i) they have a disproportionate effect on revenue, profit or loss or cash needs; or
 - (ii) there are any legal or other restrictions on the flow of funds from one part of your company’s business to another;

- (c) industry and economic factors affecting your company's performance;
- (d) why changes have occurred or expected changes have not occurred in your company's financial condition and financial performance; and
- (e) the effect of discontinued operations on current operations.

INSTRUCTIONS:

- (i) When explaining changes in your company's financial condition and results, include an analysis of the effect on your continuing operations of any acquisition, disposition, write-off, abandonment or other similar transaction.*
- (ii) A discussion of financial condition should include important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in the future.*
- (iii) Include information for a period longer than two financial years if it will help the reader to better understand a trend.*

“1.3 Selected Annual Information

- (1) Provide the following financial data derived from your company's annual financial statements for each of the three most recently completed financial years:
 - (a) total revenue;
 - (b) profit or loss from continuing operations attributable to owners of the parent, in total and on a per-share and diluted per-share basis;
 - (c) profit or loss attributable to owners of the parent, in total and on a per-share and diluted per-share basis;
 - (d) total assets;
 - (e) total non-current financial liabilities; and
 - (f) distributions or cash dividends declared per-share for each class of share.
- (2) Discuss the factors that have caused period to period variations including discontinued operations, changes in accounting policies, significant acquisitions or dispositions and changes in the direction of your business, and any other information your company believes would enhance an understanding of, and would highlight trends in, financial position and financial performance.

INSTRUCTIONS:

- (i) For each of the three most recently completed financial years, indicate the accounting principles that the financial data has been prepared in accordance with, the presentation currency and the functional currency if different from the presentation currency.*
- (ii) If the financial data provided was not prepared in accordance with the same accounting principles for all three years, focus the discussion on the important trends and risks that have affected the business.*

“1.4 Discussion of Operations

Discuss your analysis of your company's operations for the most recently completed financial year, including:

- (a) total revenue by reportable segment, including any changes in such amounts caused by selling prices, volume or quantity of goods or services being sold, or the introduction of new products or services;

- (b) any other significant factors that caused changes in total revenue;
- (c) cost of sales or gross profit;
- (d) for issuers that have significant projects that have not yet generated revenue, describe each project, including your company's plan for the project and the status of the project relative to that plan, and expenditures made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan;
- (e) for resource issuers with producing mines, identify milestones such as mine expansion plans, productivity improvements, or plans to develop a new deposit;
- (f) factors that caused a change in the relationship between costs and revenue, including changes in costs of labour or materials, price changes or inventory adjustments;
- (g) commitments, events, risks or uncertainties that you reasonably believe will materially affect your company's future performance including total revenue and profit or loss from continuing operations attributable to owners of the parent;
- (h) effect of inflation and specific price changes on your company's total revenue and on profit or loss from continuing operations attributable to owners of the parent;
- (i) a comparison in tabular form of disclosure you previously made about how your company was going to use proceeds (other than working capital) from any financing, an explanation of variances and the impact of the variances, if any, on your company's ability to achieve its business objectives and milestones; and
- (j) unusual or infrequent events or transactions.

INSTRUCTION:

Your discussion under paragraph 1.4(d) should include:

- (i) whether or not you plan to expend additional funds on the project; and*
- (ii) any factors that have affected the value of the project(s) such as change in commodity prices, land use or political or environmental issues.*

“1.5 Summary of Quarterly Results

Provide the following information in summary form, derived from your company's financial statements, for each of the eight most recently completed quarters:

- (a) total revenue;
- (b) profit or loss from continuing operations attributable to owners of the parent, in total and on a per-share and diluted per-share basis; and
- (c) profit or loss attributable to owners of the parent, in total and on a per-share and diluted per-share basis.

Discuss the factors that have caused variations over the quarters necessary to understand general trends that have developed and the seasonality of the business.

INSTRUCTIONS:

- (i) *In the case of the annual MD&A, your most recently completed quarter is the quarter that ended on the last day of your most recently completed financial year.*
- (ii) *You do not have to provide information for a quarter prior to your company becoming a reporting issuer if your company has not prepared financial statements for those quarters.*
- (iii) *For sections 1.2, 1.3, 1.4 and 1.5 consider identifying, discussing and analyzing the following factors:*
 - (A) *changes in customer buying patterns, including changes due to new technologies and changes in demographics;*
 - (B) *changes in selling practices, including changes due to new distribution arrangements or a reorganization of a direct sales force;*
 - (C) *changes in competition, including an assessment of the issuer's resources, strengths and weaknesses relative to those of its competitors;*
 - (D) *the effect of exchange rates;*
 - (E) *changes in pricing of inputs, constraints on supply, order backlog, or other input-related matters;*
 - (F) *changes in production capacity, including changes due to plant closures and work stoppages;*
 - (G) *changes in volume of discounts granted to customers, volumes of returns and allowances, excise and other taxes or other amounts reflected on a net basis against revenue;*
 - (H) *changes in the terms and conditions of service contracts;*
 - (I) *the progress in achieving previously announced milestones;*
 - (J) *for resource issuers with producing mines, identify changes to cash flows caused by changes in production throughput, head-grade, cut-off grade, metallurgical recovery and any expectation of future changes; and*
 - (K) *if you have an equity investee that is significant to your company, the nature of the investment and significance to your company.*
- (iv) *For each of the eight most recently completed quarters, indicate the accounting principles that the financial data has been prepared in accordance with, the presentation currency and the functional currency if different from the presentation currency.*
- (v) *If the financial data provided was not prepared in accordance with the same accounting principles for all eight quarters, focus the discussion on the important trends and risks that have affected the business.*

“1.6 Liquidity

Provide an analysis of your company's liquidity, including:

- (a) *its ability to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to maintain your company's capacity, to meet your company's planned growth or to fund development activities;*

- (b) trends or expected fluctuations in your company's liquidity, taking into account demands, commitments, events or uncertainties;
- (c) its working capital requirements;
- (d) liquidity risks associated with financial instruments;
- (e) if your company has or expects to have a working capital deficiency, discuss its ability to meet obligations as they become due and how you expect it to remedy the deficiency;
- (f) statement of financial position conditions or profit or loss attributable to owners of the parent or cash flow items that may affect your company's liquidity;
- (g) legal or practical restrictions on the ability of subsidiaries to transfer funds to your company and the effect these restrictions have had or may have on the ability of your company to meet its obligations; and
- (h) defaults or arrears or significant risk of defaults or arrears on:
 - (i) distributions or dividend payments, lease payments, interest or principal payment on debt;
 - (ii) debt covenants; and
 - (iii) redemption or retraction or sinking fund payments;and how your company intends to cure the default or arrears or address the risk.

INSTRUCTIONS:

- (i) *In discussing your company's ability to generate sufficient amounts of cash and cash equivalents you should describe sources of funding and the circumstances that could affect those sources that are reasonably likely to occur. Examples of circumstances that could affect liquidity are market or commodity price changes, economic downturns, defaults on guarantees and contractions of operations.*
- (ii) *In discussing trends or expected fluctuations in your company's liquidity and liquidity risks associated with financial instruments you should discuss:*
 - (A) *provisions in debt, lease or other arrangements that could trigger an additional funding requirement or early payment. Examples of such situations are provisions linked to credit rating, profit or loss, cash flows or share price; and*
 - (B) *circumstances that could impair your company's ability to undertake transaction considered essential to operations. Examples of such circumstances are the inability to maintain investment grade credit rating, earnings per-share, cash flow or share price.*
- (iii) *In discussing your company's working capital requirements you should discuss situations where your company must maintain significant inventory to meet customers' delivery requirements or any situations involving extended payment terms.*
- (iv) *In discussing your company's statement of financial position conditions or profit or loss or cash flow items you should present a summary, in tabular form, of contractual obligations including payments due for each of the next five years and thereafter. The summary and table do not have to be provided if your company is a venture issuer. An example of a table that can be adapted to your company's particular circumstances follows:*

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
<i>Debt</i>					
<i>Finance Lease Obligations</i>					
<i>Operating Leases</i>					
<i>Purchase Obligations¹</i>					
<i>Other Obligations²</i>					
<i>Total Contractual Obligations</i>					

The tabular presentation may be accompanied by footnotes to describe provisions that create, increase or accelerate obligations, or other details to the extent necessary for an understanding of the timing and amount of your company's specified contractual obligations.

“1.7 Capital Resources

Provide an analysis of your company's capital resources, including:

- (a) commitments for capital expenditures as of the date of your company's financial statements including:
 - (i) the amount, nature and purpose of these commitments;
 - (ii) the expected source of funds to meet these commitments; and
 - (iii) expenditures not yet committed but required to maintain your company's capacity, to meet your company's planned growth or to fund development activities;
- (b) known trends or expected fluctuations in your company's capital resources, including expected changes in the mix and relative cost of these resources; and
- (c) sources of financing that your company has arranged but not yet used.

INSTRUCTIONS:

- (i) *Capital resources are financing resources available to your company and include debt, equity and any other financing arrangements that you reasonably consider will provide financial resources to your company.*
- (ii) *In discussing your company's commitments you should discuss any exploration and development, or research and development expenditures required to maintain properties or agreements in good standing.*

¹ 'Purchase Obligation' means an agreement to purchase goods or services that is enforceable and legally binding on your company that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

² 'Other Obligations' means other financial liabilities reflected on your company's statement of financial position.

“1.8 Off-Balance Sheet Arrangements

Discuss any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of your company including, without limitation, such considerations as liquidity and capital resources.

In your discussion of off-balance sheet arrangements you should discuss their business purpose and activities, their economic substance, risks associated with the arrangements, and the key terms and conditions associated with any commitments. Your discussion should include:

- (a) a description of the other contracting party(ies);
- (b) the effects of terminating the arrangement;
- (c) the amounts receivable or payable, revenue, expenses and cash flows resulting from the arrangement;
- (d) the nature and amounts of any other obligations or liabilities arising from the arrangement that could require your company to provide funding under the arrangement and the triggering events or circumstances that could cause them to arise; and
- (e) any known event, commitment, trend or uncertainty that may affect the availability or benefits of the arrangement (including any termination) and the course of action that management has taken, or proposes to take, in response to any such circumstances.

INSTRUCTIONS:

(i) *Off-balance sheet arrangements include any contractual arrangement with an entity not reported on a consolidated basis with your company, under which your company has:*

- (A) *any obligation under certain guarantee contracts;*
- (B) *a retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for the assets;*
- (C) *any obligation under certain derivative instruments; or*
- (D) *any obligation held by your company in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to your company, or engages in leasing, hedging activities or, research and development services with your company.*

(ii) *Contingent liabilities arising out of litigation, arbitration or regulatory actions are not considered to be off-balance sheet arrangements.*

(iii) *Disclosure of off-balance sheet arrangements should cover the most recently completed financial year. However, the discussion should address changes from the previous year where such discussion is necessary to understand the disclosure.*

(iv) *The discussion need not repeat information provided in the notes to the financial statements if the discussion clearly cross-references to specific information in the relevant notes and integrates the substance of the notes into the discussion in a manner that explains the significance of the information not included in the MD&A.*

“1.9 Transactions Between Related Parties

Discuss all transactions between related parties as defined by the issuer’s GAAP.

INSTRUCTION:

In discussing your company’s transactions between related parties, your discussion should include both qualitative and quantitative characteristics that are necessary for an understanding of the transactions’ business purpose and economic substance. You should discuss:

- (A) the relationship and identify the related person or entities;*
- (B) the business purpose of the transaction;*
- (C) the recorded amount of the transaction and describe the measurement basis used; and*
- (D) any ongoing contractual or other commitments resulting from the transaction.*

“1.10 Fourth Quarter

Discuss and analyze fourth quarter events or items that affected your company’s financial condition, financial performance or cash flows, year-end and other adjustments, seasonal aspects of your company’s business and dispositions of business segments. If your company has filed separate MD&A for its fourth quarter, you may satisfy this requirement by incorporating that MD&A by reference.

“1.11 Proposed Transactions

Discuss the expected effect on financial condition, financial performance and cash flows of any proposed asset or business acquisition or disposition if your company’s board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with the transaction. Include the status of any required shareholder or regulatory approvals.

INSTRUCTION:

You do not have to disclose this information if, under section 7.1 of National Instrument 51-102, your company has filed a Form 51-102F3 Material Change Report regarding the transaction on a confidential basis and the report remains confidential.

“1.12 Critical Accounting Estimates

If your company is not a venture issuer, provide an analysis of your company’s critical accounting estimates. Your analysis should:

- (a) identify and describe each critical accounting estimate used by your company including:
 - (i) a description of the accounting estimate;
 - (ii) the methodology used in determining the critical accounting estimate;
 - (iii) the assumptions underlying the accounting estimate that relate to matters highly uncertain at the time the estimate was made;

- (iv) any known trends, commitments, events or uncertainties that you reasonably believe will materially affect the methodology or the assumptions described; and
- (v) if applicable, why the accounting estimate is reasonably likely to change from period to period and have a material impact on the financial presentation;
- (b) explain the significance of the accounting estimate to your company's financial position, changes in financial position and financial performance and identify the financial statement line items affected by the accounting estimate;
- (c) [Repealed];
- (d) discuss changes made to critical accounting estimates during the past two financial years including the reasons for the change and the quantitative effect on your company's overall financial performance and financial statement line items; and
- (e) identify the reportable segments of your company's business that the accounting estimate affects and discuss the accounting estimate on a reportable segment basis, if your company operates in more than one reportable segment.

INSTRUCTIONS:

- (i) *An accounting estimate is a critical accounting estimate only if:*
 - (A) *it requires your company to make assumptions about matters that are highly uncertain at the time the accounting estimate is made; and*
 - (B) *different estimates that your company could have used in the current period, or changes in the accounting estimate that are reasonably likely to occur from period to period, would have a material impact on your company's financial condition, changes in financial condition or financial performance.*
- (ii) *As part of your description of each critical accounting estimate, in addition to qualitative disclosure, you should provide quantitative disclosure when quantitative information is reasonably available and would provide material information for investors. Similarly, in your discussion of assumptions underlying an accounting estimate that relates to matters highly uncertain at the time the estimate was made, you should provide quantitative disclosure when it is reasonably available and it would provide material information for investors. For example, quantitative information may include a sensitivity analysis or disclosure of the upper and lower ends of the range of estimates from which the recorded estimate was selected.*

“1.13 Changes in Accounting Policies including Initial Adoption

Discuss and analyze any changes in your company's accounting policies, including:

- (a) for any accounting policies that you have adopted or expect to adopt subsequent to the end of your most recently completed financial year, including changes you have made or expect to make voluntarily and those due to a change in an accounting standard or a new accounting standard that you do not have to adopt until a future date, you should:
 - (i) describe the new standard, the date you are required to adopt it and, if determined, the date you plan to adopt it;
 - (ii) disclose the methods of adoption permitted by the accounting standard and the method you expect to use;

- (iii) discuss the expected effect on your company's financial statements, or if applicable, state that you cannot reasonably estimate the effect; and
 - (iv) discuss the potential effect on your business, for example technical violations or default of debt covenants or changes in business practices; and
- (b) for any accounting policies that you have initially adopted during the most recently completed financial year, you should:
- (i) describe the events or transactions that gave rise to the initial adoption of an accounting policy;
 - (ii) describe the accounting policy that has been adopted and the method of applying that policy;
 - (iii) discuss the effect resulting from the initial adoption of the accounting policy on your company's financial position, changes in financial position and financial performance;
 - (iv) if your company is permitted a choice among acceptable accounting policies:
 - (A) state that you made a choice among acceptable alternatives;
 - (B) identify the alternatives;
 - (C) describe why you made the choice that you did; and
 - (D) discuss the effect, where material, on your company's financial position, changes in financial position and financial performance under the alternatives not chosen; and
 - (v) if no accounting literature exists that covers the accounting for the events or transactions giving rise to your initial adoption of the accounting policy, explain your decision regarding which accounting policy to use and the method of applying that policy.

INSTRUCTION:

You do not have to present the discussion under paragraph 1.13(b) for the initial adoption of accounting policies resulting from the adoption of new accounting standards.

“1.14 Financial Instruments and Other Instruments

For financial instruments and other instruments:

- (a) discuss the nature and extent of your company's use of, including relationships among, the instruments and the business purposes that they serve;
- (b) describe and analyze the risks associated with the instruments;
- (c) describe how you manage the risks in paragraph (b), including a discussion of the objectives, general strategies and instruments used to manage the risks, including any hedging activities;
- (d) disclose the financial statement classification and amounts of income, expenses, gains and losses associated with the instrument; and

- (e) discuss the significant assumptions made in determining the fair value of financial instruments, the total amount and financial statement classification of the change in fair value of financial instruments recognized in profit or loss for the period, and the total amount and financial statement classification of deferred or unrecognized gains and losses on financial instruments.

INSTRUCTIONS:

- (i) *'Other instruments' are instruments that may be settled by the delivery of non-financial assets. A commodity futures contract is an example of an instrument that may be settled by delivery of non-financial assets.*
- (ii) *Your discussion under paragraph 1.14(a) should enhance a reader's understanding of the significance of recognized and unrecognized instruments on your company's financial position, financial performance and cash flows. The information should also assist a reader in assessing the amounts, timing, and certainty of future cash flows associated with those instruments. Also discuss the relationship between liability and equity components of convertible debt instruments.*
- (iii) *For purposes of paragraph 1.14(c), if your company is exposed to significant price, credit or liquidity risks, consider providing a sensitivity analysis or tabular information to help readers assess the degree of exposure. For example, an analysis of the effect of a hypothetical change in the prevailing level of interest or currency rates on the fair value of financial instruments and future profit or loss and cash flows may be useful in describing your company's exposure to price risk.*
- (iv) *For purposes of paragraph 1.14(d), disclose and explain the revenue, expenses, gains and losses from hedging activities separately from other activities.*

"1.15 Other MD&A Requirements

- (a) Your MD&A must disclose that additional information relating to your company, including your company's AIF if your company files an AIF, is on SEDAR at www.sedar.com;
- (b) Your MD&A must also provide the information required in the following sections of National Instrument 51-102, if applicable:
 - (i) Section 5.3 - Additional Disclosure for Venture Issuers without Significant Revenue;
 - (ii) Section 5.4 - Disclosure of Outstanding Share Data; and
 - (iii) Section 5.7 - Additional Disclosure for Reporting Issuers with Significant Equity Investees.
- (c) Your MD&A must include the MD&A disclosure required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* and, as applicable, Form 52-109F1 *Certification of Annual Filings - Full Certificate*, Form 52-109F1R *Certification of Refiled Annual Filings*, or Form 52-109F1 *AIF Certification of Annual Filings in Connection with Voluntarily Filed AIF*.

“Item 2 Interim MD&A**“2.1 Date**

Specify the date of your interim MD&A.

“2.2 Interim MD&A

Interim MD&A must update your company’s annual MD&A for all disclosure required by Item 1 except section 1.3. This disclosure must include:

- (a) a discussion of your analysis of:
 - (i) current quarter and year-to-date results including a comparison of financial performance to the corresponding periods in the previous year;
 - (i.i) a comparison of cash flows to the corresponding period in the previous year;
 - (ii) changes in financial performance and elements of profit or loss attributable to owners of the parent that are not related to ongoing business operations;
 - (iii) any seasonal aspects of your company’s business that affect its financial position, financial performance or cash flows; and
- (b) a comparison of your company’s interim financial condition to your company’s financial condition as at the most recently completed financial year-end.

INSTRUCTION:

(i) If the first MD&A you file in this Form (your first MD&A) is an interim MD&A, you must provide all the disclosure called for in Item 1 in your first MD&A. Base the disclosure, except the disclosure for section 1.3, on your interim financial report. Since you do not have to update the disclosure required in section 1.3 in your interim MD&A, your first MD&A will provide disclosure under section 1.3 based on your annual financial statements. Your subsequent interim MD&A for that year will update your first interim MD&A.

(ii) For the purposes of paragraph 2.2(b), you may assume the reader has access to your annual MD&A or your first MD&A. You do not have to duplicate the discussion and analysis of financial condition in your annual MD&A or your first MD&A. For example, if economic and industry factors are substantially unchanged you may make a statement to this effect.

(iii) For the purposes of subparagraph 2.2(a)(i), you should generally give prominence to the current quarter.

(iv) In discussing your company’s statement of financial position conditions or profit or loss or cash flow items for an interim period, you do not have to present a summary, in tabular form, of all known contractual obligations contemplated under section 1.6. Instead, you should disclose material changes in the specified contractual obligations during the interim period.

(v) *Interim MD&A prepared in accordance with Item 2 is not required for your company's fourth quarter as relevant fourth quarter content will be contained in your company's annual MD&A prepared in accordance with Item 1 (see section 1.10).*

(vi) *In your interim MD&A, update the summary of quarterly results in section 1.5 by providing summary information for the eight most recently completed quarters.*

(vii) *Your annual MD&A may not include all the information in Item 1 if you were a venture issuer as at the end of your last financial year. If you ceased to be a venture issuer during your interim period, you do not have to restate the MD&A you previously filed. Instead, provide the disclosure for the additional sections in Item 1 that you were exempt from as a venture issuer in the next interim MD&A you file. Base your disclosure for those sections on your interim financial report.*

“2.3 Other Interim MD&A Requirements

Your interim MD&A must include the interim MD&A disclosure required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* and, as applicable, Form 52-109F2 *Certification of Interim Filings - Full Certificate* or Form 52-109F2R *Certification of Refiled Interim Filings*.

“FORM 51-102F2 ANNUAL INFORMATION FORM

“PART 1 GENERAL PROVISIONS

“(a) What is an AIF?

An AIF (annual information form) is required to be filed annually by certain companies under Part 6 of National Instrument 51-102. An AIF is a disclosure document intended to provide material information about your company and its business at a point in time in the context of its historical and possible future development. Your AIF describes your company, its operations and prospects, risks and other external factors that impact your company specifically.

This disclosure is supplemented throughout the year by subsequent continuous disclosure filings including news releases, material change reports, business acquisition reports, financial statements and management discussion and analysis.

“(b) Date of Information

Unless otherwise specified in this Form, the information in your AIF must be presented as at the last day of your company's most recently completed financial year. If necessary, you must update the information in the AIF so it is not misleading when it is filed. For information presented as at any date other than the last day of your company's most recently completed financial year, specify the relevant date in the disclosure.

“(c) Use of ‘Company’

Wherever this Form uses the word ‘company’, the term includes other types of business organizations such as partnerships, trusts and other unincorporated business entities.

All references to ‘your company’ in Items 4, 5, 6, 12, 13, 15 and 16 of this Form apply collectively to your company, your company's subsidiaries, joint ventures to which your company is a party and entities in which your company has an investment accounted for by the equity method.

“(d) Focus on Material Information

Focus your AIF on material information. You do not need to disclose information that is not material. Exercise your judgment when determining whether information is material. However, you must disclose all corporate and individual cease trade orders, bankruptcies, penalties and sanctions in accordance with Item 10 and section 12.2 of this Form.

“(e) What is Material?

Would a reasonable investor’s decision whether or not to buy, sell or hold securities in your company likely be influenced or changed if the information in question was omitted or misstated? If so, the information is likely material.

“(f) Incorporating Information by Reference

You may incorporate information required to be included in your AIF by reference to another document, other than a previous AIF. Clearly identify the referenced document or any excerpt of it that you incorporate into your AIF. Unless you have already filed the referenced document or excerpt, including any documents incorporated by reference into the document or excerpt, under your SEDAR profile, you must file it with your AIF. You must also disclose that the document is on SEDAR at www.sedar.com.

“(g) Defined Terms

If a term is used but not defined in this Form, refer to Part 1 of National Instrument 51-102 and to National Instrument 14-101 *Definitions*. If a term is used in this Form and is defined in both the securities statute of a local jurisdiction and in National Instrument 51-102, refer to section 1.4 of Companion Policy 51-102CP for further guidance.

This Form also uses accounting terms that are defined or used in Canadian GAAP applicable to publicly accountable enterprises. For further guidance, see subsections 1.4(7) and (8) of Companion Policy 51-102CP.

“(h) Plain Language

Write the AIF so that readers are able to understand it. Refer to the plain language principles listed in section 1.5 of Companion Policy 51-102CP for further guidance. If you use technical terms, explain them in a clear and concise manner.

“(i) Special Purpose Entities

If your company is a special purpose entity, you may have to modify the disclosure items in this Form to reflect the special purpose nature of your company’s business.

“(j) Numbering and Headings

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the headings or numbering or follow the order of items in this Form. Disclosure provided in response to any item need not be repeated elsewhere.

“(k) Omitting Information

You do not need to respond to any item in this Form that is inapplicable and you may omit negative answers.

“PART 2 CONTENT OF AIF**“Item 1 Cover Page****“1.1 Date**

Specify the date of your AIF. The date must be no earlier than the date of the auditor’s report on the financial statements for your company’s most recently completed financial year.

You must file your AIF within 10 days of the date of the AIF.

“1.2 Revisions

If you revise your company’s AIF after you have filed it, identify the revised version as a ‘revised AIF’.

“Item 2 Table of Contents**“2.1 Table of Contents**

Include a table of contents.

“Item 3 Corporate Structure**“3.1 Name, Address and Incorporation**

(1) State your company’s full corporate name or, if your company is an unincorporated entity, the full name under which it exists and carries on business, and the address(es) of your company’s head and registered office.

(2) State the statute under which your company is incorporated, continued or organized or, if your company is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which it is established and exists. Describe the substance of any material amendments to the articles or other constating or establishing documents of your company.

“3.2 Intercorporate Relationships

Describe, by way of a diagram or otherwise, the intercorporate relationships among your company and its subsidiaries. For each subsidiary state:

- (a) the percentage of votes attaching to all voting securities of the subsidiary beneficially owned, or controlled or directed, directly or indirectly, by your company;
- (b) the percentage of each class of restricted securities of the subsidiary beneficially owned, or controlled or directed, directly or indirectly, by your company; and
- (c) where it was incorporated, continued, formed or organized.

INSTRUCTION:

You may omit a particular subsidiary if, at the most recent financial year-end of your company:

- (i) the total assets of the subsidiary do not exceed 10 per cent of the consolidated assets of your company;*
- (ii) the revenue of the subsidiary does not exceed 10 per cent of the consolidated revenue of your company; and*
- (iii) the conditions in paragraphs (i) and (ii) would be satisfied if you:*
 - (A) aggregated the subsidiaries that may be omitted under paragraphs (i) and (ii); and*
 - (B) changed the reference in those paragraphs from 10 per cent to 20 per cent.*

“Item 4 General Development of the Business**“4.1 Three Year History**

Describe how your company’s business has developed over the last three completed financial years. Include only events, such as acquisitions or dispositions, or conditions that have influenced the general development of the business. If your company produces or distributes more than one product or provides more than one kind of service, describe the products or services. Also discuss changes in your company’s business that you expect will occur during the current financial year.

“4.2 Significant Acquisitions

Disclose any significant acquisition completed by your company during its most recently completed financial year for which disclosure is required under Part 8 of National Instrument 51-102, by providing a brief summary of the significant acquisition and stating whether your company has filed a Form 51-102F4 in respect of the acquisition.

“Item 5 Describe the Business**“5.1 General**

(1) Describe the business of your company and its operating segments that are reportable segments as those terms are described in the issuer’s GAAP. For each reportable segment include:

- (a) **Summary** - For products or services:
 - (i) their principal markets;
 - (ii) distribution methods;
 - (iii) for each of the two most recently completed financial years, as dollar amounts or as percentages, the revenue for each category of products or services that accounted for 15 per cent or more of total consolidated revenue for the applicable financial year derived from:
 - (A) sales or transfers to joint ventures in which your company is a participant or to entities in which your company has an investment accounted for by the equity method;
 - (B) sales to customers, other than those referred to in clause A, outside the consolidated entity, and
 - (C) sales or transfers to controlling shareholders;

(iv) if not fully developed, the stage of development of the products or services and, if the products are not at the commercial production stage:

(A) the timing and stage of research and development programs;

(B) whether your company is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods; and

(C) the additional steps required to reach commercial production and an estimate of costs and timing.

(b) **Production and Services** - The actual or proposed method of production and, if your company provides services, the actual or proposed method of providing services.

(c) **Specialized Skill and Knowledge** - A description of any specialized skill and knowledge requirements and the extent to which the skill and knowledge are available to your company.

(d) **Competitive Conditions** - The competitive conditions in your company's principal markets and geographic areas, including, if reasonably possible, an assessment of your company's competitive position.

(e) **New Products** - If you have publicly announced the introduction of a new product, the status of the product.

(f) **Components** - The sources, pricing and availability of raw materials, component parts or finished products.

(g) **Intangible Properties** - The importance, duration and effect of identifiable intangible properties, such as brand names, circulation lists, copyrights, franchises, licences, patents, software, subscription lists and trademarks, on the segment.

(h) **Cycles** - The extent to which the business of the reportable segment is cyclical or seasonal.

(i) **Economic Dependence** - A description of any contract upon which your company's business is substantially dependent, such as a contract to sell the major part of your company's products or services or to purchase the major part of your company's requirements for goods, services or raw materials, or any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which your company's business depends.

(j) **Changes to Contracts** - A description of any aspect of your company's business that you reasonably expect to be affected in the current financial year by renegotiation or termination of contracts or sub-contracts, and the likely effect.

(k) **Environmental Protection** - The financial and operational effects of environmental protection requirements on the capital expenditures, profit or loss and competitive position of your company in the current financial year and the expected effect in future years.

(l) **Employees** - The number of employees as at the most recent financial year-end or the average number of employees over the year, whichever is more meaningful to understand the business.

(m) **Foreign Operations** - Describe the dependence of your company and any reportable segment upon foreign operations.

(n) **Lending** - With respect to your company's lending operations, disclose the investment policies and lending and investment restrictions.

(2) **Bankruptcy and Similar Procedures** - Disclose the nature and results of any bankruptcy, receivership or similar proceedings against your company or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by your company or any of its subsidiaries, within the three most recently completed financial years or during or proposed for the current financial year.

(3) **Reorganizations** - Disclose the nature and results of any material reorganization of your company or any of its subsidiaries within the three most recently completed financial years or completed during or proposed for the current financial year.

(4) **Social or Environmental Policies** - If your company has implemented social or environmental policies that are fundamental to your operations, such as policies regarding your company's relationship with the environment or with the communities in which it does business, or human rights policies, describe them and the steps your company has taken to implement them.

“5.2 Risk Factors

Disclose risk factors relating to your company and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by your company, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political conditions and financial history and any other matter that would be most likely to influence an investor's decision to purchase securities of your company. If there is a risk that securityholders of your company may become liable to make an additional contribution beyond the price of the security, disclose that risk.

INSTRUCTIONS:

(i) *Disclose the risks in order of seriousness from the most serious to the least serious.*

(ii) *A risk factor must not be de-emphasized by including excessive caveats or conditions.*

“5.3 Companies with Asset-backed Securities Outstanding

If your company had asset-backed securities outstanding that were distributed under a prospectus, disclose the following information:

(1) **Payment Factors** - A description of any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of any payments or distributions to be made under the asset-backed securities.

(2) **Underlying Pool of Assets** - For the three most recently completed financial years of your company or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, financial disclosure that described the underlying pool of financial assets servicing the asset-backed securities relating to:

- (a) the composition of the pool as of the end of each financial year or partial period;
- (b) profit and losses from the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;
- (c) the payment, prepayment and collection experience of the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;
- (d) servicing and other administrative fees; and
- (e) any significant variances experienced in the matters referred to in paragraphs (a) through (d).

(2.1) If any of the financial disclosure disclosed in accordance with subsection (2) has been audited, disclose the existence and results of the audit.

(3) **Investment Parameters** - The investment parameters applicable to investments of any cash flow surpluses.

(4) **Payment History** - The amount of payments made during the three most recently completed financial years or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, in respect of principal and interest or capital and yield, each stated separately, on asset-backed securities of your company outstanding.

(5) **Acceleration Event** - The occurrence of any event that has led to, or with the passage of time could lead to, the accelerated payment of principal, interest or capital of asset-backed securities.

(6) **Principal Obligors** - The identity of any principal obligors for the outstanding asset-backed securities of your company, the percentage of the pool of financial assets servicing the asset-backed securities represented by obligations of each principal obligor and whether the principal obligor has filed an AIF in any jurisdiction or a Form 10-K or Form 20-F in the United States.

INSTRUCTIONS:

(i) *Present the information requested under subsection (2) in a manner that enables a reader to easily determine the status of the events, covenants, standards and preconditions referred to in subsection (1).*

(ii) *If the information required under subsection (2):*

(A) is not compiled specifically on the pool of financial assets servicing the asset-backed securities, but is compiled on a larger pool of the same assets from which the securitized assets are randomly selected so that the performance of the larger pool is representative of the performance of the pool of securitized assets; or

(B) in the case of a new company, where the pool of financial assets servicing the asset-backed securities will be randomly selected from a larger pool of the same assets so that the performance of the larger pool will be representative of the performance of the pool of securitized assets to be created, a company may comply with subsection (2) by providing the information required based on the larger pool and disclosing that it has done so.

“5.4 Companies With Mineral Projects

If your company had a mineral project, disclose the following information for each project material to your company:

(1) Project Description and Location

- (a) The area (in hectares or other appropriate units) and the location of the project.
- (b) The nature and extent of your company’s title to or interest in the project, including surface rights, obligations that must be met to retain the project and the expiration date of claims, licences and other property tenure rights.
- (c) The terms of any royalties, overrides, back-in rights, payments or other agreements and encumbrances to which the project is subject.
- (d) All environmental liabilities to which the project is subject.
- (e) The location of all known mineralized zones, mineral resources, mineral reserves and mine workings, existing tailing ponds, waste deposits and important natural features and improvements.
- (f) To the extent known, the permits that must be acquired to conduct the work proposed for the project and if the permits have been obtained.

(2) Accessibility, Climate, Local Resources, Infrastructure and Physiography

- (a) The means of access to the property.
- (b) The proximity of the property to a population centre and the nature of transport.
- (c) To the extent relevant to the mining project, the climate and length of the operating season.
- (d) The sufficiency of surface rights for mining operations, the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pads areas and potential processing plant sites.
- (e) The topography, elevation and vegetation.

(3) History

- (a) The prior ownership and development of the property and ownership changes and the type, amount, quantity and results of the exploration work undertaken by previous owners, and any previous production on the property, to the extent known.

(b) If your company acquired a project within the three most recently completed financial years or during the current financial year from, or intends to acquire a project from, an informed person or promoter of your company or an associate or affiliate of an informed person or promoter, the name of the vendor, the relationship of the vendor to your company, and the consideration paid or intended to be paid to the vendor.

(c) To the extent known, the name of every person or company that has received or is expected to receive a greater than five per cent interest in the consideration received or to be received by the vendor referred to in paragraph (b).

- (4) **Geological Setting** - The regional, local and property geology.
- (5) **Exploration** - The nature and extent of all exploration work conducted by, or on behalf of, your company on the property, including:
- (a) the results of all surveys and investigations and the procedures and parameters relating to surveys and investigations;
 - (b) an interpretation of the exploration information;
 - (c) whether the surveys and investigations have been carried out by your company or a contractor and if by a contractor, the name of the contractor; and
 - (d) a discussion of the reliability or uncertainty of the data obtained in the program.
- (6) **Mineralization** - The mineralization encountered on the property, the surrounding rock types and relevant geological controls, detailing length, width, depth and continuity together with a description of the type, character and distribution of the mineralization.
- (7) **Drilling** - The type and extent of drilling, including the procedures followed and an interpretation of all results.
- (8) **Sampling and Analysis** - The sampling and assaying including:
- (a) description of sampling methods and the location, number, type, nature, spacing or density of samples collected;
 - (b) identification of any drilling, sampling or recovery factors that could materially impact the accuracy or reliability of the results;
 - (c) a discussion of the sample quality and whether the samples are representative and of any factors that may have resulted in sample biases;
 - (d) rock types, geological controls, widths of mineralized zones, cut-off grades and other parameters used to establish the sampling interval; and
 - (e) quality control measures and data verification procedures.
- (9) **Security of Samples** - The measures taken to ensure the validity and integrity of samples taken.

(10) **Mineral Resource and Mineral Reserve Estimates** - The mineral resources and mineral reserves, if any, including:

- (a) the quantity and grade or quality of each category of mineral resources and mineral reserves;
- (b) the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves; and
- (c) the extent to which the estimate of mineral resources and mineral reserves may be materially affected by metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political and other relevant issues.

(11) **Mining Operations** - For development properties and production properties, the mining method, metallurgical process, production forecast, markets, contracts for sale of products, environmental conditions, taxes, mine life and expected payback period of capital.

(12) **Exploration and Development** - A description of your company's current and contemplated exploration or development activities.

INSTRUCTIONS:

(i) *Disclosure regarding mineral exploration development or production activities on material projects must comply with, and is subject to the limitations set out in, National Instrument 43-101 Standards of Disclosure for Mineral Projects. You must use the appropriate terminology to describe mineral reserves and mineral resources. You must base your disclosure on a technical report, or other information, prepared by or under the supervision of a qualified person.*

(ii) *You may satisfy the disclosure requirements in section 5.4 by reproducing the summary from the technical report on the material property, and incorporating the detailed disclosure in the technical report into the AIF by reference.*

(iii) *In giving the information required under section 5.4 include the nature of ownership interests, such as fee interests, leasehold interests, royalty interests and any other types and variations of ownership interests.*

“5.5 Companies with Oil and Gas Activities

If your company is engaged in oil and gas activities as defined in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, disclose the following information:

(1) **Reserves Data and Other Information**

- (a) In the case of information that, for purposes of Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information*, is to be prepared as at the end of a financial year, disclose that information as at your company's most recently completed financial year-end.
- (b) In the case of information that, for purposes of Form 51-101F1, is to be prepared for a financial year, disclose that information for your company's most recently completed financial year.
- (c) [Repealed]

(2) **Report of Independent Qualified Reserves Evaluator or Auditor** - Include with the disclosure under subsection (1) a report in the form of Form 51-101F2 *Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor*, on the reserves data included in the disclosure required under subsection (1).

(3) **Report of Management** - Include with the disclosure under subsection (1) a report in the form of Form 51-101F3 *Report of Management and Directors on Oil and Gas Disclosure* that refers to the information disclosed under subsection (1).

(4) **Material Changes** - To the extent not reflected in the information disclosed in response to subsection (1), disclose the information contemplated by Part 6 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* in respect of material changes that occurred after your company's most recently completed financial year-end.

INSTRUCTION:

The information presented in response to section 5.5 must be in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

“Item 6 Dividends and Distributions

“6.1 Dividends and Distributions

(1) Disclose the amount of cash dividends or distributions declared per security for each class of your company's securities for each of the three most recently completed financial years.

(2) Describe any restriction that could prevent your company from paying dividends or distributions.

(3) Disclose your company's current dividend or distribution policy and any intended change in dividend or distribution policy.

“Item 7 Description of Capital Structure

“7.1 General Description of Capital Structure

Describe your company's capital structure. State the description or the designation of each class of authorized security, and describe the material characteristics of each class of authorized security, including voting rights, provisions for exchange, conversion, exercise, redemption and retraction, dividend rights and rights upon dissolution or winding-up.

INSTRUCTION:

This section requires only a brief summary of the provisions that are material from a securityholder's standpoint. The provisions attaching to different classes of securities do not need to be set out in full. This summary should include the disclosure required in subsection 10.1(1) of National Instrument 51-102.

“7.2 Constraints

If there are constraints imposed on the ownership of securities of your company to ensure that your company has a required level of Canadian ownership, describe the mechanism, if any, by which the level of Canadian ownership of the securities is or will be monitored and maintained.

“7.3 Ratings

If you have asked for and received a stability rating, or if you are aware that you have received any other kind of rating, including a provisional rating, from one or more approved rating organizations for securities of your company that are outstanding and the rating or ratings continue in effect, disclose:

- (a) each security rating, including a provisional rating or stability rating, received from an approved rating organization;
- (b) for each rating disclosed under paragraph (a), the name of the approved rating organization that has assigned the rating;
- (c) a definition or description of the category in which each approved rating organization rated the securities and the relative rank of each rating within the organization’s overall classification system;
- (d) an explanation of what the rating addresses and what attributes, if any, of the securities are not addressed by the rating;
- (e) any factors or considerations identified by the approved rating organization as giving rise to unusual risks associated with the securities;
- (f) a statement that a security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization; and
- (g) any announcement made by, or any proposed announcement known to the issuer that is to be made by, an approved rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.

INSTRUCTIONS:

There may be factors relating to a security that are not addressed by a ratings agency when they give a rating. For example, in the case of cash settled derivative instruments, factors in addition to the creditworthiness of the issuer, such as the continued subsistence of the underlying interest or the volatility of the price, value or level of the underlying interest may be reflected in the rating analysis. Rather than being addressed in the rating itself, these factors may be described by an approved rating organization by way of a superscript or other notation to a rating. Any such attributes must be discussed in the disclosure under section 7.3.

“Item 8 Market for Securities

“8.1 Trading Price and Volume

- (1) For each class of securities of your company that is traded or quoted on a Canadian marketplace, identify the marketplace and the price ranges and volume traded or quoted on the Canadian marketplace on which the greatest volume of trading or quotation generally occurs.

(2) If a class of securities of your company is not traded or quoted on a Canadian marketplace, but is traded or quoted on a foreign marketplace, identify the foreign marketplace and the price ranges and volume traded or quoted on the foreign marketplace on which the greatest volume of trading or quotation generally occurs.

(3) Provide the information required under subsections (1) and (2) on a monthly basis for each month or, if applicable, partial months of the most recently completed financial year.

“8.2 Prior Sales

For each class of securities of your company that is outstanding but not listed or quoted on a marketplace, state the price at which securities of the class have been issued during the most recently completed financial year by your company, the number of securities of the class issued at that price, and the date on which the securities were issued.

“Item 9 Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

“9.1 Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

(1) State, in substantially the following tabular form, the number of securities of each class of your company held, to your company’s knowledge, in escrow or that are subject to a contractual restriction on transfer and the percentage that number represents of the outstanding securities of that class for your company’s most recently completed financial year.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class

(2) In a note to the table disclose the name of the depository, if any, and the date of and conditions governing the release of the securities from escrow or the date the contractual restriction on transfer ends, as applicable.

INSTRUCTIONS:

- (i) *For the purposes of this section, escrow includes securities subject to a pooling agreement.*
- (ii) *For the purposes of this section, securities subject to contractual restrictions on transfer as a result of pledges made to lenders are not required to be disclosed.*

“Item 10 Directors and Officers

“10.1 Name, Occupation and Security Holding

(1) List the name, province or state, and country of residence of each director and executive officer of your company and indicate their respective positions and offices held with your company and their respective principal occupations during the five preceding years.

- (2) State the period or periods during which each director has served as a director and when his or her term of office will expire.
- (3) State the number and percentage of securities of each class of voting securities of your company or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by all directors and executive officers of your company as a group.
- (4) Identify the members of each committee of the board.
- (5) If the principal occupation of a director or executive officer of your company is acting as an officer of a person or company other than your company, disclose that fact and state the principal business of the person or company.

INSTRUCTION:

For the purposes of subsection (3), securities of subsidiaries of your company that are beneficially owned, or controlled or directed, directly or indirectly, by directors or executive officers through ownership, or control or direction, directly or indirectly, over securities of your company, do not need to be included.

“10.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

- (1) If a director or executive officer of your company is, as at the date of the AIF, or was within 10 years before the date of the AIF, a director, chief executive officer or chief financial officer of any company (including your company), that:
 - (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;

state the fact and describe the basis on which the order was made and whether the order is still in effect.

- (1.1) For the purposes of subsection (1), ‘order’ means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation;

that was in effect for a period of more than 30 consecutive days.

- (1.2) If a director or executive officer of your company, or a shareholder holding a sufficient number of securities of your company to affect materially the control of your company:

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

- (b) has, within the 10 years before the date of the AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder, state the fact.
- (2) Describe the penalties or sanctions imposed and the grounds on which they were imposed, or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a director or executive officer of your company, or a shareholder holding a sufficient number of securities of your company to affect materially the control of your company, has been subject to:
- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.
- (3) Despite subsection (2), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be important to a reasonable investor in making an investment decision.

INSTRUCTIONS:

- (i) *The disclosure required by subsections (1), (1.2) and (2) also applies to any personal holding companies of any of the persons referred to in subsections (1), (1.2) and (2).*
- (ii) *A management cease trade order which applies to directors or executive officers of a company is an 'order' for the purposes of paragraph 10.2(1)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.*
- (iii) *A late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a 'penalty or sanction' for the purposes of section 10.2.*
- (iv) *The disclosure in paragraph 10.2(1)(a) only applies if the director or executive officer was a director, chief executive officer or chief financial officer when the order was issued against the company. You do not have to provide disclosure if the director or executive officer became a director, chief executive officer or chief financial officer after the order was issued.*

“10.3 Conflicts of Interest

Disclose particulars of existing or potential material conflicts of interest between your company or a subsidiary of your company and any director or officer of your company or of a subsidiary of your company.

“Item 11 Promoters

“11.1 Promoters

For a person or company that has been, within the two most recently completed financial years or during the current financial year, a promoter of your company or of a subsidiary of your company, state:

- (a) the person or company's name;

- (b) the number and percentage of each class of voting securities and equity securities of your company or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly;
- (c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from your company or from a subsidiary of your company, and the nature and amount of any assets, services or other consideration received or to be received by your company or a subsidiary of your company in return; and
- (d) for an asset acquired within the two most recently completed financial years or during the current financial year, or an asset to be acquired, by your company or by a subsidiary of your company from a promoter:
 - (i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined;
 - (ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with your company, the promoter, or an associate or affiliate of your company or of the promoter; and
 - (iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

“Item 12 Legal Proceedings and Regulatory Actions

“12.1 Legal Proceedings

- (1) Describe any legal proceedings your company is or was a party to, or that any of its property is or was the subject of, during your company's financial year.
- (2) Describe any such legal proceedings your company knows to be contemplated.
- (3) For each proceeding described in subsections (1) and (2), include the name of the court or agency, the date instituted, the principal parties to the proceeding, the nature of the claim, the amount claimed, if any, whether the proceeding is being contested, and the present status of the proceeding.

INSTRUCTION:

You do not need to give information with respect to any proceeding that involves a claim for damages if the amount involved, exclusive of interest and costs, does not exceed ten per cent of the current assets of your company. However, if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, you must include the amount involved in the other proceedings in computing the percentage.

“12.2 Regulatory Actions

Describe any:

- (a) penalties or sanctions imposed against your company by a court relating to securities legislation or by a securities regulatory authority during your financial year;
- (b) any other penalties or sanctions imposed by a court or regulatory body against your company that would likely be considered important to a reasonable investor in making an investment decision; and
- (c) settlement agreements your company entered into before a court relating to securities legislation or with a securities regulatory authority during your financial year.

“Item 13 Interest of Management and Others in Material Transactions**“13.1 Interest of Management and Others in Material Transactions**

Describe, and state the approximate amount of, any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect your company:

- (a) a director or executive officer of your company;
- (b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of your outstanding voting securities; and
- (c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

INSTRUCTIONS:

(i) The materiality of the interest is to be determined on the basis of the significance of the information to investors in light of all the circumstances of the particular case. The importance of the interest to the person having the interest, the relationship of the parties to the transaction with each other and the amount involved are among the factors to be considered in determining the significance of the information to securityholders.

(ii) This Item does not apply to any interest arising from the ownership of securities of your company if the securityholder receives no extra or special benefit or advantage not shared on an equal basis by all other holders of the same class of securities or all other holders of the same class of securities who are resident in Canada.

(iii) Give a brief description of the material transactions. Include the name of each person or company whose interest in any transaction is described and the nature of the relationship to your company.

(iv) For any transaction involving the purchase of assets by or sale of assets to your company or a subsidiary of your company, state the cost of the assets to the purchaser, and the cost of the assets to the seller if acquired by the seller within three years before the transaction.

(v) You do not need to give information under this Item for a transaction if:

(A) the rates or charges involved in the transaction are fixed by law or determined by competitive bids;

(B) the interest of a specified person or company in the transaction is solely that of a director of another company that is a party to the transaction;

(C) the transaction involves services as a bank or other depository of funds, a transfer agent, registrar, trustee under a trust indenture or other similar services; or

(D) the transaction does not involve remuneration for services and the interest of the specified person or company arose from the beneficial ownership, direct or indirect, of less than ten per cent of any class of equity securities of another company that is party to the transaction and the transaction is in the ordinary course of business of your company or your company's subsidiaries.

(vi) Describe all transactions not excluded above that involve remuneration (including an issuance of securities), directly or indirectly, to any of the specified persons or companies for services in any capacity unless the interest of the person or company arises solely from the beneficial ownership, direct or indirect, of less than ten per cent of any class of equity securities of another company furnishing the services to your company or your company's subsidiaries.

“Item 14 Transfer Agents and Registrars

“14.1 Transfer Agents and Registrars

State the name of your company's transfer agent(s) and registrar(s) and the location (by municipalities) of the register(s) of transfers of each class of securities.

“Item 15 Material Contracts

“15.1 Material Contracts

Give particulars of any material contract:

- (a) required to be filed under section 12.2 of the Instrument at the time this AIF is filed, as required under section 12.3 of the Instrument; or
- (b) that would be required to be filed under section 12.2 of the Instrument at the time this AIF is filed, as required under section 12.3 of the Instrument, but for the fact that it was previously filed.

INSTRUCTIONS:

(i) You must give particulars of any material contract that was entered into within the last financial year or before the last financial year but is still in effect, and that is required to be filed under section 12.2 of the Instrument or would be required to be filed under section 12.2 of the Instrument but for the fact that it was previously filed. You do not need to give particulars of a material contract that was entered into before January 1, 2002 because these material contracts are not required to be filed under section 12.2 of the Instrument.

(ii) Set out a complete list of all contracts for which particulars must be given under this section, indicating those that are disclosed elsewhere in the AIF. Particulars need only be provided for those contracts that do not have the particulars given elsewhere in the AIF.

(iii) Particulars of contracts must include the dates of, parties to, consideration provided for in, and general nature and key terms of, the contracts.

“Item 16 Interests of Experts

“16.1 Names of Experts

Name each person or company:

- (a) who is named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under National Instrument 51-102 by your company during, or relating to, your company's most recently completed financial year; and
- (b) whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company.

“16.2 Interests of Experts

(1) Disclose all registered or beneficial interests, direct or indirect, in any securities or other property of your company or of one of your associates or affiliates:

(a) held by an expert named in section 16.1 and, if the expert is not an individual, by the designated professionals of that expert, when that expert prepared the report, valuation, statement or opinion referred to in paragraph 16.1(a);

(b) received by an expert named in section 16.1 and, if the expert is not an individual, by the designated professionals of that expert, after the time specified in paragraph 16.2(1)(a); or

(c) to be received by an expert named in section 16.1 and, if the expert is not an individual, by the designated professionals of that expert.

(1.1) For the purposes of subsection (1), a ‘designated professional’ means, in relation to an expert named in section 16.1:

(a) each partner, employee or consultant of the expert who participated in and who was in a position to directly influence the preparation of the report, valuation, statement or opinion referred to in paragraph 16.1(a); and

(b) each partner, employee or consultant of the expert who was, at any time during the preparation of the report, valuation, statement or opinion referred to in paragraph 16.1(a), in a position to directly influence the outcome of the preparation of the report, valuation, statement or opinion, including, without limitation:

(i) any person who recommends the compensation of, or who provides direct supervisory, management or other oversight of, the partner, employee or consultant in the performance of the preparation of the report, valuation, statement or opinion referred to in paragraph 16.1(a), including those at all successively senior levels through to the expert’s chief executive officer;

(ii) any person who provides consultation regarding technical or industry-specific issues, transactions or events for the preparation of the report, valuation, statement or opinion referred to in paragraph 16.1(a); and

(iii) any person who provides quality control for the preparation of the report, valuation, statement or opinion referred to in paragraph 16.1(a).

(2) For the purposes of subsection (1), if the person’s or company’s interest in the securities represents less than one per cent of your outstanding securities of the same class, a general statement to that effect is sufficient.

(2.1) Despite subsection (1), an auditor who is independent in accordance with the auditor’s rules of professional conduct in a jurisdiction of Canada or who has performed an audit in accordance with U.S. PCAOB GAAS or U.S. AICPA GAAS is not required to provide the disclosure in subsection (1) if there is disclosure that the auditor is independent in accordance with the auditor’s rules of professional conduct in a jurisdiction of Canada or that the auditor has complied with the SEC’s rules on auditor independence.

(3) If a person or a director, officer or employee of a person or company referred to in subsection (1) is or is expected to be elected, appointed or employed as a director, officer or employee of your company or of any associate or affiliate of your company, disclose the fact or expectation.

INSTRUCTIONS:

(i) *If you have included a report, valuation, statement or opinion of an expert in the AIF, your company may be required by other securities legislation to obtain the consent of an expert before referring to the expert's opinion, for example under National Instrument 43-101 Standards of Disclosure for Mineral Projects and National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.*

(ii) *Section 16.2 does not apply to:*

(A) *auditors of a business acquired by your company provided they have not been or will not be appointed as your company's auditor subsequent to the acquisition; and*

(B) *your company's predecessor auditors, if any, for periods when they were not your company's auditor.*

(iii) *Section 16.2 does not apply to registered or beneficial interests, direct or indirect, held through mutual funds.*

"Item 17 Additional Information

"17.1 Additional Information

(1) Disclose that additional information relating to your company may be found on SEDAR at www.sedar.com.

(2) If your company is required to distribute a Form 51-102F5 to any of its securityholders, include a statement that additional information, including directors' and officers' remuneration and indebtedness, principal holders of your company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in your company's information circular for its most recent annual meeting of securityholders that involved the election of directors.

(3) Include a statement that additional financial information is provided in your company's financial statements and MD&A for its most recently completed financial year.

INSTRUCTION:

Your company may also be required to provide additional information in its AIF as set out in Form 52-110F1 Audit Committee Information Required in an AIF.

“Item 18 Additional Disclosure for Companies Not Sending Information Circulars

“18.1 Additional Disclosure

For companies that are not required to send a Form 51-102F5 to any of their securityholders, disclose the information required under Items 6 to 10, 12 and 13 of Form 51-102F5, as modified below, if applicable:

<u>Form 51-102F5 Reference</u>	<u>Modification</u>
Item 6 - Voting Securities and Principal Holders of Voting Securities	Include the disclosure specified in section 6.1 without regard to the phrase ‘entitled to be voted at the meeting’. Do not include the disclosure specified in sections 6.2, 6.3 and 6.4. Include the disclosure specified in section 6.5.
Item 7 - Election of Directors	Disregard the preamble of section 7.1. Include the disclosure specified in section 7.1 without regard to the word ‘proposed’ throughout. Do not include the disclosure specified in section 7.3.
Item 8 - Executive Compensation	Disregard the preamble and paragraphs (a), (b) and (c) of Item 8. A company that does not send a management information circular to its securityholders must provide the disclosure required by Form 51-102F6.
Item 9 - Securities Authorized for Issuance under Equity Compensation Plans	Disregard subsection 9.1(1).
Item 10 - Indebtedness of Directors and Executive Officers	Include the disclosure specified throughout; however, replace the phrase ‘date of the information circular’ with ‘date of the AIF’ throughout. Disregard paragraph 10.3(a).
Item 12 - Appointment of Auditor	Name the auditor. If the auditor was first appointed within the last five years, state the date when the auditor was first appointed.

**“FORM 51-102F3
MATERIAL CHANGE REPORT**

“PART 1 GENERAL PROVISIONS

“(a) Confidentiality

If this Report is filed on a confidential basis, state in block capitals ‘CONFIDENTIAL’ at the beginning of the Report.

“(b) Use of ‘Company’

Wherever this Form uses the word ‘company’ the term includes other types of business organizations such as partnerships, trusts and other unincorporated business entities.

“(c) Numbering and Headings

The numbering, headings and ordering of the items included in this Form are guidelines only. You do not need to include the headings or numbering or follow the order of items in this Form. Disclosure provided in response to any item need not be repeated elsewhere.

“(d) Defined Terms

If a term is used but not defined in this Form, refer to Part 1 of National Instrument 51-102 and to National Instrument 14-101 *Definitions*. If a term is used in this Form and is defined in both the securities statute of a local jurisdiction and in National Instrument 51-102, refer to section 1.4 of Companion Policy 51-102CP.

“(e) Plain Language

Write the Report so that readers are able to understand it. Consider both the level of detail provided and the language used in the document. Refer to the plain language principles listed in section 1.5 of Companion Policy 51-102CP. If you use technical terms, explain them in a clear and concise manner.

“PART 2 CONTENT OF MATERIAL CHANGE REPORT

“Item 1 Name and Address of Company

State the full name of your company and the address of its principal office in Canada.

“Item 2 Date of Material Change

State the date of the material change.

“Item 3 News Release

State the date and method(s) of dissemination of the news release issued under section 7.1 of National Instrument 51-102.

“Item 4 Summary of Material Change

Provide a brief but accurate summary of the nature and substance of the material change.

“Item 5 Full Description of Material Change**“5.1 Full Description of Material Change**

Supplement the summary required under Item 4 with sufficient disclosure to enable a reader to appreciate the significance and impact of the material change without having to refer to other material. Management is in the best position to determine what facts are significant and must disclose those facts in a meaningful manner. See also Item 7.

Some examples of significant facts relating to the material change include: dates, parties, terms and conditions, description of any assets, liabilities or capital affected, purpose, financial or dollar values, reasons for the change, and a general comment on the probable impact on the issuer or its subsidiaries. Specific financial forecasts would not normally be required.

Other additional disclosure may be appropriate depending on the particular situation.

“5.2 Disclosure for Restructuring Transactions

This item applies to a material change report filed in respect of the closing of a restructuring transaction under which securities are to be changed, exchanged, issued or distributed. This item does not apply if, in respect of the transaction, your company sent an information circular to its securityholders or filed a prospectus or a securities exchange takeover bid circular.

Include the disclosure for each entity that resulted from the restructuring transaction, if your company has an interest in that entity, required by section 14.2 of Form 51-102F5. You may satisfy the requirement to include this disclosure by incorporating the information by reference to another document.

INSTRUCTIONS:

(i) If your company is engaged in oil and gas activities, the disclosure under Item 5 must also satisfy the requirements of Part 6 of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

(ii) If you incorporate information by reference to another document, clearly identify the referenced document or any excerpt from it. Unless you have already filed the referenced document or excerpt, you must file it with the material change report. You must also disclose that the document is on SEDAR at www.sedar.com.

“Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

If this Report is being filed on a confidential basis in reliance on subsection 7.1(2) of National Instrument 51-102, state the reasons for such reliance.

INSTRUCTION:

Refer to subsections 7.1 (5), (6) and (7) of National Instrument 51-102 concerning continuing obligations in respect of reports filed under subsection 7.1(2) of National Instrument 51-102.

“Item 7 Omitted Information

State whether any information has been omitted on the basis that it is confidential information.

In a separate letter to the applicable regulator or securities regulatory authority marked ‘Confidential’ provide the reasons for your company’s omission of confidential significant facts in the Report in sufficient detail to permit the applicable regulator or securities regulatory authority to determine whether to exercise its discretion to allow the omission of these significant facts.

INSTRUCTION:

In certain circumstances where a material change has occurred and a Report has been or is about to be filed but subsection 7.1(2) or (5) of National Instrument 51-102 is not or will no longer be relied upon, your company may nevertheless believe one or more significant facts otherwise required to be disclosed in the Report should remain confidential and not be disclosed or not be disclosed in full detail in the Report.

“Item 8 Executive Officer

Give the name and business telephone number of an executive officer of your company who is knowledgeable about the material change and the Report, or the name of an officer through whom such executive officer may be contacted.

“Item 9 Date of Report

Date the Report.

**“FORM 51-102F4
BUSINESS ACQUISITION REPORT**

“PART 1 GENERAL PROVISIONS**“(a) What is a Business Acquisition Report?**

Your company must file a Business Acquisition Report after completing a significant acquisition. See Part 8 of National Instrument 51-102. The Business Acquisition Report describes the significant businesses acquired by your company and the effect of the acquisition on your company.

“(b) Use of ‘Company’

Wherever this Form uses the word ‘company’, the term includes other types of business organizations such as partnerships, trusts and other unincorporated business entities.

“(c) Focus on Relevant Information

When providing the disclosure required by this Form, focus your discussion on information that is relevant to an investor, analyst or other reader.

“(d) Incorporating Material By Reference

You may incorporate information required by this Form by reference to another document. Clearly identify the referenced document, or any excerpt of it, that you incorporate into this Report. Unless you have already filed the referenced document or excerpt, including any documents incorporated by reference into the document or excerpt, you must file it with this Report. You must also disclose that the document is on SEDAR at www.sedar.com.

“(e) Defined Terms

If a term is used but not defined in this Form, refer to Part 1 of National Instrument 51-102 and to National Instrument 14-101 *Definitions*. If a term is used in this Form and is defined in both the securities statute of a local jurisdiction and in National Instrument 51-102, refer to section 1.4 of Companion Policy 51-102CP for further guidance.

This Form also uses accounting terms that are defined or used in Canadian GAAP applicable to publicly accountable enterprises. For further guidance, see subsections 1.4(7) and (8) of Companion Policy 51-102CP.

“(f) Plain Language

Write this Report so that readers are able to understand it. Consider both the level of detail provided and the language used in the document. Refer to the plain language principles listed in section 1.5 of Companion Policy 51-102CP for further guidance. If you use technical terms, explain them in a clear and concise manner.

“(g) Numbering and Headings

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the headings or numbering or follow the order of items in this Form. Disclosure provided in response to any item need not be repeated elsewhere in the Report.

“PART 2 CONTENT OF BUSINESS ACQUISITION REPORT**“Item 1 Identity of Company****“1.1 Name and Address of Company**

State the full name of your company and the address of its principal office in Canada.

“1.2 Executive Officer

Give the name and business telephone number of an executive officer of your company who is knowledgeable about the significant acquisition and the Report, or the name of an officer through whom such executive officer may be contacted.

“Item 2 Details of Acquisition**“2.1 Nature of Business Acquired**

Describe the nature of the business acquired.

“2.2 Acquisition Date

State the acquisition date used for accounting purposes.

“2.3 Consideration

Disclose the type and amount of consideration, both monetary and non-monetary, paid or payable by your company in connection with the significant acquisition, including contingent consideration. Identify the source of funds used by your company for the acquisition, including a description of any financing associated with the acquisition.

“2.4 Effect on Financial Position

Describe any plans or proposals for material changes in your business affairs or the affairs of the acquired business which may have a significant effect on the financial performance and financial position of your company. Examples include any proposal to liquidate the business, to sell, lease or exchange all or a substantial part of its assets, to amalgamate the business with any other business organization or to make any material changes to your business or the business acquired such as changes in corporate structure, management or personnel.

“2.5 Prior Valuations

Describe in sufficient detail any valuation opinion obtained within the last 12 months by the acquired business or your company required by securities legislation or a Canadian exchange or market to support the consideration paid by your company or any of its subsidiaries for the business, including the name of the author, the date of the opinion, the business to which the opinion relates, the value attributed to the business and the valuation methodologies used.

“2.6 Parties to Transaction

State whether the transaction is with an informed person, associate or affiliate of your company and, if so, the identity and the relationship of the other parties to your company.

“2.7 Date of Report

Date the Report.

“Item 3 Financial Statements and Other Information

Include the financial statements or other information required by Part 8 of National Instrument 51-102. If applicable, disclose that the auditors have not given their consent to include their audit report in this Report.

**“FORM 51-102F5
INFORMATION CIRCULAR**

“PART 1 GENERAL PROVISIONS**“(a) Timing of Information**

The information required by this Form 51-102F5 must be given as of a specified date not more than thirty days prior to the date you first send the information circular to any securityholder of the company.

“(b) Use of ‘Company’

Wherever this Form uses the word ‘company’, the term includes other types of business organizations such as partnerships, trusts and other unincorporated business entities.

“(c) Incorporating Information by Reference

You may incorporate information required to be included in your information circular by reference to another document. Clearly identify the referenced document or any excerpt of it that you incorporate into your information circular. Unless you have already filed the referenced document or excerpt, including any documents incorporated by reference into the document or excerpt, you must file it with your information circular. You must also disclose that the document is on SEDAR at www.sedar.com and that, upon request, you will promptly provide a copy of any such document free of charge to a securityholder of the company. However, you may not incorporate information required to be included in Form 51-102F6 Statement of Executive Compensation by reference into your information circular.

“(d) Defined Terms

If a term is used but not defined in this Form, refer to Part 1 of National Instrument 51-102 and to National Instrument 14-101 Definitions. If a term is used in this Form and is defined in both the securities statute of the local jurisdiction and in National Instrument 51-102, refer to section 1.4 of Companion Policy 51-102CP for further guidance.

This Form also uses accounting terms that are defined or used in Canadian GAAP applicable to publicly accountable enterprises. For further guidance, see subsections 1.4(7) and (8) of Companion Policy 51-102CP.

“(e) Plain Language

Write this document so that readers are able to understand it. Refer to the plain language principles listed in section 1.5 of Companion Policy 51-102CP for further guidance. If you use technical terms, explain them in a clear and concise manner.

“(f) Numbering and Headings

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the headings or numbering or follow the order of items in this Form. Disclosure provided in response to any item need not be repeated elsewhere.

“(g) Tables and Figures

Where it is practicable and appropriate, present information in tabular form. State all amounts in figures.

“(h) Omitting Information

You do not need to respond to any item in this Form that is inapplicable. You may also omit information that is not known to the person or company on whose behalf the solicitation is made and that is not reasonably within the power of the person or company to obtain, if you briefly state the circumstances that render the information unavailable.

You may omit information that was contained in another information circular, notice of meeting or form of proxy sent to the same persons or companies whose proxies were solicited in connection with the same meeting, as long as you clearly identify the particular document containing the information.

“PART 2 CONTENT**“Item 1 Date**

Specify the date of the information circular.

“Item 2 Revocability of Proxy

State whether the person or company giving the proxy has the power to revoke it. If any right of revocation is limited or is subject to compliance with any formal procedure, briefly describe the limitation or procedure.

“Item 3 Persons Making the Solicitation

“3.1 If a solicitation is made by or on behalf of management of the company, state this. Name any director of the company who has informed management in writing that he or she intends to oppose any action intended to be taken by management at the meeting and indicate the action that he or she intends to oppose.

“3.2 If a solicitation is made other than by or on behalf of management of the company, state this and give the name of the person or company by whom, or on whose behalf, it is made.

“3.3 If the solicitation is to be made other than by mail, describe the method to be employed. If the solicitation is to be made by specially engaged employees or soliciting agents, state:

- (a) the parties to and material features of any contract or arrangement for the solicitation; and
- (b) the cost or anticipated cost thereof.

“3.4 State who has borne or will bear, directly or indirectly, the cost of soliciting.

“Item 4 Proxy Instructions

“4.1 The information circular or the form of proxy to which the information circular relates must indicate in bold-face type that the securityholder has the right to appoint a person or company to represent the securityholder at the meeting other than the person or company, if any, designated in the form of proxy and must contain instructions as to the manner in which the securityholder may exercise the right.

“4.2 The information circular or the form of proxy to which the information circular relates must state that the securities represented by the proxy will be voted or withheld from voting in accordance with the instructions of the securityholder on any ballot that may be called for and that, if the securityholder specifies a choice with respect to any matter to be acted upon, the securities will be voted accordingly.

“Item 5 Interest of Certain Persons or Companies in Matters to be Acted Upon

Briefly describe any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of each of the following persons or companies in any matter to be acted upon other than the election of directors or the appointment of auditors:

- (a) if the solicitation is made by or on behalf of management of the company, each person who has been a director or executive officer of the company at any time since the beginning of the company’s last financial year;
- (b) if the solicitation is made other than by or on behalf of management of the company, each person or company by whom, or on whose behalf, directly or indirectly, the solicitation is made;
- (c) each proposed nominee for election as a director of the company; and
- (d) each associate or affiliate of any of the persons or companies listed in paragraphs (a) to (c).

INSTRUCTIONS:

(i) The following persons and companies are deemed to be persons or companies by whom or on whose behalf the solicitation is made (collectively, ‘solicitors’ or individually a ‘solicitor’):

- (A) any member of a committee or group that solicits proxies, and any person or company whether or not named as a member who, acting alone or with one or more other persons or companies, directly or indirectly takes the initiative or engages in organizing, directing or financing any such committee or group;*

(B) any person or company who contributes, or joins with another to contribute, more than \$250 to finance the solicitation of proxies; or

(C) any person or company who lends money, provides credit, or enters into any other arrangements, under any contract or understanding with a solicitor, for the purpose of financing or otherwise inducing the purchase, sale, holding or voting of securities of the company but not including a bank or other lending institution or a dealer that, in the ordinary course of business, lends money or executes orders for the purchase or sale of securities.

(ii) Subject to paragraph (i), the following persons and companies are deemed not to be solicitors:

(A) any person or company retained or employed by a solicitor to solicit proxies or any person or company who merely transmits proxy-soliciting material or performs ministerial or clerical duties;

(B) any person or company employed or retained by a solicitor in the capacity of lawyer, accountant, or advertising, public relations, investor relations or financial advisor and whose activities are limited to the performance of their duties in the course of the employment or retainer;

(C) any person regularly employed as an officer or employee of the company or any of its affiliates; or

(D) any officer or director of, or any person regularly employed by, any solicitor.

“Item 6 Voting Securities and Principal Holders of Voting Securities

“6.1 For each class of voting securities of the company entitled to be voted at the meeting, state the number of securities outstanding and the particulars of voting rights for each class.

“6.2 For each class of restricted securities, provide the information required in subsection 10.1(1) of National Instrument 51-102.

“6.3 Give the record date as of which the securityholders entitled to vote at the meeting will be determined or particulars as to the closing of the security transfer register, as the case may be, and, if the right to vote is not limited to securityholders of record as of the specified record date, indicate the conditions under which securityholders are entitled to vote.

“6.4 If action is to be taken with respect to the election of directors and if the securityholders or any class of securityholders have the right to elect a specified number of directors or have cumulative or similar voting rights, include a statement of such rights and state briefly the conditions precedent, if any, to the exercise thereof.

“6.5 If, to the knowledge of the company’s directors or executive officers, any person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10 per cent or more of the voting rights attached to any class of voting securities of the company, name each person or company and state:

(a) the approximate number of securities beneficially owned, or controlled or directed, directly or indirectly, by each such person or company; and

(b) the percentage of the class of outstanding voting securities of the company represented by the number of voting securities so owned, controlled or directed, directly or indirectly.

“Item 7 Election of Directors

“7.1 If directors are to be elected, provide the following information, in tabular form to the extent practicable, for each person proposed to be nominated for election as a director (a ‘proposed director’) and each other person whose term of office as a director will continue after the meeting:

- (a) State the name, province or state, and country of residence, of each director and proposed director.
- (b) State the period or periods during which each director has served as a director and when the term of office for each director and proposed director will expire.
- (c) Identify the members of each committee of the board.
- (d) State the present principal occupation, business or employment of each director and proposed director. Give the name and principal business of any company in which any such employment is carried on. Furnish similar information as to all of the principal occupations, businesses or employments of each proposed director within the five preceding years, unless the proposed director is now a director and was elected to the present term of office by a vote of securityholders at a meeting, the notice of which was accompanied by an information circular.
- (e) if a director or proposed director has held more than one position in the company, or a parent or subsidiary, state only the first and last position held.
- (f) State the number of securities of each class of voting securities of the company or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by each proposed director.
- (g) If securities carrying 10 per cent or more of the voting rights attached to all voting securities of the company or of any of its subsidiaries are beneficially owned, or controlled or directed, directly or indirectly, by any proposed director and the proposed director’s associates or affiliates:
 - (i) state the number of securities of each class of voting securities beneficially owned, or controlled or directed, directly or indirectly, by the associates or affiliates; and
 - (ii) name each associate or affiliate whose security holdings are 10 per cent or more.

“7.2 If a proposed director:

- (a) is, as at the date of the information circular, or has been, within 10 years before the date of the information circular, a director, chief executive officer or chief financial officer of any company (including the company in respect of which the information circular is being prepared) that:
 - (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;

state the fact and describe the basis on which the order was made and whether the order is still in effect; or

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

(c) has, within the 10 years before the date of the information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director, state the fact.

“7.2.1 Describe the penalties or sanctions imposed and the grounds on which they were imposed, or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a proposed director has been subject to:

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

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

“7.2.2 Despite section 7.2.1, no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be important to a reasonable securityholder in deciding whether to vote for a proposed director.

INSTRUCTIONS:

(i) *The disclosure required by sections 7.2 and 7.2.1 also applies to any personal holding companies of the proposed director.*

(ii) *A management cease trade order which applies to directors or executive officers of a company is an ‘order’ for the purposes of paragraph 7.2(a)(i) and must be disclosed, whether or not the proposed director was named in the order.*

(iii) *A late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a ‘penalty or sanction’ for the purposes of section 7.2.1.*

(iv) *The disclosure in paragraph 7.2(a)(i) only applies if the proposed director was a director, chief executive officer or chief financial officer when the order was issued against the company. You do not have to provide disclosure if the proposed director became a director, chief executive officer or chief financial officer after the order was issued.*

“7.2.3 For the purposes of subsection 7.2(a), ‘order’ means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation;

that was in effect for a period of more than 30 consecutive days.

“7.3 If any proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the company acting solely in such capacity, name the other person or company and describe briefly the arrangement or understanding.

“Item 8 Executive Compensation

If you are sending this information circular in connection with a meeting:

- (a) that is an annual general meeting;
- (b) at which the company’s directors are to be elected; or
- (c) at which the company’s securityholders will be asked to vote on a matter relating to executive compensation;

include a completed Form 51-102F6 Statement of Executive Compensation.

“Item 9 Securities Authorized for Issuance Under Equity Compensation Plans

“9.1 Equity Compensation Plan Information

(1) Provide the information in subsection (2) if you are sending this information circular in connection with a meeting:

- (a) that is an annual general meeting;
- (b) at which the company’s directors are to be elected; or
- (c) at which the company’s securityholders will be asked to vote on a matter relating to executive compensation or a transaction that involves the company issuing securities.

(2) In the tabular form under the caption set out, provide the information specified in section 9.2 as of the end of the company’s most recently completed financial year with respect to compensation plans under which equity securities of the company are authorized for issuance, aggregated as follows:

- (a) all compensation plans previously approved by securityholders; and
- (b) all compensation plans not previously approved by securityholders.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders			
Equity compensation plans not approved by securityholders			
Total			

“9.2 Include in the table the following information as of the end of the company’s most recently completed financial year for each category of compensation plan described in section 9.1:

- (a) the number of securities to be issued upon the exercise of outstanding options, warrants and rights (column (a));
- (b) the weighted-average exercise price of the outstanding options, warrants and rights disclosed under subsection 9.2(a) (column (b)); and
- (c) other than securities to be issued upon the exercise of the outstanding options, warrants and rights disclosed in subsection 9.2(a), the number of securities remaining available for future issuance under the plan (column (c)).

“9.3 For each compensation plan under which equity securities of the company are authorized for issuance and that was adopted without the approval of securityholders, describe briefly, in narrative form, the material features of the plan.

INSTRUCTIONS:

- (i) *The disclosure under Item 9 relating to compensation plans must include individual compensation arrangements.*
- (ii) *Provide disclosure with respect to any compensation plan of the company (or parent, subsidiary or affiliate of the company) under which equity securities of the company are authorized for issuance to employees or non-employees (such as directors, consultants, advisors, vendors, customers, suppliers or lenders) in*

exchange for consideration in the form of goods or services. You do not have to provide disclosure regarding any plan, contract or arrangement for the issuance of warrants or rights to all securityholders of the company on a pro rata basis (such as a rights offering).

(iii) If more than one class of equity security is issued under the company's compensation plans, disclose aggregate plan information for each class of security separately.

(iv) You may aggregate information regarding individual compensation arrangements with the plan information required under subsections 9.1(a) and (b), as applicable.

(v) You may aggregate information regarding a compensation plan assumed in connection with a merger, consolidation or other acquisition transaction pursuant to which the company may make subsequent grants or awards of its equity securities with the plan information required under subsections 9.1(a) and (b), as applicable. Disclose on an aggregated basis in a footnote to the table the information required under subsections 9.2(a) and (b) with respect to any individual options, warrants or rights outstanding under the compensation plan assumed in connection with a merger, consolidation or other acquisition transaction.

(vi) To the extent that the number of securities remaining available for future issuance disclosed in column (c) includes securities available for future issuance under any compensation plan other than upon the exercise of an option, warrant or right, disclose the number of securities and type of plan separately for each such plan in a footnote to the table.

(vii) If the description of a compensation plan set forth in the company's financial statements contains the disclosure required by section 9.3, a cross-reference to the description satisfies the requirements of section 9.3.

(viii) An equity compensation plan contains a formula for calculating the number of securities available for issuance under the plan, including, without limitation, a formula that automatically increases the number of securities available for issuance by a percentage of the number of outstanding securities of the company, describe this formula in a footnote to the table.

“Item 10 Indebtedness of Directors and Executive Officers

“10.1 Aggregate Indebtedness

AGGREGATE INDEBTEDNESS (\$)		
Purpose	To the Company or its Subsidiaries	To Another Entity
(a)	(b)	(c)
Share purchases		
Other		

(1) Complete the above table for the aggregate indebtedness outstanding as at a date within thirty days before the date of the information circular entered into in connection with:

- (a) a purchase of securities; and
- (b) all other indebtedness.

(2) Report separately the indebtedness to:

- (a) the company or any of its subsidiaries (column (b)); and
- (b) another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the company or any of its subsidiaries (column (c));

of all executive officers, directors, employees and former executive officers, directors and employees of the company or any of its subsidiaries.

(3) 'Support agreement' includes, but is not limited to, an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

“10.2 Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER (1) SECURITIES PURCHASE AND (2) OTHER PROGRAMS						
Name and Principal Position	Involvement of Company or Subsidiary	Largest Amount Outstanding During [Most Recently Completed financial Year] (\$)	Amount Outstanding as at [Date within 30 days] (\$)	Financially Assisted Securities Purchases During [Most Recently Completed Financial Year] (#)	Security for Indebtedness	Amount Forgiven During [Most Recently Completed Financial Year] (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Securities Purchase Programs						
Other Programs						

(1) Complete the above table for each individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the company, each proposed nominee for election as a director of the company, and each associate of any such director, executive officer or proposed nominee:

(a) who is, or at any time since the beginning of the most recently completed financial year of the company has been, indebted to the company or any of its subsidiaries; or

(b) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the company or any of its subsidiaries;

and separately disclose the indebtedness for security purchase programs and all other programs.

(2) Note the following:

Column (a) - disclose the name and principal position of the borrower. If the borrower was, during the most recently completed financial year, but no longer is a director or executive officer, state that fact. If the borrower is a proposed nominee for election as a director, state that fact. If the borrower is included as an associate, describe briefly the relationship of the borrower to an individual who is or, during the financial year, was a director or executive officer or who is a proposed nominee for election as a director, name that individual and provide the information required by this subparagraph for that individual.

Column (b) - disclose whether the company or a subsidiary of the company is the lender or the provider of a guarantee, support agreement, letter of credit or similar arrangement or understanding.

Column (c) - disclose the largest aggregate amount of the indebtedness outstanding at any time during the most recently completed financial year.

Column (d) - disclose the aggregate amount of indebtedness outstanding as at a date within thirty days before the date of the information circular.

Column (e) - disclose separately for each class or series of securities, the sum of the number of securities purchased during the most recently completed financial year with the financial assistance (security purchase programs only).

Column (f) - disclose the security for the indebtedness, if any, provided to the company, any of its subsidiaries or the other entity (security purchase programs only).

Column (g) - disclose the total amount of indebtedness that was forgiven at any time during the most recently completed financial year.

- (3) Supplement the above table with a summary discussion of:
- (a) the material terms of each incidence of indebtedness and, if applicable, of each guarantee, support agreement, letter of credit or other similar arrangement or understanding, including:
 - (i) the nature of the transaction in which the indebtedness was incurred;
 - (ii) the rate of interest;
 - (iii) the term to maturity;
 - (iv) any understanding, agreement or intention to limit recourse; and
 - (v) any security for the indebtedness;
 - (b) any material adjustment or amendment made during the most recently completed financial year to the terms of the indebtedness and, if applicable, the guarantee, support agreement, letter of credit or similar arrangement or understanding. Forgiveness of indebtedness reported in column (g) of the above table should be explained; and
 - (c) the class or series of the securities purchased with financial assistance or held as security for the indebtedness and, if the class or series of securities is not publicly traded, all material terms of the securities, including the provisions for exchange, conversion, exercise, redemption, retraction and dividends.

“10.3 You do not need to disclose information required by this Item:

- (a) if you are not sending this information circular in connection with a meeting:
 - (i) that is an annual general meeting;
 - (ii) at which the company’s directors are to be elected; or
 - (iii) at which the company’s securityholders will be asked to vote on a matter relating to executive compensation;
- (b) for any indebtedness that has been entirely repaid on or before the date of the information circular; or
- (c) for routine indebtedness.

‘Routine indebtedness’ means indebtedness described in any of the following clauses:

- (i) If the company or its subsidiary makes loans to employees generally:
 - (A) the loans are made on terms no more favourable than the terms on which loans are made by the company or its subsidiary to employees generally; and
 - (B) the amount, at any time during the last completed financial year, remaining unpaid under the loans to the director, executive officer or proposed nominee, together with his or her associates, does not exceed \$50,000.

- (ii) A loan to a person or company who is a full-time employee of the company:
 - (A) that is fully secured against the residence of the borrower; and
 - (B) the amount of which in total does not exceed the annual salary of the borrower.
- (iii) If the company or its subsidiary makes loans in the ordinary course of business, a loan made to a person or company other than a full-time employee of the company:
 - (A) on substantially the same terms, including those as to interest rate and security, as are available when a loan is made to other customers of the company or its subsidiary with comparable credit; and
 - (B) with no more than the usual risks of collectibility.
- (iv) A loan arising by reason of purchases made on usual trade terms or of ordinary travel or expense advances, or for similar reasons, if the repayment arrangements are in accord with usual commercial practice.

“Item 11 Interest of Informed Persons in Material Transactions

Describe briefly and, where practicable, state the approximate amount of any material interest, direct or indirect, of any informed person of the company, any proposed director of the company, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the company’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the company or any of its subsidiaries.

INSTRUCTIONS:

- (i) Briefly describe the material transaction. State the name and address of each person or company whose interest in any transaction is described and the nature of the relationship giving rise to the interest.*
- (ii) For any transaction involving the purchase or sale of assets by or to the company or any subsidiary, other than in the ordinary course of business, state the cost of the assets to the purchaser and the cost of the assets to the seller, if acquired by the seller within two years prior to the transaction.*
- (iii) This Item does not apply to any interest arising from the ownership of securities of the company where the securityholder receives no extra or special benefit or advantage not shared on a proportionate basis by all holders of the same class of securities or by all holders of the same class of securities who are resident in Canada.*
- (iv) Include information as to any material underwriting discounts or commissions upon the sale of securities by the company where any of the specified persons or companies was or is to be an underwriter in a contractual relationship with the company with respect to securities or is an associate or affiliate of a person or company that was or is to be such an underwriter.*

(v) *You do not need to disclose the information required by this Item for any transaction or any interest in that transaction if:*

(A) *the rates or charges involved in the transaction are fixed by law or determined by competitive bids;*

(B) *the interest of the specified person in the transaction is solely that of director of another company that is a party to the transaction;*

(C) *the transaction involves services as a bank or other depositary of funds, transfer agent, registrar, trustee under a trust indenture or other similar services; or*

(D) *the transaction does not directly or indirectly, involve remuneration for services; and*

(I) *the interest of the specified person or company arose from the beneficial ownership, direct or indirect, of less than 10 per cent of any class of voting securities of another company that is a party to the transaction;*

(II) *the transaction is in the ordinary course of business of the company or its subsidiaries; and*

(III) *the amount of the transaction or series of transactions is less than 10 per cent of the total sales or purchases, as the case may be, of the company and its subsidiaries for the most recently completed financial year.*

(vi) *Provide information for transactions not excluded above which involve remuneration, directly or indirectly, to any of the specified persons or companies for services in any capacity unless the interest of the person arises solely from the beneficial ownership, direct or indirect, of less than 10 per cent of any class of voting securities of another company furnishing the services to the company or its subsidiaries.*

“Item 12 Appointment of Auditor

Name the auditor of the company. If the auditor was first appointed within the last five years, state the date when the auditor was first appointed.

If action is to be taken to replace an auditor, provide the information required under section 4.11 of National Instrument 51-102.

“Item 13 Management Contracts

If management functions of the company or any of its subsidiaries are to any substantial degree performed other than by the directors or executive officers of the company or subsidiary:

(a) give details of the agreement or arrangement under which the management functions are performed, including the name and address of any person or company who is a party to the agreement or arrangement or who is responsible for performing the management functions;

(b) give the names and provinces of residence of any person that was, during the most recently completed financial year, an informed person of any person or company with which the company or subsidiary has any such agreement or arrangement and, if the following information is known to the directors or executive officers of the company, give the names and provinces of residence of any person or company that would be an informed person of any person or company with which the company or subsidiary has any such agreement or arrangement if the person were an issuer;

(c) for any person or company named under paragraph (a) state the amounts paid or payable by the company and its subsidiaries to the person or company since the commencement of the most recently completed financial year and give particulars; and

(d) for any person or company named under paragraph (a) or (b) and their associates or affiliates, give particulars of:

(i) any indebtedness of the person, company, associate or affiliate to the company or its subsidiaries that was outstanding; and

(ii) any transaction or arrangement of the person, company, associate or affiliate with the company or subsidiary;

at any time since the start of the company's most recently completed financial year.

INSTRUCTIONS:

(i) *Do not refer to any matter that is relatively insignificant.*

(ii) *In giving particulars of indebtedness, state the largest aggregate amount of indebtedness outstanding at any time during the period, the nature of the indebtedness and of the transaction in which it was incurred, the amount of the indebtedness presently outstanding and the rate of interest paid or charged on the indebtedness.*

(iii) *Do not include as indebtedness amounts due from the particular person for purchases subject to usual trade terms, for ordinary travel and expense advances and for other similar transactions.*

“Item 14 Particulars of Matters to be Acted Upon

“14.1 If action is to be taken on any matter to be submitted to the meeting of securityholders other than the approval of annual financial statements, briefly describe the substance of the matter, or related groups of matters, except to the extent described under the foregoing items, in sufficient detail to enable reasonable securityholders to form a reasoned judgment concerning the matter. Without limiting the generality of the foregoing, such matters include alterations of share capital, charter amendments, property acquisitions or dispositions, reverse takeovers, amalgamations, mergers, arrangements or reorganizations and other similar transactions.

“14.2 If the action to be taken is in respect of a significant acquisition as determined under Part 8 of National Instrument 51-102 under which securities of the acquired business are being exchanged for the company's securities, or in respect of a restructuring transaction under which securities are to be changed, exchanged, issued or distributed, include disclosure for:

(a) the company, if the company has not filed all documents required under National Instrument 51-102;

(b) the business being acquired, if the matter is a significant acquisition;

(c) each entity, other than the company, whose securities are being changed, exchanged, issued or distributed, if:

(i) the matter is a restructuring transaction; and

(ii) the company's current securityholders will have an interest in that entity after the restructuring transaction is completed; and

(d) each entity that would result from the significant acquisition or restructuring transaction, if the company's securityholders will have an interest in that entity after the significant acquisition or restructuring transaction is completed.

The disclosure for the company, business or entity must be the disclosure (including financial statements) prescribed under securities legislation and described in the form of prospectus that the company, business or entity, respectively, would be eligible to use immediately prior to the sending and filing of the information circular in respect of the significant acquisition or restructuring transaction, for a distribution of securities in the jurisdiction.

"14.3 If the matter is one that is not required to be submitted to a vote of securityholders, state the reasons for submitting it to securityholders and state what action management intends to take in the event of a negative vote by the securityholders.

"14.4 Section 14.2 does not apply to an information circular that is sent to holders of voting securities of a reporting issuer soliciting proxies otherwise than on behalf of management of the reporting issuer (a 'dissident circular'), unless the sender of the dissident circular is proposing a significant acquisition or restructuring transaction involving the reporting issuer and the sender, under which securities of the sender, or an affiliate of the sender, are to be distributed or transferred to securityholders of the reporting issuer. However, a sender of a dissident circular shall include in the dissident circular the disclosure required by section 14.2 if the sender of the dissident circular is proposing a significant acquisition or restructuring transaction under which securities of the sender or securities of an affiliate of the sender are to be changed, exchanged, issued or distributed.

"14.5 A company satisfies section 14.2 if it prepares an information circular in connection with a Qualifying Transaction, for a company that is a CPC, or in connection with a Reverse Take-Over (as Qualifying Transaction, CPC and Reverse Take-Over are defined in the TSX Venture Exchange policies) provided that the company complies with the policies and requirements of the TSX Venture Exchange in respect of that Qualifying Transaction or Reverse Take-Over.

INSTRUCTION:

For the purposes of section 14.2, a securityholder will not be considered to have an interest in an entity after an acquisition or restructuring transaction is completed if the securityholder will only hold a redeemable security that is immediately redeemed for cash.

"Item 15 Restricted Securities

"15.1 If the action to be taken involves a transaction that would have the effect of converting or subdividing, in whole or in part, existing securities into restricted securities, or creating new restricted securities, the information circular must also include, as part of the minimum disclosure required, a detailed description of:

(a) the voting rights attached to the restricted securities that are the subject of the transaction or that will result from the transaction either directly or following a conversion, exchange or exercise, and the voting rights, if any, attached to the securities of any other class of securities of the company that are the same or greater on a per security basis than those attached to the restricted securities that are the subject of the transaction or that will result from the transaction either directly or following a conversion, exchange or exercise;

(b) the percentage of the aggregate voting rights attached to the company's securities that are represented by the class of restricted securities;

(c) any significant provisions under applicable corporate and securities law, in particular whether the restricted securities may or may not be tendered in any takeover bid for securities of the reporting issuer having voting rights superior to those attached to the restricted securities, that do not apply to the holders of the restricted securities that are the subject of the transaction or that will result from the transaction either directly or following a conversion, exchange or exercise, but do apply to the holders of another class of equity securities, and the extent of any rights provided in the constating documents or otherwise for the protection of holders of the restricted securities; and

(d) any rights under applicable corporate law, in the constating documents or otherwise, of holders of restricted securities that are the subject of the transaction either directly or following a conversion, exchange or exercise, to attend, in person or by proxy, meetings of holders of equity securities of the company and to speak at the meetings to the same extent that holders of equity securities are entitled.

“15.2 If holders of restricted securities do not have all of the rights referred to in section 15.1, the detailed description referred to in section 15.1 must include, in bold-face type, a statement of the rights the holders do not have.

“Item 16 Additional Information

“16.1 Disclose that additional information relating to the company is on SEDAR at www.sedar.com. Disclose how securityholders may contact the company to request copies of the company's financial statements and MD&A.

“16.2 Include a statement that financial information is provided in the company's comparative annual financial statements and MD&A for its most recently completed financial year.

“FORM 51-102F6

STATEMENT OF EXECUTIVE COMPENSATION

(in respect of financial years ending on or after December 31, 2008)

“ITEM 1 - GENERAL PROVISIONS

“1.1 Objective

All direct and indirect compensation provided to certain executive officers and directors for, or in connection with, services they have provided to the company or a subsidiary of the company must be disclosed in this form.

The objective of this disclosure is to communicate the compensation the board of directors intended the company to pay, make payable, award, grant, give or otherwise provide to each NEO and director for the financial year. This disclosure will provide insight into executive compensation as a key aspect of the overall stewardship and governance of the company and will help investors understand how decisions about executive compensation are made.

A company's executive compensation disclosure under this form must satisfy this objective.

“1.2 Definitions

If a term is used in this form but is not defined in this section, refer to subsection 1.1(1) of the Instrument or to National Instrument 14-101 *Definitions*.

In this form:

‘CEO’ means an individual who acted as chief executive officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

‘CFO’ means an individual who acted as chief financial officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

‘closing market price’ means the price at which the company’s security was last sold, on the applicable date:

- (a) in the security’s principal marketplace in Canada; or
- (b) if the security is not listed or quoted on a marketplace in Canada, in the security’s principal marketplace;

‘company’ includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

‘equity incentive plan’ means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of IFRS 2 Share-based Payment;

‘external management company’ includes a subsidiary, affiliate or associate of the external management company;

‘grant date’ means a date determined for financial statement reporting purposes under IFRS 2 Share-based Payment;

‘incentive plan’ means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

‘incentive plan award’ means compensation awarded, earned, paid, or payable under an incentive plan;

‘NEO’ or ‘named executive officer’ means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6), for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year;

'non-equity incentive plan' means an incentive plan or portion of an incentive plan that is not an equity incentive plan;

'option-based award' means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features;

'plan' includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons;

'replacement grant' means an option that a reasonable person would consider to be granted in relation to a prior or potential cancellation of an option;

'repricing' means, in relation to an option, adjusting or amending the exercise or base price of the option, but excludes any adjustment or amendment that equally affects all holders of the class of securities underlying the option and occurs through the operation of a formula or mechanism in, or applicable to, the option;

'share-based award' means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

"1.3 Preparing the form

(1) All compensation to be included

(a) When completing this form, the company must disclose all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the company, or a subsidiary of the company, to each NEO and director, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given, or otherwise provided to the NEO or director for services provided, directly or indirectly, to the company or a subsidiary of the company.

(b) Despite paragraph (a), in respect of the Canada Pension Plan, similar government plans, and group life, health, hospitalization, medical reimbursement and relocation plans that do not discriminate in scope, terms or operation and are generally available to all salaried employees, the company is not required to disclose as compensation:

(i) any contributions or premiums paid or payable by the company on behalf of an NEO, or of a director, under these plans; and

(ii) any cash, securities, similar instruments or any other property received by an NEO, or by a director, under these plans.

(c) For greater certainty, the plans described in paragraph (b) include plans that provide for such benefits after retirement.

(d) If an item of compensation is not specifically mentioned or described in this form, it is to be disclosed in column (h) ("All other compensation") of the summary compensation table in section 3.1.

(2) Departures from format

Although the required disclosure must be made in accordance with this form, the disclosure may:

- (a) omit a table, column of a table, or other prescribed information, if it does not apply; and
- (b) add tables, columns, and other information, if necessary to satisfy the objective in section 1.1.

(3) Information for full financial year

If an NEO acted in that capacity for the company during part of the financial year for which disclosure is required in the summary compensation table, provide details of all of the compensation that the NEO received from the company for that financial year. This includes compensation the NEO earned in any other position with the company during the financial year.

Do not annualize compensation in a table for any part of a year when an NEO was not in the service of the company. Annualized compensation may be disclosed in a footnote.

(4) External management companies

(a) If one or more individuals acting as an NEO of the company are not employees of the company, disclose the names of those individuals.

(b) If an external management company employs or retains one or more individuals acting as NEOs or directors of the company and the company has entered into an understanding, arrangement or agreement with the external management company to provide executive management services to the company directly or indirectly, disclose any compensation that:

- (i) the company paid directly to an individual employed, or retained by the external management company, who is acting as an NEO or director of the company; and
- (ii) the external management company paid to the individual that is attributable to the services they provided to the company directly or indirectly.

(c) If an external management company provides the company's executive management services and provides executive management services to another company, disclose:

- (i) the portion of the compensation paid to the individual acting as an NEO or director that the external management company attributes to services the external management company provided to the company; or
- (ii) the entire compensation the external management company paid to the individual acting as an NEO or director. If the management company allocates the compensation paid to an NEO or director, disclose the basis or methodology used to allocate this compensation.

Commentary

An NEO may be employed by an external management company and provide services to the company under an understanding, arrangement or agreement. In this case, references in this form to the CEO or CFO are references to the individuals who performed similar functions to that of the CEO or CFO. They are generally the same individuals who signed and filed annual and interim certificates to comply with National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

(5) Director and NEO compensation

Disclose any compensation awarded to, earned by, paid to, or payable to each director and NEO, in any capacity with respect to the company. Compensation to directors and NEOs must include all compensation from the company and its subsidiaries.

Disclose any compensation awarded to, earned by, paid to, or payable to, an NEO, or director, in any capacity with respect to the company, by another person or company.

(6) Determining if an individual is an NEO

For the purpose of calculating total compensation awarded to, earned by, paid to, or payable to an individual under paragraph (c) of the definition of NEO:

- (a) use the total compensation that would be reported under column (i) of the summary compensation table required by section 3.1 for each executive officer, as if that executive officer were an NEO for the company's most recently completed financial year; and
- (b) exclude from the calculation:
 - (i) any compensation that would be reported under column (g) of the summary compensation table required by section 3.1;
 - (ii) any incremental payments, payables, and benefits to an executive officer that are triggered by, or result from, a scenario listed in section 6.1 that occurred during the most recently completed financial year; and
 - (iii) any cash compensation that relates to foreign assignments that is specifically intended to offset the impact of a higher cost of living in the foreign location, and is not otherwise related to the duties the executive officer performs for the company.

Commentary

The \$150,000 threshold in paragraph (c) of the definition of NEO only applies when determining who is an NEO in a company's most recently completed financial year. If an individual is an NEO in the most recently completed financial year, disclosure of compensation in prior years must be provided if otherwise required by this form even if total compensation in a prior year is less than \$150,000 in that year.

(7) Compensation to associates

Disclose any awards, earnings, payments, or payables to an associate of an NEO, or of a director, as a result of compensation awarded to, earned by, paid to, or payable to the NEO or the director, in any capacity with respect to the company.

(8) New reporting issuers

- (a) Subject to paragraph (b) and subsection 3.1(1), disclose information in the summary compensation table for the three most recently completed financial years since the company became a reporting issuer.
- (b) Do not provide information for a completed financial year if the company was not a reporting issuer for any part of that financial year, unless the company became a reporting issuer as a result of a restructuring transaction.
- (c) If the company was not a reporting issuer at any time during the most recently completed financial year and the company is completing the form because it is preparing a prospectus, discuss all significant elements of the compensation to be awarded to, earned by, paid to, or payable to NEOs of the company once it becomes a reporting issuer, to the extent this compensation has been determined.

Commentary

- 1. *Unless otherwise specified, information required to be disclosed under this form may be prepared in accordance with the accounting principles the company uses to prepare its financial statements, as permitted by National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards.*
- 2. *The definition of 'director' under securities legislation includes an individual who acts in a capacity similar to that of a director.*

“ITEM 2 - COMPENSATION DISCUSSION AND ANALYSIS**“2.1 Compensation discussion and analysis**

- (1) Describe and explain all significant elements of compensation awarded to, earned by, paid to, or payable to NEOs for the most recently completed financial year. Include the following:
 - (a) the objectives of any compensation program or strategy;
 - (b) what the compensation program is designed to reward;
 - (c) each element of compensation;
 - (d) why the company chooses to pay each element;
 - (e) how the company determines the amount (and, where applicable, the formula) for each element; and
 - (f) how each element of compensation and the company's decisions about that element fit into the company's overall compensation objectives and affect decisions about other elements.
- (2) If applicable, describe any new actions, decisions or policies that were made after the end of the most recently completed financial year that could affect a reasonable person's understanding of an NEO's compensation for the most recently completed financial year.
- (3) If applicable, clearly state the benchmark and explain its components, including the companies included in the benchmark group and the selection criteria.
- (4) If applicable, disclose performance goals or similar conditions that are based on objective, identifiable measures, such as the company's share price or earnings per share. If performance goals or similar conditions are subjective, the company may describe the performance goal or similar condition without providing specific measures.

The company is not required to disclose performance goals or similar conditions in respect of specific quantitative or qualitative performance-related factors if a reasonable person would consider that disclosing them would seriously prejudice the company's interests. Companies do not qualify for this exemption if they have publicly disclosed the performance goals or similar conditions.

If the company does not disclose specific performance goals or similar conditions, state what percentage of the NEO's total compensation relates to this undisclosed information and how difficult it could be for the NEO, or how likely it will be for the company, to achieve the undisclosed performance goal or similar condition.

If the company discloses performance goals or similar conditions that are non-GAAP financial measures, explain how the company calculates these performance goals or similar conditions from its financial statements.

Commentary

1. The information disclosed under section 2.1 will depend on the facts. Provide enough analysis to allow a reasonable person, applying reasonable effort, to understand the disclosure elsewhere in this form. Describe the significant principles underlying policies and explain the decisions relating to compensation provided to an NEO. Disclosure that merely describes the process for determining compensation or compensation already awarded, earned, paid, or payable is not adequate. The information contained in this section should give readers a sense of how compensation is tied to the NEO's performance. Avoid boilerplate language.

2. If the company's process for determining executive compensation is very simple, for example, the company relies solely on board discussion without any formal objectives, criteria and analysis, then make this clear in the discussion.

3. The following are examples of items that will usually be significant elements of disclosure concerning compensation:

- contractual or non-contractual arrangements, plans, process changes or any other matters that might cause the amounts disclosed for the most recently completed financial year to be misleading if used as an indicator of expected compensation levels in future periods;*
- the process for determining perquisites and personal benefits;*
- policies and decisions about the adjustment or recovery of awards, earnings, payments, or payables if the performance goal or similar condition on which they are based are restated or adjusted to reduce the award, earning, payment, or payable;*
- the basis for selecting events that trigger payment for any arrangement that provides for payment at, following or in connection with any termination or change of control;*
- whether the company used any benchmarking in determining compensation or any element of compensation;*
- any waiver or change to any specified performance goal or similar condition to payout for any amount, including whether the waiver or change applied to one or more specified NEOs or to all compensation subject to the performance goal or similar condition;*
- the role of executive officers in determining executive compensation; and*
- performance goals or similar conditions in respect of specific quantitative or qualitative performance-related factors for NEOs.*

“2.2 Performance graph

- (a) This section does not apply to:
- (i) venture issuers;
 - (ii) companies that have distributed only debt securities or non-convertible, non-participating preferred securities to the public; and
 - (iii) companies that were not reporting issuers in any jurisdiction in Canada for at least 12 calendar months before the end of their most recently completed financial year, other than companies that became new reporting issuers as a result of a restructuring transaction.
- (b) Provide a line graph showing the company’s cumulative total shareholder return over the five most recently completed financial years. Assume that \$100 was invested on the first day of the five-year period. If the company has been a reporting issuer for less than five years, use the period that the company has been a reporting issuer.

Compare this to the cumulative total return of at least one broad equity market index that, to a reasonable person, would be an appropriate reference point for the company’s return. If the company is included in the S&P/TSX Composite Total Return Index, use that index. In all cases, assume that dividends are reinvested.

Discuss how the trend shown by this graph compares to the trend in the company’s compensation to executive officers reported under this form over the same period.

Commentary

For section 2.2, companies may also include other relevant performance goals or similar conditions.

“2.3 Option-based awards

Describe the process the company uses to grant option-based awards to executive officers. Include the role of the compensation committee and executive officers in setting or amending any equity incentive plan under which an option-based award is granted. State whether previous grants of option-based awards are taken into account when considering new grants.

“ITEM 3 - SUMMARY COMPENSATION TABLE**“3.1 Summary compensation table**

(1) For each NEO in the most recently completed financial year, complete this table for each of the company’s three most recently completed financial years that end on or after December 31, 2008.

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Share-based Awards (\$) (d)	Option-based Awards (\$) (e)	Non-equity incentive plan compensation (\$) (f)		Pension value (\$) (g)	All other compensation (\$) (h)	Total compensation (\$) (i)
					Annual incentive plans (f1)	Long-term incentive plans (f2)			
CEO	____ ____								
CFO	____ ____								
A	____ ____								
B	____ ____								
C	____ ____								

Commentary

Under subsection (1), a company is not required to disclose comparative period disclosure in accordance with the requirements of either Form 51-102F6 Statement of Executive Compensation, which came into force on March 30, 2004, as amended, or this form, in respect of a financial year ending before December 31, 2008.

(2) In column (c), include the dollar value of cash and non-cash base salary an NEO earned during a financial year covered in the table (a covered financial year). If the company cannot calculate the amount of salary earned in a financial year, disclose this in a footnote, along with the reason why it cannot be determined. Restate the salary figure the next time the company prepares this form, and explain what portion of the restated figure represents an amount that the company could not previously calculate.

(3) In column (d), disclose the dollar amount based on the fair value of the award on the grant date for a covered financial year.

- (4) In column (e), disclose the dollar amount based on the fair value of the award on the grant date for a covered financial year. Include option-based awards both with or without tandem share appreciation rights.
- (5) For an award disclosed in column (d) or (e), in a footnote to the table or in a narrative after the table:
- (a) if the fair value of the award on the grant date is different from the fair value determined in accordance with IFRS 2 Share-based Payment (accounting fair value), state the amount of the difference and explain the difference; and
 - (b) describe the methodology used to calculate the fair value of the award on the grant date, disclose the key assumptions and estimates used for each calculation, and explain why the company chose that methodology.

Commentary

1. *This commentary applies to subsections (3), (4) and (5).*
2. *The value disclosed in columns (d) and (e) of the summary compensation table should reflect what the board of directors intended to pay, make payable, award, grant, give or otherwise provide as compensation on the grant date (fair value of the award) as set out in comment 3, below. This value might differ from the value reported in the issuer's financial statements.*
3. *While compensation practices vary, there are generally two approaches that boards of directors use when setting compensation. A board of directors may decide the value in securities of the company it intends to award or pay as compensation. Alternatively, a board of directors may decide the portion of the potential ownership of the company it intends to transfer as compensation. A fair value ascribed to the award will normally result from these approaches. A company may calculate this value either in accordance with a valuation methodology identified in IFRS 2 Share-based Payment or in accordance with another methodology set out in comment 5 below.*
4. *In some cases, the fair value of the award disclosed in columns (d) and (e) might differ from the accounting fair value. For financial statement purposes, the accounting fair value amount is amortized over the service period to obtain an accounting cost (accounting compensation expense), adjusted at year end as required.*
5. *While the most commonly used methodologies for calculating the value of most types of awards are the Black-Scholes-Merton model and the binomial lattice model, companies may choose to use another valuation methodology if it produces a more meaningful and reasonable estimate of fair value.*
6. *The summary compensation table requires disclosure of an amount even if the accounting compensation expense is zero. The amount disclosed in the table should reflect the fair value of the award following the principles described under comments 2 and 3, above.*
7. *Column (d) includes common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, stock, and similar instruments that do not have option-like features.*

(6) In column (e), include the incremental fair value if, at any time during the covered financial year, the company has adjusted, amended, cancelled, replaced or significantly modified the exercise price of options previously awarded to, earned by, paid to, or payable to, an NEO. The repricing or modification date must be determined in accordance with IFRS 2 Share-based Payment. The methodology used to calculate the incremental fair value must be the same methodology used to calculate the initial grant.

This requirement does not apply to any repricing that equally affects all holders of the class of securities underlying the options and that occurs through a pre-existing formula or mechanism in the plan or award that results in the periodic adjustment of the option exercise or base price, an antidilution provision in a plan or award, or a recapitalization or similar transaction.

(7) Include a footnote to the table quantifying the incremental fair value of any adjusted, amended, cancelled, replaced or significantly modified options that are included in the table.

(8) In column (f), include the dollar value of all amounts earned for services performed during the covered financial year that are related to awards under non-equity incentive plans and all earnings on any such outstanding awards.

(a) If the relevant performance goal or similar condition was satisfied during a covered financial year (including for a single year in a plan with a multi-year performance goal or similar condition), report the amounts earned for that financial year, even if they are payable at a later date. The company is not required to report these amounts again in the summary compensation table when they are actually paid to an NEO.

(b) Include a footnote describing and quantifying all amounts earned on non-equity incentive plan compensation, whether they were paid during the financial year, were payable but deferred at the election of an NEO, or are payable by their terms at a later date.

(c) Include any discretionary cash awards, earnings, payments, or payables that were not based on pre-determined performance goals or similar conditions that were communicated to an NEO. Report any performance-based plan awards that include pre-determined performance goals or similar conditions in column (f).

(d) In column (f1), include annual non-equity incentive plan compensation, such as bonuses and discretionary amounts. For column (f1), annual non-equity incentive plan compensation relates only to a single financial year. In column (f2), include all non-equity incentive plan compensation related to a period longer than one year.

(9) In column (g), include all compensation relating to defined benefit or defined contribution plans. These include service costs and other compensatory items such as plan changes and earnings that are different from the estimated earnings for defined benefit plans and above-market earnings for defined contribution plans.

This disclosure relates to all plans that provide for the payment of pension plan benefits. Use the same amounts included in column (e) of the defined benefit plan table required by Item 5 for the covered financial year and the amounts included in column (c) of the defined contribution plan table as required by Item 5 for the covered financial year.

(10) In column (h), include all other compensation not reported in any other column of this table. Column (h) must include, but is not limited to:

(a) perquisites, including property or other personal benefits provided to an NEO that are not generally available to all employees, and that in aggregate are worth \$50,000 or more, or are worth 10% or more of an NEO's total salary for the financial year. Value these items on the basis of the aggregate incremental cost to the company and its subsidiaries. Describe in a footnote the methodology used for computing the aggregate incremental cost to the company.

State the type and amount of each perquisite the value of which exceeds 25% of the total value of perquisites reported for an NEO in a footnote to the table. Provide the footnote information for the most recently completed financial year only;

(b) other post-retirement benefits such as health insurance or life insurance after retirement;

(c) all 'gross-ups' or other amounts reimbursed during the covered financial year for the payment of taxes;

(d) the incremental payments, payables, and benefits to an NEO that are triggered by, or result from, a scenario listed in section 6.1 that occurred before the end of the covered financial year;

(e) the dollar value of any insurance premiums paid or payable by, or on behalf of, the company during the covered financial year for personal insurance for an NEO if the estate of the NEO is the beneficiary;

(f) the dollar value of any dividends or other earnings paid or payable on share-based or option-based awards that were not factored into the fair value of the award on the grant date required to be reported in columns (d) and (e);

(g) any compensation cost for any security that the NEO bought from the company or its subsidiaries at a discount from the market price of the security (through deferral of salary, bonus or otherwise). Calculate this cost at the date of purchase and in accordance with IFRS 2 Share-based Payment; and

(h) above-market or preferential earnings on compensation that is deferred on a basis that is not tax exempt other than for defined contribution plans covered in the defined contribution plan table in Item 5. Above-market or preferential applies to non-registered plans and means a rate greater than the rate ordinarily paid by the company or its subsidiary on securities or other obligations having the same or similar features issued to third parties.

Commentary

1. *Generally, there will be no incremental payments, payables, and benefits that are triggered by, or result from, a scenario described in section 6.1 that occurred before the end of a covered financial year for compensation that has been reported in the summary compensation table for the most recently completed financial year or for a financial year before the most recently completed financial year.*

If the vesting or payout of the previously reported compensation is accelerated, or a performance goal or similar condition in respect of the previously reported compensation is waived, as a result of a scenario described in section 6.1, the incremental payments, payables, and benefits should include the value of the accelerated benefit or of the waiver of the performance goal or similar condition.

2. *Generally, an item is not a perquisite if it is integrally and directly related to the performance of an executive officer's duties. If something is necessary for a person to do his or her job, it is integrally and directly related to the job and is not a perquisite, even if it also provides some amount of personal benefit.*

If the company concludes that an item is not integrally and directly related to performing the job, it may still be a perquisite if the item provides an NEO with any direct or indirect personal benefit. If it does provide a personal benefit, the item is a perquisite, whether or not it is provided for a business reason or for the company's convenience, unless it is generally available on a non-discriminatory basis to all employees.

Companies must conduct their own analysis of whether a particular item is a perquisite. The following are examples of things that are often considered perquisites or personal benefits. This list is not exhaustive:

- *Cars, car lease and car allowance;*
- *Corporate aircraft or personal travel financed by the company;*
- *Jewellery;*
- *Clothing;*
- *Artwork;*
- *Housekeeping services;*
- *Club membership;*
- *Theatre tickets;*
- *Financial assistance to provide education to children of executive officers;*
- *Parking;*
- *Personal financial or tax advice;*
- *Security at personal residence or during personal travel; and*
- *Reimbursements of taxes owed with respect to perquisites or other personal benefit.*

(11) In column (i), include the dollar value of total compensation for the covered financial year. For each NEO, this is the sum of the amounts reported in columns (c) through (h).

(12) Any deferred amounts must be included in the appropriate column for the covered financial year in which they are earned.

(13) If an NEO elected to exchange any compensation awarded to, earned by, paid to, or payable to the NEO in a covered financial year under a program that allows the NEO to receive awards, earnings, payments, or payables in another form, the compensation the NEO elected to exchange must be reported as compensation in the column appropriate for the form of compensation exchanged: Do not report it in the form in which it was or will be received by the NEO. State in a footnote the form of awards, earnings, payments, or payables substituted for the compensation the NEO elected to exchange.

“3.2 Narrative discussion

Describe and explain any significant factors necessary to understand the information disclosed in the summary compensation table required by section 3.1.

Commentary

The significant factors described in section 3.2 will vary depending on the circumstances of each award but may include:

- *the significant terms of each NEO’s employment agreement or arrangement;*
- *any repricing or other significant changes to the terms of any share-based or option-based award program during the most recently completed financial year; and*
- *the significant terms of any award reported in the summary compensation table, including a general description of the formula or criterion to be applied in determining the amounts payable and the vesting schedule. For example, if dividends will be paid on shares, state this, the applicable dividend rate and whether that rate is preferential.*

“3.3 Currencies

Report amounts in this form using the same currency that the company uses in its financial statements. If compensation awarded to, earned by, paid to, or payable to an NEO was in a currency other than the presentation currency, state in a footnote the currency in which compensation was awarded, earned, paid, or payable, disclose the translation rate and describe the methodology used to translate the compensation into the presentation currency.

“3.4 Officers who also act as directors

If an NEO is also a director who receives compensation for services as a director, include that compensation in the summary compensation table and include a footnote explaining which amounts relate to the director role. Do not provide disclosure for that NEO under Item 7.

“ITEM 4 - INCENTIVE PLAN AWARDS**“4.1 Outstanding share-based awards and option-based awards**

(1) Complete this table for each NEO for all awards outstanding at the end of the most recently completed financial year. This includes awards granted before the most recently completed financial year. For all awards in this table, disclose the awards that have been transferred at other than fair market value.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested
(a)	(#) (b)	(\$) (c)	(d)	(\$) (e)	(#) (f)	(\$) (g)
CEO						
CFO						
A						
B						
C						

(2) In column (b), for each award, disclose the number of securities underlying unexercised options.

(3) In column (c), disclose the exercise or base price for each option under each award reported in column (b).

(4) In column (d), disclose the expiration date for each option under each award reported in column (b).

(5) In column (e), disclose the aggregate dollar amount of in-the-money unexercised options held at the end of the year. Calculate this amount based on the difference between the market value of the securities underlying the instruments at the end of the year, and the exercise or base price of the option.

(6) In column (f), disclose the total number of shares or units that have not vested.

(7) In column (g), disclose the aggregate market value or payout value of share-based awards that have not vested.

If the share-based award provides only for a single payout on vesting, calculate this value based on that payout.

If the share-based award provides for different payouts depending on the achievement of different performance goals or similar conditions, calculate this value based on the minimum payout. However, if the NEO achieved a performance goal or similar condition in a financial year covered by the share-based award that on vesting could provide for a payout greater than the minimum payout, calculate this value based on the payout expected as a result of the NEO achieving this performance goal or similar condition.

“4.2 Incentive plan awards - value vested or earned during the year

(1) Complete this table for each NEO for the most recently completed financial year.

Name	Option-based awards - Value vested during the year	Share-based awards- Value vested during the year	Non-equity incentive plan compensation - Value earned during the year
(a)	(\$) (b)	(\$) (c)	(\$) (d)
CEO			
CFO			
A			
B			
C			

(2) In column (b), disclose the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date. Compute the dollar value that would have been realized by determining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date. Do not include the value of any related payment or other consideration provided (or to be provided) by the company to or on behalf of an NEO.

(3) In column (c), disclose the aggregate dollar value realized upon vesting of share-based awards. Compute the dollar value realized by multiplying the number of shares or units by the market value of the underlying shares on the vesting date. For any amount realized upon vesting for which receipt has been deferred, include a footnote that states the amount and the terms of the deferral.

“4.3 Narrative discussion

Describe and explain the significant terms of all plan-based awards, including non-equity incentive plan awards, issued or vested, or under which options have been exercised, during the year, or outstanding at the year end, to the extent not already discussed under sections 2.1, 2.3 and 3.2. The company may aggregate information for different awards, if separate disclosure of each award is not necessary to communicate their significant terms.

Commentary

The items included in the narrative required by section 4.3 will vary depending on the terms of each plan, but may include:

- *the number of securities underlying each award or received on vesting or exercise;*
- *general descriptions of formulae or criteria that are used to determine amounts payable;*
- *exercise prices and expiry dates;*
- *dividend rates on share-based awards;*
- *whether awards are vested or unvested;*

- performance goals or similar conditions, or other significant conditions;
- information on estimated future payouts for non-equity incentive plan awards (performance goals or similar conditions and maximum amounts); and
- the closing market price on the grant date, if the exercise or base price is less than the closing market price of the underlying security on the grant date.

“ITEM 5 - PENSION PLAN BENEFITS

“5.1 Defined benefit plans table

(1) Complete this table for all pension plans that provide for payments or benefits at, following, or in connection with retirement, excluding defined contribution plans. For all disclosure in this table, use the same assumptions and methods used for financial statement reporting purposes under the accounting principles used to prepare the company’s financial statements, as permitted by National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*.

Name (a)	Number of years credited service (#) (b)	Annual benefits payable (\$) (c)		Opening presnet value of defined benefit obligation (\$) (d)	Compensatory change (\$) (e)	Non-compensatory change (\$) (f)	Accrued obligation at year end (\$) (g)
		At year end (c1)	At age 65 (c2)				
		CEO					
CFO							
A							
B							
C							

(2) In columns (b) and (c), the disclosure must be as of the end of the company’s most recently completed financial year. In columns (d) through (g), the disclosure must be as of the reporting date used in the company’s audited annual financial statements for the most recently completed financial year.

(3) In column (b), disclose the number of years of service credited to an NEO under the plan. If the number of years of credited service in any plan is different from the NEO’s number of actual years of service with the company, include a footnote that states the amount of the difference and any resulting benefit augmentation, such as the number of additional years the NEO received.

- (4) In column (c), disclose:
- (a) the annual lifetime benefit payable at the end of the most recently completed financial year in column (c1) based on years of credited service reported in column (b) and actual pensionable earnings as at the end of the most recently completed financial year; and
 - (b) the annual lifetime benefit payable at age 65 in column (c2) based on years of credited service as of age 65 and actual pensionable earnings through the end of the most recently completed financial year, as per column (c1).
- (5) In column (d), disclose the present value of the defined benefit obligation at the start of the most recently completed financial year.
- (6) In column (e), disclose the compensatory change in the present value of the defined benefit obligation for the most recently completed financial year. This includes service cost net of employee contributions plus plan changes and differences between actual and estimated earnings, and any additional changes that have retroactive impact, including, for greater certainty, a change in valuation assumptions as a consequence of an amendment to benefit terms.
- Disclose the valuation method and all significant assumptions the company applied in quantifying the closing present value of the defined benefit obligation. The company may satisfy all or part of this disclosure by referring to the disclosure of assumptions in its financial statements, footnotes to the financial statements or discussion in its management's discussion and analysis.
- (7) In column (f), disclose the non-compensatory changes in the present value of the defined benefit obligation for the company's most recently completed financial year. Include all items that are not compensatory, such as changes in assumptions other than those already included in column (e) because they were made as a consequence of an amendment to benefit terms, employee contributions and interest on the present value of the defined benefit obligation at the start of the most recently completed financial year.
- (8) In column (g), disclose the present value of the defined benefit obligation at the end of the most recently completed financial year.

“5.2 Defined contribution plans table

- (1) Complete this table for all pension plans that provide for payments or benefits at, following or in connection with retirement, excluding defined benefit plans. For all disclosure in this table, use the same assumptions and methods used for financial statement reporting purposes under the accounting principles used to prepare the company's financial statements, as permitted by National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*.

Name	Accumulated Value at start of year (\$)	Compensatory (\$)	Non-compensatory (\$)	Accumulated value at year end (\$)
(a)	(b)	(c)	(d)	(e)
CEO				
CFO				
A				
B				
C				

(2) In column (c), disclose the employer contribution and above-market or preferential earnings credited on employer and employee contributions. Above-market or preferential earnings applies to non-registered plans and means a rate greater than the rate ordinarily paid by the company or its subsidiary on securities or other obligations having the same or similar features issued to third parties.

(3) In column (d), disclose the non-compensatory amount, including employee contributions and regular investment earnings on employer and employee contributions. Regular investment earnings means all investment earnings in registered defined contribution plans and earnings that are not above market or preferential in other defined contribution plans.

(4) In column (e), disclose the accumulated value at the end of the most recently completed financial year.

Commentary

For pension plans that provide the maximum of: (i) the value of a defined benefit pension; and (ii) the accumulated value of a defined contribution pension, companies should disclose the global value of the pension plan in the defined benefit plans table under section 5.1.

For pension plans that provide the sum of a defined benefit component and a defined contribution component, companies should disclose the respective components of the pension plan. The defined benefit component should be disclosed in the defined benefit plans table under section 5.1 and the defined contribution component should be disclosed in the defined contribution plans table under section 5.2.

“5.3 Narrative discussion

Describe and explain for each retirement plan in which an NEO participates, any significant factors necessary to understand the information disclosed in the defined benefit plan table in section 5.1 and the defined contribution plan table in section 5.2.

Commentary

Significant factors described in the narrative required by section 5.3 will vary, but may include:

- *the significant terms and conditions of payments and benefits available under the plan, including the plan’s normal and early retirement payment, benefit formula, contribution formula, calculation of interest credited under the defined contribution plan and eligibility standards;*

- *provisions for early retirement, if applicable, including the name of the NEO and the plan, the early retirement payment and benefit formula and eligibility standards. Early retirement means retirement before the normal retirement age as defined in the plan or otherwise available under the plan;*
- *the specific elements of compensation (e.g., salary, bonus) included in applying the payment and benefit formula. If a company provides this information, identify each element separately; and*
- *company policies on topics such as granting extra years of credited service, including an explanation of who these arrangements relate to and why they are considered appropriate.*

“5.4 Deferred compensation plans

Describe the significant terms of any deferred compensation plan relating to each NEO, including:

- (a) the types of compensation that can be deferred and any limitations on the extent to which deferral is permitted (by percentage of compensation or otherwise);
- (b) significant terms of payouts, withdrawals and other distributions; and
- (c) measures for calculating interest or other earnings, how and when these measures may be changed, and whether an NEO or the company chose these measures. Quantify these measures wherever possible.

“ITEM 6 - TERMINATION AND CHANGE OF CONTROL BENEFITS

“6.1 Termination and change of control benefits

(1) For each contract, agreement, plan or arrangement that provides for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the company or a change in an NEO’s responsibilities, describe, explain, and where appropriate, quantify the following items:

- (a) the circumstances that trigger payments or the provision of other benefits, including prerequisites and pension plan benefits;
- (b) the estimated incremental payments, payables, and benefits that are triggered by, or result from, each circumstance, including timing, duration and who provides the payments and benefits;
- (c) how the payment and benefit levels are determined under the various circumstances that trigger payments or provision of benefits;
- (d) any significant conditions or obligations that apply to receiving payments or benefits. This includes but is not limited to, non-compete, non-solicitation, non-disparagement or confidentiality agreements. Include the term of these agreements and provisions for waiver or breach; and
- (e) any other significant factors for each written contract, agreement, plan or arrangement.

(2) Disclose the estimated incremental payments, payables, and benefits even if it is uncertain what amounts might be paid in given circumstances under the various plans and arrangements, assuming that the triggering event took place on the last business day of the company's most recently completed financial year. For valuing share-based awards or option-based awards, use the closing market price of the company's securities on that date.

If the company is unsure about the provision or amount of payments or benefits, make a reasonable estimate (or a reasonable estimate of the range of amounts) and disclose the significant assumptions underlying these estimates.

(3) Despite subsection (1), the company is not required to disclose the following:

(a) Perquisites and other personal benefits if the aggregate of this compensation is less than \$50,000. State the individual perquisites and personal benefits as required by paragraph 3.1(10)(a).

(b) Information about possible termination scenarios for an NEO whose employment terminated in the past year. The company must only disclose the consequences of the actual termination.

(c) Information in respect of a scenario described in subsection (1) if there will be no incremental payments, payables, and benefits that are triggered by, or result from, that scenario.

Commentary

1. Subsection (1) does not require the company to disclose notice of termination without cause, or compensation in lieu thereof, which are implied as a term of an employment contract under common law or civil law.

2. Item 6 applies to changes of control regardless of whether the change of control results in termination of employment.

3. Generally, there will be no incremental payments, payables, and benefits that are triggered by, or result from, a scenario described in subsection (1) for compensation that has been reported in the summary compensation table for the most recently completed financial year or for a financial year before the most recently completed financial year.

If the vesting or payout of the previously reported compensation is accelerated, or a performance goal or similar condition in respect of the previously reported compensation is waived, as a result of a scenario described in subsection (1), the incremental payments, payables, and benefits should include the value of the accelerated benefit or of the waiver of the performance goal or similar condition.

“ITEM 7 - DIRECTOR COMPENSATION**“7.1 Director compensation table**

(1) Complete this table for all amounts of compensation provided to the directors for the company’s most recently completed financial year.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
A							
B							
C							
D							
E							

(2) All forms of compensation must be included in this table.

(3) Complete each column in the manner required for the corresponding column in the summary compensation table in section 3.1, in accordance with the requirements of Item 3, as supplemented by the commentary to Item 3, except as follows:

(a) In column (a), do not include a director who is also an NEO if his or her compensation for service as a director is fully reflected in the summary compensation table and elsewhere in this form. If an NEO is also a director who receives compensation for his or her services as a director, reflect the director compensation in the summary compensation table required by section 3.1 and provide a footnote to this table indicating that the relevant disclosure has been provided under section 3.4.

(b) In column (b), include all fees awarded, earned, paid, or payable in cash for services as a director, including annual retainer fees, committee, chair, and meeting fees.

(c) In column (g), include all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the company, or a subsidiary of the company, to a director in any capacity, under any other arrangement. This includes, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given, or otherwise provided to the director for services provided, directly or indirectly, to the company or a subsidiary of the company. In a footnote to the table, disclose these amounts and describe the nature of the services provided by the director that are associated with these amounts.

(d) In column (g), include programs where the company agrees to make donations to one or more charitable institutions in a director's name, payable currently or upon a designated event such as the retirement or death of the director. Include a footnote to the table disclosing the total dollar amount payable under the program.

“7.2 Narrative discussion

Describe and explain any factors necessary to understand the director compensation disclosed in section 7.1.

Commentary

Significant factors described in the narrative required by section 7.2 will vary, but may include:

- *disclosure for each director who served in that capacity for any part of the most recently completed financial year;*
- *standard compensation arrangements, such as fees for retainer, committee service, service as chair of the board or a committee, and meeting attendance;*
- *any compensation arrangements for a director that are different from the standard arrangements, including the name of the director and a description of the terms of the arrangement; and*
- *any matters discussed in the compensation discussion and analysis that do not apply to directors in the same way that they apply to NEOs such as practices for granting option-based awards.*

“7.3 Share-based awards, option-based awards and non-equity incentive plan compensation

Provide the same disclosure for directors that is required under Item 4 for NEOs.

“ITEM 8 - COMPANIES REPORTING IN THE UNITED STATES

“8.1 Companies reporting in the United States

(1) Except as provided in subsection (2), SEC issuers may satisfy the requirements of this form by providing the information required by Item 402 ‘Executive compensation’ of Regulation S-K under the 1934 Act.

(2) Subsection (1) does not apply to a company that, as a foreign private issuer, satisfies Item 402 of Regulation S-K by providing the information required by Items 6.B ‘Compensation’ and 6.E.2 ‘Share Ownership’ of Form 20-F under the 1934 Act.

“ITEM 9 - EFFECTIVE DATE AND TRANSITION

“9.1 Effective date

- (1) This form comes into force on December 31, 2008.
- (2) This form applies to a company in respect of a financial year ending on or after December 31, 2008.

“9.2 Transition

(1) The form entitled Form 51-102F6 *Statement of Executive Compensation*, which came into force on March 30, 2004, as amended:

- (a) does not apply to a company in respect of a financial year ending on or after December 31, 2008, and

(b) for greater certainty, applies to a company that is required to prepare and file executive compensation disclosure because:

(i) the company is sending an information circular to a securityholder under paragraph 9.1(2)(a) of National Instrument 51-102 *Continuous Disclosure Obligations*, the information circular includes the disclosure required by Item 8 of Form 51-102F5, and the information circular is in respect of a financial year ending before December 31, 2008; or

(ii) the company is filing an AIF that includes the disclosure required by Item 8 of Form 51-102F5, in accordance with Item 18 of Form 51-102F2, and the AIF is in respect of a financial year ending before December 31, 2008.

(2) A company that is required to prepare and file executive compensation disclosure for a reason set out in paragraph (1)(b) may satisfy that requirement by preparing and filing the disclosure required by this form”.

New Part XXXVII of Appendix

18 Part XXXVII of the Appendix is repealed and the following substituted:

“PART XXXVII
[*Clause 2(kk)*]

**NATIONAL INSTRUMENT 52-107
ACCEPTABLE ACCOUNTING PRINCIPLES AND AUDITING STANDARDS**

“PART 1: DEFINITIONS AND INTERPRETATION

“1.1 Definitions — In this Instrument:

‘accounting principles’ means a body of principles relating to accounting that are generally accepted in a jurisdiction of Canada or a foreign jurisdiction and includes, without limitation, IFRS, Canadian GAAP and U.S. GAAP;

‘acquisition statements’ means financial statements of an acquired business or a business to be acquired, or an operating statement for an oil and gas property that is an acquired business or a business to be acquired, that are:

(a) required to be filed under National Instrument 51-102 *Continuous Disclosure Obligations*;

(b) included in a prospectus pursuant to Item 35 of Form 41-101F1 *Information Required in a Prospectus*;

(c) required to be included in a prospectus under National Instrument 44-101 *Short Form Prospectus Distributions*; or

(d) except in Ontario, included in an offering memorandum required under National Instrument 45-106 *Prospectus and Registration Exemptions*;

‘auditing standards’ means a body of standards relating to auditing that are generally accepted in a jurisdiction of Canada or a foreign jurisdiction and includes, without limitation, Canadian GAAS, International Standards on Auditing, U.S. AICPA GAAS and U.S. PCAOB GAAS;

‘business acquisition report’ means a completed Form 51-102F4 *Business Acquisition Report*;

‘convertible security’ means a security of an issuer that is convertible into, or carries the right of the holder to acquire, or of the issuer to cause the acquisition of, a security of the same issuer;

‘credit support issuer’ means an issuer of securities for which a credit supporter has provided a guarantee or alternative credit support;

‘credit supporter’ means a person or company that provides a guarantee or alternative credit support for any of the payments to be made by an issuer of securities as stipulated in the terms of the securities or in an agreement governing rights of, or granting rights to, holders of the securities;

‘designated foreign issuer’ means a foreign issuer:

- (a) that does not have a class of securities registered under section 12 of the 1934 Act and is not required to file reports under section 15(d) of the 1934 Act;
- (b) that is subject to foreign disclosure requirements in a designated foreign jurisdiction; and
- (c) for which the total number of equity securities beneficially owned by residents of Canada does not exceed 10%, on a fully-diluted basis, of the total number of equity securities of the issuer, calculated in accordance with sections 1.2 and 1.3;

‘designated foreign jurisdiction’ means Australia, France, Germany, Hong Kong, Italy, Japan, Mexico, the Netherlands, New Zealand, Singapore, South Africa, Spain, Sweden, Switzerland or the United Kingdom of Great Britain and Northern Ireland;

‘exchangeable security’ means a security of an issuer that is exchangeable for, or carries the right of the holder to acquire, or of the issuer to cause the acquisition of, a security of another issuer;

‘exchange-traded security’ means a security that is listed on a recognized exchange or is quoted on a recognized quotation and trade reporting system or is listed on an exchange or quoted on a quotation and trade reporting system that is recognized for the purposes of National Instrument 21-101 *Marketplace Operation* and National Instrument 23-101 *Trading Rules*;

‘executive officer’ means, for an issuer, an individual who is:

- (a) a chair, vice-chair or president;
- (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or
- (c) performing a policy-making function in respect of the issuer;

‘financial statements’ includes interim financial reports;

‘foreign disclosure requirements’ means the requirements to which a foreign issuer is subject concerning disclosure made to the public, to securityholders of the issuer or to a foreign regulatory authority:

- (a) relating to the foreign issuer and the trading in its securities; and

- (b) that is made publicly available in the foreign jurisdiction under:
 - (i) the securities laws of the foreign jurisdiction in which the principal trading market of the foreign issuer is located; or
 - (ii) the rules of the marketplace that is the principal trading market of the foreign issuer;

'foreign issuer' means an issuer that is incorporated or organized under the laws of a foreign jurisdiction, unless:

- (a) outstanding voting securities of the issuer carrying more than 50% of the votes for the election of directors are beneficially owned by residents of Canada; and
- (b) any of the following apply:
 - (i) the majority of the executive officers or directors of the issuer are residents of Canada;
 - (ii) more than 50% of the consolidated assets of the issuer are located in Canada; or
 - (iii) the business of the issuer is administered principally in Canada;

'foreign registrant' means a registrant that is incorporated or organized under the laws of a foreign jurisdiction, unless:

- (a) outstanding voting securities of the registrant carrying more than 50% of the votes for the election of directors are beneficially owned by residents of Canada; and
- (b) any of the following apply:
 - (i) the majority of the executive officers or directors of the registrant are residents of Canada;
 - (ii) more than 50% of the consolidated assets of the registrant are located in Canada; or
 - (iii) the business of the registrant is administered principally in Canada;

'foreign regulatory authority' means a securities commission, exchange or other securities market regulatory authority in a designated foreign jurisdiction;

'IAS 27' means International Accounting Standard 27 *Consolidated and Separate Financial Statements*, as amended from time to time;

'IAS 34' means International Accounting Standard 34 *Interim Financial Reporting*, as amended from time to time;

'inter-dealer bond broker' means a person or company that is approved by the Investment Industry Regulatory Organization of Canada under its Rule No. 36 *Inter-Dealer Bond Brokerage Systems*, as amended, and is subject to its Rule No. 36 and its Rule 2100 *Inter-Dealer Bond Brokerage Systems*, as amended from time to time;

'IPO venture issuer' has the same meaning as in section 1.1 of National Instrument 41-101 *General Prospectus Requirements*;

'issuer's GAAP' means the accounting principles used to prepare an issuer's financial statements, as permitted by this Instrument;

'marketplace' means:

- (a) an exchange;
- (b) a quotation and trade reporting system;
- (c) a person or company not included in paragraph (a) or (b) that:
 - (i) constitutes, maintains or provides a market or facility for bringing together buyers and sellers of securities;
 - (ii) brings together the orders for securities of multiple buyers and sellers; and
 - (iii) uses established, non-discretionary methods under which the orders interact with each other, and the buyers and sellers entering the orders agree to the terms of a trade; or
- (d) a dealer that executes a trade of an exchange-traded security outside of a marketplace;

but does not include an inter-dealer bond broker;

'multiple convertible security' means a security of an issuer that is convertible into, or exchangeable for, or carries the right of the holder to acquire, or of the issuer to cause the acquisition of, a convertible security, an exchangeable security or another multiple convertible security;

'principal trading market' means the published market on which the largest trading volume in the equity securities of the issuer occurred during the issuer's most recently completed financial year that ended before the date the determination is being made;

'published market' means, for a class of securities, a marketplace on which the securities have traded that discloses, regularly in a publication of general and regular paid circulation or in a form that is broadly distributed by electronic means, the prices at which those securities have traded;

'recognized exchange' means:

- (a) in Ontario, an exchange recognized by the securities regulatory authority to carry on business as a stock exchange;
- (b) in Québec, a person or company authorized by the securities regulatory authority to carry on business as an exchange; and
- (c) in every other jurisdiction of Canada, an exchange recognized by the securities regulatory authority as an exchange, self-regulatory organization or self-regulatory body;

'recognized quotation and trade reporting system' means:

- (a) in every jurisdiction of Canada other than British Columbia, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation to carry on business as a quotation and trade reporting system; and
- (b) in British Columbia, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation as a quotation and trade reporting system or as an exchange;

‘SEC issuer’ means an issuer that:

- (a) has a class of securities registered under section 12 of the 1934 Act or is required to file reports under section 15(d) of the 1934 Act; and
- (b) is not registered or required to be registered as an investment company under the *Investment Company Act of 1940* of the United States of America, as amended from time to time;

‘SEC foreign issuer’ means a foreign issuer that is also an SEC issuer;

‘underlying security’ means a security issued or transferred, or to be issued or transferred, in accordance with the terms of a convertible security, an exchangeable security or a multiple convertible security;

‘U.S. GAAP’ means generally accepted accounting principles in the United States of America that the SEC has identified as having substantial authoritative support, as supplemented by Regulation S-X under the 1934 Act, as amended from time to time;

‘U.S. AICPA GAAS’ means auditing standards of the American Institute of Certified Public Accountants, as amended from time to time;

‘U.S. PCAOB GAAS’ means auditing standards of the Public Company Accounting Oversight Board (United States of America), as amended from time to time;

‘venture issuer’:

- (a) in the case of acquisition statements required by National Instrument 51-102 *Continuous Disclosure Obligations*, has the same meaning as in subsection 1.1(1) of that Instrument; and
- (b) in the case of acquisition statements referred to in paragraph (b), (c) or (d) of the definition of ‘acquisition statements’, has the same meaning as in section 1.1 of National Instrument 41-101 *General Prospectus Requirements*.

“1.2 Determination of Canadian Shareholders for Calculation of Designated Foreign Issuer and Foreign Issuer —

(1) For the purposes of paragraph (c) of the definition of ‘designated foreign issuer’ in section 1.1 and for the purposes of paragraphs 3.9(1)(c) and 4.9(c), a reference to equity securities beneficially owned by residents of Canada includes:

- (a) any underlying securities that are equity securities of the foreign issuer; and
- (b) the equity securities of the foreign issuer represented by an American depositary receipt or an American depositary share issued by a depositary holding equity securities of the foreign issuer.

(2) For the purposes of paragraph (a) of the definition of ‘foreign issuer’ in section 1.1, securities represented by American depositary receipts or American depositary shares issued by a depositary holding voting securities of the foreign issuer must be included as outstanding in determining both the number of votes attached to securities beneficially owned by residents of Canada and the number of votes attached to all of the issuer’s outstanding voting securities.

“1.3 Timing for Calculation of Designated Foreign Issuer, Foreign Issuer and Foreign Registrant — For the purposes of paragraph (c) of the definition of ‘designated foreign issuer’ in section 1.1, paragraph (a) of the definition of ‘foreign issuer’ in section 1.1, and paragraph (a) of the definition of ‘foreign registrant’ in section 1.1, the calculation is made:

- (a) if the issuer has not completed one financial year, on the earlier of:
 - (i) the date that is 90 days before the date of its prospectus; and
 - (ii) the date that it became a reporting issuer; and
- (b) for all other issuers and for registrants, on the first day of the most recent financial year or interim period for which financial performance is presented in the financial statements or interim financial information filed or delivered or included in a prospectus.

“1.4 Interpretation —

- (1) For the purposes of this Instrument, a reference to ‘prospectus’ includes a preliminary prospectus, a prospectus, an amendment to a preliminary prospectus and an amendment to a prospectus.
- (2) For the purposes of this Instrument, a reference to information being ‘included in’ another document means information reproduced in the document or incorporated into the document by reference.

“PART 2: APPLICATION

“2.1 Application —

- (1) This Instrument does not apply to investment funds.
- (2) This Instrument applies to:
 - (a) all financial statements and interim financial information delivered by registrants to the securities regulatory authority or regulator under National Instrument 31-103 *Registration Requirements and Exemptions*;
 - (b) all financial statements filed, or included in a document that is filed, by an issuer under National Instrument 51-102 *Continuous Disclosure Obligations* or National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*;
 - (c) all financial statements included in:
 - (i) a prospectus, a take-over bid circular or any other document that is filed by or in connection with an issuer; or
 - (ii) except in Ontario, an offering memorandum required to be delivered by an issuer under National Instrument 45-106 *Prospectus and Registration Exemptions*;
 - (d) any operating statement for an oil and gas property that is an acquired business or a business to be acquired, that is:
 - (i) filed by an issuer under National Instrument 51-102 *Continuous Disclosure Obligations*;
 - (ii) included in a prospectus, take-over bid circular or any other document that is filed by or in connection with an issuer; or
 - (iii) except in Ontario, included in an offering memorandum required to be delivered by an issuer under National Instrument 45-106 *Prospectus and Registration Exemptions*;

- (e) any other financial statements filed, or included in a document that is filed, by a reporting issuer;
- (f) summary financial information for a credit supporter or credit support issuer that is:
 - (i) filed under National Instrument 51-102 *Continuous Disclosure Obligations*;
 - (ii) included in a prospectus, take-over bid circular or any other document that is filed by or in connection with an issuer; or
 - (iii) except in Ontario, included in an offering memorandum required to be delivered by an issuer under National Instrument 45-106 *Prospectus and Registration Exemptions*;
- (g) summarized financial information of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method, that is:
 - (i) filed by an issuer under National Instrument 51-102 *Continuous Disclosure Obligations*;
 - (ii) included in a prospectus, take-over bid circular or any other document that is filed by or in connection with an issuer; or
 - (iii) except in Ontario, included in an offering memorandum required to be delivered by an issuer under National Instrument 45-106 *Prospectus and Registration Exemptions*; and
- (h) *pro forma* financial statements:
 - (i) filed, or included in a document that is filed, by an issuer under National Instrument 51-102 *Continuous Disclosure Obligations* or National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*;
 - (ii) included in a prospectus, take-over bid circular or any other document that is filed by or in connection with an issuer; or
 - (iii) otherwise filed, or included in a document that is filed, by a reporting issuer.

“PART 3: RULES APPLYING TO FINANCIAL YEARS BEGINNING ON OR AFTER JANUARY 1, 2011

“3.1 Definitions and Application —

- (1) In this Part:

‘publicly accountable enterprise’ means a publicly accountable enterprise as defined in the Handbook;

‘private enterprise’ means a private enterprise as defined in the Handbook.

- (2) This Part applies to financial statements, financial information, operating statements and *pro forma* financial statements for periods relating to financial years beginning on or after January 1, 2011.

“3.2 Acceptable Accounting Principles – General Requirements —

(1) Financial statements referred to in paragraphs 2.1(2)(b), (c) and (e), other than acquisition statements, must:

- (a) be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises; and
- (b) disclose:
 - (i) in the case of annual financial statements, an unreserved statement of compliance with IFRS; and
 - (ii) in the case of an interim financial report, an unreserved statement of compliance with IAS 34.

(2) Despite subsection (1), in the case of an interim financial report that is not required under securities legislation to provide comparative interim financial information:

- (a) the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and explanatory notes must be prepared in accordance with IAS 34 other than the requirement in IAS 34 to include comparative financial information; and
- (b) the interim financial report must disclose that:
 - (i) it does not comply with IAS 34 because it does not include comparative interim financial information; and
 - (ii) the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and explanatory notes have been prepared in accordance with IAS 34 other than the requirement in IAS 34 to include comparative financial information.

(3) Financial statements and interim financial information referred to in paragraph 2.1(2)(a) must:

- (a) be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, except that any investments in subsidiaries, jointly controlled entities and associates must be accounted for as specified for separate financial statements in IAS 27; and

(b) in the case of annual financial statements:

- (i) include the following statement:

‘These financial statements are prepared in accordance with the financial reporting framework specified in [insert “paragraph 3.2(3)(a)”, “subsection 3.2(4)” or “section 3.15” as applicable] of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards for financial statements delivered by registrants’;

and

- (ii) describe the financial reporting framework used to prepare the financial statements.

(4) Despite paragraph (3)(a), financial statements and interim financial information referred to in paragraph 2.1(2)(a) for periods relating to a financial year beginning in 2011 may be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, except that:

(a) any investments in subsidiaries, jointly controlled entities and associates must be accounted for as specified for separate financial statements in IAS 27;

(b) comparative information relating to the preceding financial year must be excluded; and

(c) the first day of the financial year to which the financial statements or interim financial information relates must be used as the date of transition to the financial reporting framework.

(5) Financial statements must be prepared in accordance with the same accounting principles for all periods presented in the financial statements.

(6) Financial information referred to in paragraphs 2.1(2)(f) and (g) must:

(a) present the line items for summary financial information or summarized financial information required by National Instrument 45-106 *Prospectus and Registration Exemptions* or National Instrument 51-102 *Continuous Disclosure Obligations*, as the case may be; and

(b) in the case of summarized financial information of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method:

(i) be prepared using accounting policies that:

(A) are permitted by one of Canadian GAAP applicable to publicly accountable enterprises, IFRS, U.S. GAAP or Canadian GAAP applicable to private enterprises; and

(B) would apply to the information if the information were presented as part of a complete set of financial statements;

(ii) include the following statement:

‘This information is prepared in accordance with the financial reporting framework specified in subsection 3.2(6) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* for summarized financial information of a business accounted for using the equity method’;

and

(iii) describe the accounting policies used to prepare the information.

“3.3 Acceptable Auditing Standards – General Requirements —

(1) Financial statements, other than acquisition statements, that are required by securities legislation to be audited must:

(a) be audited in accordance with Canadian GAAS and be accompanied by an auditor’s report that:

(i) expresses an unmodified opinion;

(ii) identifies all financial periods presented for which the auditor has issued an auditor’s report;

(iii) is in the form specified by Canadian GAAS for an audit of financial statements prepared in accordance with a fair presentation framework; and

(iv) refers to IFRS as the applicable fair presentation framework if the financial statements are prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises; and

(b) if the issuer or registrant has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by a predecessor auditor, be accompanied by the predecessor auditor's reports on the comparative periods.

(2) Paragraph (1)(b) does not apply to financial statements referred to in paragraphs 2.1(2)(a) and (b) if the auditor's report described in paragraph (1)(a) refers to the predecessor auditor's reports on the comparative periods.

“3.4 Acceptable Auditors — An auditor's report filed by an issuer or delivered by a registrant must be prepared and signed by a person or company that is authorized to sign an auditor's report under the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the professional standards of that jurisdiction.

“3.5 Presentation and Functional Currencies —

(1) The presentation currency must be prominently displayed in financial statements.

(2) Financial statements must disclose the functional currency if it is different than the presentation currency.

“3.6 Credit Supporters —

(1) Unless subsection 3.2(1) applies, if a credit support issuer files, or includes in a prospectus, financial statements of a credit supporter, the credit supporter's financial statements must:

(a) be prepared in accordance with the accounting principles and audited in accordance with the auditing standards that would apply under this Instrument if the credit supporter were to file financial statements referred to in paragraph 2.1(2)(b); and

(b) identify the accounting principles used to prepare the financial statements.

(2) If a credit support issuer files, or includes in a prospectus, summary financial information for the credit supporter or credit support issuer:

(a) the summary financial information must, in addition to satisfying other requirements in this Instrument:

(i) prominently display the presentation currency; and

(ii) disclose the functional currency if it is different from the presentation currency; and

(b) the amounts presented in the summary financial information must be derived from financial statements of the credit supporter or credit support issuer that, if required by securities legislation to be audited, are audited in accordance with the auditing standards that would apply under this Instrument if the credit supporter or credit support issuer, as the case may be, were to file financial statements referred to in paragraph 2.1(2)(b).

“3.7 Acceptable Accounting Principles for SEC Issuers —

(1) Despite subsection 3.2(1), an SEC issuer’s financial statements referred to in paragraphs 2.1(2)(b), (c) and (e) and financial information referred to in paragraphs 2.1(2)(f) and (g) that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, may be prepared in accordance with U.S. GAAP.

(2) The notes to the financial statements referred to in subsection (1) must identify the accounting principles used to prepare the financial statements.

“3.8 Acceptable Auditing Standards for SEC Issuers —

(1) Despite subsection 3.3(1), an SEC issuer’s financial statements referred to in paragraphs 2.1(2)(b), (c) and (e) and financial information referred to in paragraphs 2.1(2)(f) and (g) that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, and that are required by securities legislation to be audited, may be audited in accordance with U.S. PCAOB GAAS if the financial statements are accompanied by:

(a) an auditor’s report prepared in accordance with U.S. PCAOB GAAS that:

(i) expresses an unqualified opinion;

(ii) identifies all financial periods presented for which the auditor has issued an auditor’s report; and

(iii) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements; and

(b) the predecessor auditor’s reports on the comparative periods, if the issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor.

(2) Paragraph (1)(b) does not apply to financial statements referred to in paragraph 2.1(2)(b) if the auditor’s report described in paragraph (1)(a) refers to the predecessor auditor’s reports on the comparative periods.

“3.9 Acceptable Accounting Principles for Foreign Issuers —

(1) Despite subsection 3.2(1), a foreign issuer’s financial statements referred to in paragraphs 2.1(2)(b), (c) and (e) that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, may be prepared in accordance with:

(a) IFRS;

(b) U.S. GAAP, if the issuer is an SEC foreign issuer;

(c) accounting principles that meet the disclosure requirements for foreign private issuers, as that term is defined for the purposes of the 1934 Act, if:

(i) the issuer is an SEC foreign issuer;

(ii) on the last day of the most recently completed financial year the total number of equity securities of the issuer beneficially owned by residents of Canada does not exceed 10%, on a fully-diluted basis, of the total number of equity securities of the issuer; and

(iii) the financial statements include any reconciliation to U.S. GAAP required by the SEC; or

(d) accounting principles that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer.

(2) The notes to the financial statements must identify the accounting principles used to prepare the financial statements.

“3.10 Acceptable Auditing Standards for Foreign Issuers —

(1) Despite subsection 3.3(1), a foreign issuer’s financial statements referred to in paragraphs 2.1(2)(b), (c) and (e) that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, that are required by securities legislation to be audited may be audited in accordance with:

(a) International Standards on Auditing if the financial statements are accompanied by:

(i) an auditor’s report that:

(A) expresses an unmodified opinion;

(B) identifies all financial periods presented for which the auditor has issued the auditor’s report;

(C) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements; and

(D) is prepared in accordance with the same auditing standards used to conduct the audit; and

(ii) the predecessor auditor’s reports on the comparative periods, if the issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor;

(b) U.S. PCAOB GAAS if the financial statements are accompanied by:

(i) an auditor’s report that:

(A) expresses an unqualified opinion;

(B) identifies all financial periods presented for which the auditor has issued the auditor’s report;

(C) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements; and

(D) is prepared in accordance with the same auditing standards used to conduct the audit; and

(ii) the predecessor auditor’s reports on the comparative periods, if the issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor; or

(c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject if:

- (i) the issuer is a designated foreign issuer;
- (ii) the financial statements are accompanied by an auditor's report prepared in accordance with the same auditing standards used to conduct the audit; and
- (iii) the auditor's report identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements.

(2) Subparagraph (1)(a)(ii) or (b)(ii) does not apply to financial statements referred to in paragraph 2.1(2)(b) if the auditor's report described in subparagraph (1)(a)(i) or (b)(i), as the case may be, refers to the predecessor auditor's reports on the comparative periods.

“3.11 Acceptable Accounting Principles for Acquisition Statements —

(1) Acquisition statements must be prepared in accordance with one of the following accounting principles:

- (a) Canadian GAAP applicable to publicly accountable enterprises;
- (b) IFRS;
- (c) U.S. GAAP;
- (d) accounting principles that meet the disclosure requirements for foreign private issuers, as that term is defined for the purposes of the 1934 Act, if:
 - (i) the issuer or the acquired business or business to be acquired is an SEC foreign issuer;
 - (ii) on the last day of the most recently completed financial year the total number of equity securities of the SEC foreign issuer beneficially owned by residents of Canada does not exceed 10%, on a fully-diluted basis, of the total number of equity securities of the SEC foreign issuer; and
 - (iii) the financial statements include any reconciliation to U.S. GAAP required by the SEC;
- (e) accounting principles that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer or the acquired business or business to be acquired is subject, if:
 - (i) the issuer or business is a designated foreign issuer; and
 - (ii) in the case where the issuer's GAAP differs from the accounting principles used to prepare the acquisition statements, for the most recently completed financial year and interim period presented, the notes to the acquisition statements:
 - (A) describe the material differences between the issuer's GAAP and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement and presentation; and

- (B) quantify the effect of each difference referred to in clause (A) and include a tabular reconciliation between profit or loss reported in the acquisition statements and profit or loss computed in accordance with the issuer's GAAP;
- (f) Canadian GAAP applicable to private enterprises if:
- (i) the acquisition statements consolidate any subsidiaries and account for significantly influenced investees and joint ventures using the equity method;
 - (ii) financial statements for the acquired business or business to be acquired were not previously prepared in accordance with one of the accounting principles specified in paragraphs (a) to (e) for the periods presented in the acquisition statements;
 - (iii) the acquisition statements are accompanied by a notice stating:

These financial statements are prepared in accordance with Canadian GAAP applicable to private enterprises, which are Canadian accounting standards for private enterprises in Part II of the Handbook.

The recognition, measurement and disclosure requirements of Canadian GAAP applicable to private enterprises differ from those of Canadian GAAP applicable to publicly accountable enterprises, which are International Financial Reporting Standards incorporated into the Handbook.

The *pro forma* financial statements included in the document include adjustments relating to the [insert 'acquired business' or 'business to be acquired' as applicable] and present pro forma information prepared using principles that are consistent with the accounting principles used by the issuer;
- and
- (iv) in the case of acquisition statements included in a document filed by an issuer that is not a venture issuer, and is not an IPO venture issuer, for all financial years and the most recently completed interim period presented, the notes to the acquisition statements:
 - (A) describe the material differences between the issuer's GAAP and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement and presentation;
 - (B) quantify the effect of each difference referred to in clause (A), and include a tabular reconciliation between profit or loss reported in the acquisition statements and profit or loss computed in accordance with the issuer's GAAP; and
 - (C) for each difference referred to in clause (A) that relates to measurement, disclose and discuss the material inputs or assumptions underlying the measurement of the relevant amount computed in accordance with the issuer's GAAP, consistent with the disclosure requirements of the issuer's GAAP.

- (2) Acquisition statements must be prepared in accordance with the same accounting principles for all periods presented.
- (3) Acquisition statements to which paragraph (1)(a) applies must disclose:
- (a) in the case of annual financial statements, an unreserved statement of compliance with IFRS; and
 - (b) in the case of interim financial reports, an unreserved statement of compliance with IAS 34.
- (4) Unless paragraph (1)(a) applies, the notes to the acquisition statements must identify the accounting principles used to prepare the acquisition statements.
- (5) Despite subsections (1), (2) and (4), if acquisition statements are an operating statement for an oil and gas property that is an acquired business or business to be acquired:
- (a) the operating statement must include at least the following line items:
 - (i) gross revenue;
 - (ii) royalty expenses;
 - (iii) production costs;
 - (iv) operating income;
 - (b) the line items in the operating statement must be prepared using accounting policies that:
 - (i) are permitted by one of Canadian GAAP applicable to publicly accountable enterprises, IFRS, U.S. GAAP or Canadian GAAP applicable to private enterprises; and
 - (ii) would apply to those line items if those line items were presented as part of a complete set of financial statements; and
 - (c) the operating statement must:
 - (i) include the following statement:

‘This operating statement is prepared in accordance with the financial reporting framework specified in subsection 3.11(5) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* for an operating statement’.
 - and
 - (ii) describe the accounting policies used to prepare the operating statement.
- (6) Despite subsections (1), (2) and (4), if the acquisition statements are based on information from the financial records of another entity whose operations included the acquired business or the business to be acquired and there are no separate financial records for the acquired business or the business to be acquired:
- (a) the acquisition statements must be prepared in accordance with one of Canadian GAAP applicable to publicly accountable enterprises, IFRS, U.S. GAAP or Canadian GAAP applicable to private enterprises and, in addition, must include:
 - (i) all assets and liabilities directly attributable to the acquired business or business to be acquired;

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- (ii) all revenue and expenses directly attributable to the acquired business or business to be acquired;
 - (iii) if there are expenses for the acquired business or business to be acquired that are common expenses shared with the other entity, a portion of those expenses allocated on a reasonable basis to the acquired business or business to be acquired; and
 - (iv) income and capital taxes calculated as if the entity had been a separate legal entity and had filed a separate tax return for the period presented;
- (b) the acquisition statements must include the following statement:
- ‘The financial statements are prepared in accordance with a financial reporting framework specified in subsection 3.11(6) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* for carve-out financial statements’;
- (c) the acquisition statements must describe the financial reporting framework used to prepare the acquisition statements, including the method of allocation for each significant line item; and
- (d) in the case of acquisition statements prepared in accordance with Canadian GAAP applicable to private enterprises:
- (i) the acquisition statements must consolidate any subsidiaries and account for significantly influenced investees and joint ventures using the equity method;
 - (ii) the acquisition statements must be accompanied by a notice stating:
 - ‘These financial statements are prepared in accordance with Canadian GAAP applicable to private enterprises, which are Canadian accounting standards for private enterprises in Part II of the Handbook.
 - ‘The recognition, measurement and disclosure requirements of Canadian GAAP applicable to private enterprises differ from those of Canadian GAAP applicable to publicly accountable enterprises, which are International Financial Reporting Standards incorporated into the Handbook.
 - ‘The *pro forma* financial statements included in the document include adjustments relating to the [insert “acquired business” or “business to be acquired” as applicable] and present pro forma information prepared using principles that are consistent with the accounting principles used by the issuer’.
- and
- (iii) in the case of acquisition statements included in a document filed by an issuer that is not a venture issuer, and is not an IPO venture issuer, for all financial years and the most recently completed interim period presented, the notes to the acquisition statements must:

(A) describe the material differences between the issuer's GAAP and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement and presentation;

(B) quantify the effect of each difference referred to in clause (A), and include a tabular reconciliation between profit or loss reported in the acquisition statements and profit or loss computed in accordance with the issuer's GAAP; and

(C) for each difference referred to in clause (A) that relates to measurement, disclose and discuss the material inputs or assumptions underlying the measurement of the relevant amount computed in accordance with the issuer's GAAP, consistent with the disclosure requirements of the issuer's GAAP.

“3.12 Acceptable Auditing Standards for Acquisition Statements —

(1) Acquisition statements that are required by securities legislation to be audited must be accompanied by an auditor's report and audited in accordance with one of the following auditing standards:

- (a) Canadian GAAS;
- (b) International Standards on Auditing;
- (c) U.S. PCAOB GAAS;
- (d) U.S. AICPA GAAS, if the acquired business or business to be acquired is not an SEC issuer;
- (e) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer.

(2) The auditor's report must:

- (a) if paragraph (1)(a) or (b) applies, express an unmodified opinion;
- (b) if paragraph (1)(c) or (d) applies, express an unqualified opinion;
- (c) unless paragraph (1)(e) applies, identify all financial periods presented for which the auditor's report applies;
- (d) identify the auditing standards used to conduct the audit;
- (e) identify the accounting principles used or, if subsection 3.11(5) or (6) applies, the financial reporting framework used, to prepare the acquisition statements, unless the auditor's report accompanies acquisition statements prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises and audited in accordance with Canadian GAAS; and
- (f) if paragraph (1) (a) or (b) applies and subsection 3.11(5) does not:
 - (i) be in the form specified by the standards referred to in paragraph (1)(a) or (b), as applicable, for an audit of financial statements prepared in accordance with a fair presentation framework; and
 - (ii) refer to IFRS as the applicable fair presentation framework if the financial statements are prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises.

- (3) Despite paragraphs (2)(a) and (b), an auditor's report that accompanies acquisition statements may express a qualification of opinion relating to inventory if:
- (a) the issuer includes in the business acquisition report, prospectus or other document containing the acquisition statements, a statement of financial position for the acquired business or business to be acquired that is for a date that is subsequent to the date to which the qualification relates; and
 - (b) the statement of financial position referred to in paragraph (a) is accompanied by an auditor's report that does not express a qualification of opinion relating to closing inventory.

“3.13 Financial Information for Acquisitions Accounted for by the Issuer Using the Equity Method —

(1) If an issuer files, or includes in a prospectus, summarized financial information of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method, the financial information must:

- (a) meet the requirements in subsections 3.11(1), (2) and (4) if the term ‘acquisition statements’ in those subsections is read as ‘summarized financial information’; and
- (b) disclose the presentation currency for the financial information, and disclose the functional currency if it is different than the presentation currency.

(2) If the financial information referred to in subsection (1) is required by securities legislation to be audited or derived from audited financial statements, the financial information must:

- (a) either:
 - (i) meet the requirements in section 3.12 if the term ‘acquisition statements’ in that section is read as ‘summarized financial information’; or
 - (ii) be derived from financial statements that meet the requirements in section 3.12 if the term ‘acquisition statements’ in that section is read as ‘financial statements from which is derived summarized financial information’; and
- (b) be audited, or derived from financial statements that are audited, by a person or company that is authorized to sign an auditor's report under the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the professional standards of that jurisdiction.

“3.14 Acceptable Accounting Policies for *Pro Forma* Financial Statements —

(1) An issuer's *pro forma* financial statements must be prepared using accounting policies that:

- (a) are permitted by the issuer's GAAP; and
- (b) would apply to the information presented in the *pro forma* financial statements if that information were included in the issuer's financial statements for the same period as that of the *pro forma* financial statements.

(2) Despite subsection (1), if an issuer's financial statements include, or are accompanied by, a reconciliation to U.S. GAAP, the issuer's *pro forma* financial statements for the same period as the issuer's financial statements may be prepared using accounting policies that:

- (a) are permitted by U.S. GAAP; and
- (b) would apply to the information presented in the *pro forma* financial statements if that information were included in the reconciliation.

(3) Despite subsection (1), if the accounting principles used to prepare an issuer's most recent annual financial statements differ from the accounting principles used to prepare the issuer's interim financial report for a subsequent period, the issuer may prepare a *pro forma* income statement for the same period as that of its most recent annual financial statements using accounting policies that:

- (a) are permitted by the accounting principles that were used to prepare the issuer's interim financial report; and
- (b) would apply to the information presented in the *pro forma* income statement if that information were included in the issuer's interim financial report.

“3.15 Acceptable Accounting Principles for Foreign Registrants — Despite paragraph 3.2 (3)(a), financial statements and interim financial information delivered by a foreign registrant may be prepared in accordance with:

- (a) IFRS, except that any investments in subsidiaries, jointly controlled entities and associates must be accounted for as specified for separate financial statements in IAS 27;
- (b) U.S. GAAP, except that any investments in subsidiaries, jointly controlled entities and associates must be accounted for as specified for separate financial statements in IAS 27; or
- (c) accounting principles that meet the disclosure requirements of a foreign regulatory authority to which the registrant is subject, if it is a foreign registrant incorporated or organized under the laws of that designated foreign jurisdiction.

“3.16 Acceptable Auditing Standards for Foreign Registrants —

(1) Despite subsection 3.3(1), financial statements referred to in paragraph 2.1(2)(a) that are delivered by a foreign registrant and required by securities legislation to be audited may be audited in accordance with:

- (a) International Standards on Auditing if the financial statements are accompanied by:
 - (i) an auditor's report that:
 - (A) expresses an unmodified opinion;
 - (B) identifies all financial periods presented for which the auditor has issued the auditor's report;
 - (C) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements; and

- (D) is prepared in accordance with the same auditing standards used to conduct the audit; and
- (ii) the predecessor auditor's reports on the comparative periods, if the foreign registrant has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor;
- (b) U.S. PCAOB GAAS or U.S. AICPA GAAS if the financial statements are accompanied by:
 - (i) an auditor's report that:
 - (A) expresses an unqualified opinion;
 - (B) identifies all financial periods presented for which the auditor has issued the auditor's report;
 - (C) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements; and
 - (D) is prepared in accordance with the same auditing standards used to conduct the audit; and
 - (ii) the predecessor auditor's reports on the comparative periods, if the foreign registrant has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor; or
- (c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the registrant is subject if:
 - (i) it is a foreign registrant incorporated or organized under the laws of that designated foreign jurisdiction;
 - (ii) the financial statements are accompanied by an auditor's report prepared in accordance with the same auditing standards used to conduct the audit; and
 - (iii) the auditor's report identifies the accounting principles used to prepare the financial statements.
- (2) Subparagraph (1)(a)(ii) or (b)(ii) does not apply if the auditor's report described in subparagraph (1)(a)(i) or (b)(i), as the case may be, refers to the predecessor auditor's reports on the comparative periods.

“PART 4: RULES APPLYING TO FINANCIAL YEARS BEGINNING BEFORE JANUARY 1, 2011

“4.1 Definitions and Application —

- (1) In this Part:
 - ‘Canadian GAAP - Part V’** means generally accepted accounting principles determined with reference to Part V of the Handbook applicable to public enterprises;
 - ‘public enterprise’** means a public enterprise as defined in Part V of the Handbook.

(2) This Part applies to financial statements, financial information, operating statements and *pro forma* financial statements for periods relating to financial years beginning before January 1, 2011.

“4.2 Acceptable Accounting Principles – General Requirements —

(1) Financial statements, other than financial statements delivered by registrants and acquisition statements, must be prepared in accordance with Canadian GAAP – Part V.

(2) Financial statements and interim financial information delivered by a registrant to the securities regulatory authority, must be prepared in accordance with Canadian GAAP – Part V except that the financial statements and interim financial information must be prepared on a non-consolidated basis.

(3) Financial statements must be prepared in accordance with the same accounting principles for all periods presented in the financial statements.

(4) The notes to the financial statements must identify the accounting principles used to prepare the financial statements.

“4.3 Acceptable Auditing Standards – General Requirements — Financial statements, other than acquisition statements, that are required by securities legislation to be audited must be audited in accordance with Canadian GAAS and be accompanied by an auditor’s report that:

(a) expresses an unmodified opinion;

(b) identifies all financial periods presented for which the auditor has issued an auditor’s report;

(c) refers to the predecessor auditor’s reports on the comparative periods, if the issuer or registrant has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor; and

(d) identifies the accounting principles used to prepare the financial statements.

“4.4 Acceptable Auditors — An auditor’s report filed by an issuer or delivered by a registrant must be prepared and signed by a person or company that is authorized to sign an auditor’s report under the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the professional standards of that jurisdiction.

“4.5 Measurement and Reporting Currencies —

(1) The reporting currency must be disclosed on the face page of the financial statements or in the notes to the financial statements unless the financial statements are prepared in accordance with Canadian GAAP – Part V and the reporting currency is the Canadian dollar.

(2) The notes to the financial statements must disclose the measurement currency if it is different than the reporting currency.

“4.6 Credit Supporters —

(1) Unless subsection 4.2(1) applies, if a credit support issuer files, or includes in a prospectus, financial statements of a credit supporter, the credit supporter’s financial statements must:

- (a) be prepared in accordance with the accounting principles and audited in accordance with the auditing standards that apply under this Instrument if the credit supporter were to file financial statements referred to in paragraph 2.1(2)(b);
 - (b) identify the accounting principles used to prepare the financial statements; and
 - (c) disclose the reporting currency for the financial statements, and disclose the measurement currency if it is different than the reporting currency.
- (2) If a credit support issuer files, or includes in a prospectus, summary financial information for the credit supporter or credit support issuer:
- (a) the summary financial information must:
 - (i) be prepared in accordance with the accounting principles that this Instrument requires to be used in preparing financial statements if the credit supporter or credit support issuer, as the case may be, were to file financial statements referred to in paragraph 2.1(2)(b);
 - (ii) identify the accounting principles used to prepare the summary financial information; and
 - (iii) disclose the reporting currency for the financial information, and disclose the measurement currency if it is different than the reporting currency; and
 - (b) the amounts presented in the summary financial information must be derived from financial statements of the credit supporter or credit support issuer that, if required by securities legislation to be audited, are audited in accordance with the auditing standards that apply under this Instrument if the credit supporter or credit support issuer, as the case may be, were to file financial statements referred to in paragraph 2.1(2)(b).

“4.7 Acceptable Accounting Principles for SEC Issuers —

- (1) Despite subsections 4.2(1) and (3), financial statements of an SEC issuer that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, may be prepared in accordance with U.S. GAAP provided that, if the SEC issuer previously filed or included in a prospectus financial statements prepared in accordance with Canadian GAAP – Part V, the SEC issuer complies with the following:
- (a) the notes to the first two sets of the issuer’s annual financial statements after the change from Canadian GAAP – Part V to U.S. GAAP and the notes to the issuer’s interim financial statements for interim periods during those two years:
 - (i) explain the material differences between Canadian GAAP – Part V and U.S. GAAP that relate to recognition, measurement and presentation;
 - (ii) quantify the effect of material differences between Canadian GAAP – Part V and U.S. GAAP that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in the financial statements and net income computed in accordance with Canadian GAAP – Part V; and

(iii) provide disclosure consistent with disclosure requirements of Canadian GAAP – Part V to the extent not already reflected in the financial statements;

(b) financial information for any comparative periods that were previously reported in accordance with Canadian GAAP – Part V are presented:

(i) as previously reported in accordance with Canadian GAAP – Part V;

(ii) as restated and presented in accordance with U.S. GAAP; and

(iii) supported by an accompanying note that:

(A) explains the material differences between Canadian GAAP – Part V and U.S. GAAP that relate to recognition, measurement and presentation; and

(B) quantifies the effect of material differences between Canadian GAAP – Part V and U.S. GAAP that relate to recognition, measurement and presentation, including a tabular reconciliation between net income as previously reported in the financial statements in accordance with Canadian GAAP – Part V and net income as restated and presented in accordance with U.S. GAAP; and

(c) if the SEC issuer has filed financial statements prepared in accordance with Canadian GAAP – Part V for one or more interim periods of the current year, those interim financial statements are restated in accordance with U.S. GAAP and comply with paragraphs (a) and (b).

(2) The comparative information specified in subparagraph (1)(b)(i) may be presented on the face of the balance sheet and statements of income and cash flow or in the note to the financial statements required by subparagraph (1)(b)(iii).

“4.8 Acceptable Auditing Standards for SEC Issuers — Despite section 4.3, financial statements of an SEC issuer that are filed with or delivered to the securities regulatory authority or regulator, other than acquisition statements, and that are required by securities legislation to be audited, may be audited in accordance with U.S. PCAOB GAAS if the financial statements are accompanied by an auditor’s report prepared in accordance with U.S. PCAOB GAAS that:

(a) expresses an unqualified opinion;

(b) identifies all financial periods presented for which the auditor has issued an auditor’s report;

(c) refers to the predecessor auditor’s reports on the comparative periods, if the issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor; and

(d) identifies the accounting principles used to prepare the financial statements.

“4.9 Acceptable Accounting Principles for Foreign Issuers — Despite subsection 4.2(1), financial statements of a foreign issuer that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, may be prepared in accordance with one of the following accounting principles:

- (a) U.S. GAAP, if the issuer is an SEC foreign issuer;
- (b) IFRS;
- (c) accounting principles that meet the disclosure requirements for foreign private issuers, as that term is defined for the purposes of the 1934 Act, if:
 - (i) the issuer is an SEC foreign issuer;
 - (ii) on the last day of the most recently completed financial year the total number of equity securities of the issuer beneficially owned by residents of Canada does not exceed 10%, on a fully-diluted basis, of the total number of equity securities of the issuer; and
 - (iii) the financial statements include any reconciliation to U.S. GAAP required by the SEC;
- (d) accounting principles that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer;
- (e) accounting principles that cover substantially the same core subject matter as Canadian GAAP – Part V, including recognition and measurement principles and disclosure requirements, if the notes to the financial statements:
 - (i) explain the material differences between Canadian GAAP – Part V and the accounting principles used that relate to recognition, measurement and presentation;
 - (ii) quantify the effect of material differences between Canadian GAAP – Part V and the accounting principles used that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in the issuer’s financial statements and net income computed in accordance with Canadian GAAP – Part V; and
 - (iii) provide disclosure consistent with Canadian GAAP – Part V requirements to the extent not already reflected in the financial statements.

“4.10 Acceptable Auditing Standards for Foreign Issuers — Despite section 4.3, financial statements of a foreign issuer that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, that are required by securities legislation to be audited may, if the financial statements are accompanied by an auditor’s report prepared in accordance with the same auditing standards used to conduct the audit and the auditor’s report identifies the accounting principles used to prepare the financial statements, be audited in accordance with:

- (a) U.S. PCAOB GAAS, if the auditor’s report:
 - (i) expresses an unqualified opinion;
 - (ii) identifies all financial periods presented for which the auditor has issued an auditor’s report; and

- (iii) refers to the predecessor auditor's reports on the comparative periods, if the issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor;
- (b) International Standards on Auditing, if the auditor's report is accompanied by a statement by the auditor that:
 - (i) describes any material differences in the form and content of the auditor's report as compared to an auditor's report prepared in accordance with Canadian GAAS; and
 - (ii) indicates that an auditor's report prepared in accordance with Canadian GAAS would express an unmodified opinion; or
- (c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer.

“4.11 Acceptable Accounting Principles for Acquisition Statements —

- (1) Acquisition statements must be prepared in accordance with one of the following accounting principles:
 - (a) Canadian GAAP – Part V;
 - (b) U.S. GAAP;
 - (c) IFRS;
 - (d) accounting principles that meet the disclosure requirements for foreign private issuers, as that term is defined for the purposes of the 1934 Act, if:
 - (i) the issuer or the acquired business or business to be acquired is an SEC foreign issuer;
 - (ii) on the last day of the most recently completed financial year the total number of equity securities of the SEC foreign issuer beneficially owned by residents of Canada does not exceed 10%, on a fully-diluted basis, of the total number of equity securities of the SEC foreign issuer; and
 - (iii) the financial statements include any reconciliation to U.S. GAAP required by the SEC;
 - (e) accounting principles that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer or the acquired business or business to be acquired is subject, if the issuer or business is a designated foreign issuer;
 - (f) accounting principles that cover substantially the same core subject matter as Canadian GAAP – Part V, including recognition and measurement principles and disclosure requirements.
- (2) Acquisition statements must be prepared in accordance with the same accounting principles for all periods presented.
- (3) The notes to the acquisition statements must identify the accounting principles used to prepare the acquisition statements.

(4) If acquisition statements are prepared using accounting principles that are different from the issuer's GAAP, the acquisition statements for the most recently completed financial year and interim period that are required to be filed must be reconciled to the issuer's GAAP and the notes to the acquisition statements must:

- (a) explain the material differences between the issuer's GAAP and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement, and presentation;
- (b) quantify the effect of material differences between the issuer's GAAP and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in the acquisition statements and net income computed in accordance with the issuer's GAAP; and
- (c) provide disclosure consistent with the issuer's GAAP to the extent not already reflected in the acquisition statements.

(5) Despite subsections (1) and (4), if the issuer is required to reconcile its financial statements to Canadian GAAP – Part V, the acquisition statements for the most recently completed financial year and interim period that are required to be filed must be:

- (a) prepared in accordance with Canadian GAAP – Part V; or
- (b) reconciled to Canadian GAAP – Part V and the notes to the acquisition statements must:
 - (i) explain the material differences between Canadian GAAP – Part V and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement, and presentation;
 - (ii) quantify the effect of material differences between Canadian GAAP – Part V and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in the acquisition statements and net income computed in accordance with Canadian GAAP – Part V; and
 - (iii) provide disclosure consistent with disclosure requirements of Canadian GAAP – Part V to the extent not already reflected in the acquisition statements.

“4.12 Acceptable Auditing Standards for Acquisition Statements —

(1) Acquisition statements that are required by securities legislation to be audited must be audited in accordance with one of the following auditing standards:

- (a) Canadian GAAS;
- (b) U.S. PCAOB GAAS;
- (c) U.S. AICPA GAAS, if the acquired business or business to be acquired is not an SEC issuer.

(2) Despite subsection (1), acquisition statements filed by or included in a prospectus of a foreign issuer may be audited in accordance with:

(a) International Standards on Auditing, if the auditor's report is accompanied by a statement by the auditor that:

(i) describes any material differences in the form and content of the auditor's report as compared to an auditor's report prepared in accordance with Canadian GAAS; and

(ii) indicates that an auditor's report prepared in accordance with Canadian GAAS would express an unmodified opinion; or

(b) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer.

(3) Acquisition statements must be accompanied by an auditor's report prepared in accordance with the same auditing standards used to conduct the audit and the auditor's report must identify the accounting principles used to prepare the acquisition statements.

(4) If acquisition statements are audited in accordance with paragraph (1)(a), the auditor's report must express an unmodified opinion.

(5) If acquisition statements are audited in accordance with paragraph (1)(b) or (c), the auditor's report must express an unqualified opinion.

(6) Despite paragraph (2)(a) and subsections (4) and (5) an auditor's report that accompanies acquisition statements may express a qualification of opinion relating to inventory if:

(a) the issuer includes in the business acquisition report, prospectus or other document containing the acquisition statements, a balance sheet for the acquired business or business to be acquired that is for a date that is subsequent to the date to which the qualification relates; and

(b) the balance sheet referred to in paragraph (a) is accompanied by an auditor's report that does not express a qualification of opinion relating to closing inventory.

“4.13 Financial Information for Acquisitions Accounted for by the Issuer Using the Equity Method —

(1) If an issuer files, or includes in a prospectus, summarized financial information as to the assets, liabilities and results of operations of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method, the financial information must:

(a) meet the requirements in section 4.11 if the term ‘acquisition statements’ in that section is read as ‘summarized financial information’; and

(b) disclose the reporting currency for the financial information, and disclose the measurement currency if it is different than the reporting currency.

(2) If the financial information referred to in subsection (1) is for any completed financial year, the financial information must:

(a) either:

(i) meet the requirements in section 4.12 if the term ‘acquisition statements’ in that section is read as ‘summarized financial information’; or

(ii) be derived from financial statements that meet the requirements in section 4.12 if the term ‘acquisition statements’ in that section is read as ‘financial statements from which is derived summarized financial information’; and

(b) be audited, or derived from financial statements that are audited, by a person or company that is authorized to sign an auditor’s report under the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the professional standards of that jurisdiction.

“4.14 Acceptable Accounting Principles for *Pro Forma* Financial Statements

(1) *Pro forma* financial statements must be prepared in accordance with the issuer’s GAAP.

(2) Despite subsection (1), if an issuer’s financial statements have been reconciled to Canadian GAAP – Part V under subsection 4.7(1) or paragraph 4.9(e), the issuer’s *pro forma* financial statements must be prepared in accordance with, or reconciled to, Canadian GAAP – Part V.

(3) Despite subsection (1), if an issuer’s financial statements have been prepared in accordance with the accounting principles referred to in paragraph 4.9(c) and those financial statements are reconciled to U.S. GAAP, the *pro forma* financial statements may be prepared in accordance with, or reconciled to, U.S. GAAP.

“4.15 Acceptable Accounting Principles for Foreign Registrants —

(1) Despite subsection 4.2(2), and subject to subsection (2), financial statements delivered by a foreign registrant may be prepared in accordance with one of the following accounting principles:

(a) U.S. GAAP;

(b) IFRS;

(c) accounting principles that meet the disclosure requirements of a foreign regulatory authority to which the registrant is subject, if it is a foreign registrant incorporated or organized under the laws of that designated foreign jurisdiction;

(d) accounting principles that cover substantially the same core subject matter as Canadian GAAP – Part V, including recognition and measurement principles and disclosure requirements, if the notes to the financial statements, interim balance sheets, or interim income statements:

(i) explain the material differences between Canadian GAAP – Part V and the accounting principles used that relate to recognition, measurement and presentation;

(ii) quantify the effect of material differences between Canadian GAAP – Part V and the accounting principles used that relate to recognition, measurement, and presentation; and

(iii) provide disclosure consistent with disclosure requirements of Canadian GAAP – Part V to the extent not already reflected in the financial statements, interim balance sheets or interim income statements.

(2) Financial statements, interim balance sheets, and interim income statements delivered by a foreign registrant prepared in accordance with accounting principles specified in paragraph (1)(a), (b) or (d) must be prepared on a non-consolidated basis.

“4.16 Acceptable Auditing Standards for Foreign Registrants — Despite section 4.3, financial statements delivered by a foreign registrant that are required by securities legislation to be audited may, if the financial statements are accompanied by an auditor’s report prepared in accordance with the same auditing standards used to conduct the audit and the auditor’s report identifies the accounting principles used to prepare the financial statements, be audited in accordance with:

(a) U.S. PCAOB GAAS or U.S. AICPA GAAS if the auditor’s report expresses an unqualified opinion;

(b) International Standards on Auditing, if the auditor’s report is accompanied by a statement by the auditor that:

(i) describes any material differences in the form and content of the auditor’s report as compared to an auditor’s report prepared in accordance with Canadian GAAS; and

(ii) indicates that an auditor’s report prepared in accordance with Canadian GAAS would express an unmodified opinion; or

(c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the registrant is subject, if it is a foreign registrant incorporated or organized under the laws of that designated foreign jurisdiction.

“PART 5: EXEMPTIONS

“5.1 Exemptions —

(1) The regulator or securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant an exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 Definitions opposite the name of the local jurisdiction.

“5.2 Certain Exemptions Evidenced by Receipt —

(1) Subject to subsections (2) and (3), without limiting the manner in which an exemption may be evidenced, an exemption from this Instrument as it pertains to financial statements or auditor’s reports included in a prospectus, may be evidenced by the issuance of a receipt for the prospectus or an amendment to the prospectus.

(2) A person or company must not rely on a receipt as evidence of an exemption unless the person or company:

(a) sent to the regulator or securities regulatory authority, on or before the date the preliminary prospectus or the amendment to the preliminary prospectus or prospectus was filed, a letter or memorandum describing the matters relating to the exemption application, and indicating why consideration should be given to the granting of the exemption; or

(b) sent to the regulator or securities regulatory authority the letter or memorandum referred to in paragraph (a) after the date of the preliminary prospectus or the amendment to the preliminary prospectus or prospectus has been filed and receives a written acknowledgement from the securities regulatory authority or regulator that issuance of the receipt is evidence that the exemption is granted.

(3) A person or company must not rely on a receipt as evidence of an exemption if the regulator or securities regulatory authority has before, or concurrently with, the issuance of the receipt for the prospectus, sent notice to the person or company that the issuance of a receipt does not evidence the granting of the exemption.

(4) For the purpose of this section, a reference to a prospectus does not include a preliminary prospectus.

“5.3 Financial Years ending between December 21 and 31, 2010 — Despite subsections 3.1(2) and 4.1(2), Part 3 may be applied by an issuer or registrant to all financial statements, financial information, operating statements and *pro forma* financial statements for periods relating to a financial year that begins before January 1, 2011 if the immediately preceding financial year ends no earlier than December 21, 2010.

“5.4 Rate-Regulated Activities —

(1) Despite subsections 3.1(2) and 4.1(2):

(a) Part 3 may be applied by a qualifying entity to all financial statements, financial information, operating statements and *pro forma* financial statements as if the expression ‘January 1, 2011’ in subsection 3.1(2) were read as ‘January 1, 2012’; and

(b) if the qualifying entity relies on paragraph (a) in respect of a period, Part 4 must be applied as if the expression ‘January 1, 2011’ in subsection 4.1(2) were read as ‘January 1, 2012’.

(2) For the purposes of subsection (1), a ‘qualifying entity’ means a person or company that:

(a) has activities subject to rate regulation, as defined in Part V of the Handbook; and

(b) is permitted under Canadian GAAP to apply Part V of the Handbook.

“PART 6: REPEAL, TRANSITION AND EFFECTIVE DATE

“6.1 Repeal — National Instrument 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency, which came into force on March 30, 2004, is repealed.

“6.2 Effective Date — This Instrument comes into force on January 1, 2011.

“6.3 Existing Exemptions — A person or company that has obtained an exemption from National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*, in whole or in part, is exempt from any substantially similar provision of this Instrument to the same extent and on the same conditions, if any, as contained in the exemption, unless the regulator or securities regulatory authority has revoked that exemption”.

Part XXXVIII of Appendix amended

19(1) Part XXXVIII of the Appendix is amended in the manner set forth in this section.

(2) Section 1.1 is amended:

(a) in the definition of “AIF” by striking out “, Form 10-KSB”;

(b) by adding the following definition after the definition of “executive officer”:

“**‘financial statements’** has the same meaning as in section 1.1 of National Instrument 51-102 *Continuous Disclosure Obligations*”;

(c) by repealing the definition of “inter-dealer bond broker” and substituting the following:

“**‘inter-dealer bond broker’** means a person or company that is approved by the Investment Industry Regulatory Organization of Canada under its Rule 36 *Inter-Dealer Bond Brokerage Systems*, as amended, and is subject to its Rule 36 and its Rule 2100 *Inter-Dealer Bond Brokerage Systems*, as amended”;

(d) in the definition of “MD&A” by striking out “or Item 303 of Regulation S-B”;

(e) in the definition of “NI 52-107” by striking out “Acceptable Accounting Principles, Auditing Standards and Reporting Currency” and substituting “Acceptable Accounting Principles and Auditing Standards”; and

(f) in the definition of “transition year” by striking out “year of reporting” and substituting “year of a reporting”.

(3) Subclause 1.3(b)(ii) is amended by striking out “operating results are” and substituting “financial performance is”.

(4) Section 4.3 is amended:

(a) in the portion preceding clause (a) by striking out “its interim financial statements, and annual”;

(b) in clause (a) by striking out “interim financial statements, annual”;

(c) in clause (b) by striking out “interim financial statements and annual”; and

(d) in clause (c) by striking out “interim financial statements, annual”.

(5) Clause 4.7(2)(b) is amended by striking out “, Form 10-KSB”.

(6) Section 4.9 is amended in the portion preceding clause (a) by striking out “results of operations” and substituting “financial performance”.

(7) Section 4.14 is repealed and the following substituted:

“4.14 Business Combinations and Related Party Transactions

Securities legislation requirements relating to business combinations and related party transactions in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* do not apply to an SEC foreign issuer carrying out a business combination or related party transaction if the total number of equity securities of the SEC foreign issuer owned, directly or indirectly, by residents of Canada, does not exceed 20 per cent, on a diluted basis, of the total number of equity securities of the SEC foreign issuer”.

(8) Section 5.4 is amended:

(a) in the portion preceding clause (a) by striking out “its interim financial statements, annual”;

(b) in clause (a) by striking out “interim financial statements, annual”; and

(c) in clause (b) by striking out “interim financial statement, annual”.

(9) Section 5.10 is amended in the portion preceding clause (a) by striking out “results of operations” and substituting “financial performance”.

(10) Section 5.15 is repealed and the following substituted:

“5.15 Business Combinations and Related Party Transactions

Securities legislation requirements relating to business combinations and related party transactions in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* do not apply to a designated foreign issuer carrying out a business combination or related party transaction”.

(11) Part 6 is repealed.

Part XL of Appendix amended

20 Clause 11.2(1)(d) of Part XL of the Appendix is repealed and the following substituted:

“(d) file an amendment to its prospectus, simplified prospectus or fund facts document that discloses the material change in accordance with the requirements of securities legislation”.

New Part XLIII

21 Part XLIII is repealed and the following substituted:

“PART XLIII
[*clause 2(qq)*]
“National Instrument 45-106
Prospectus and Registration Exemptions

“PART 1 DEFINITIONS AND INTERPRETATION

“Definitions

“1.1 In this Instrument:

‘**accredited investor**’ means:

- (a) a Canadian financial institution, or a Schedule III bank;
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
- (c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;
- (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer, other than a person registered solely as a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador);
- (e) an individual registered or formerly registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d);
- (f) the Government of Canada or a jurisdiction of Canada, or any Crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada;
- (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l’île de Montréal or an intermunicipal management board in Québec;
- (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
- (i) a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada), a pension commission or similar regulatory authority of a jurisdiction of Canada;
- (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000;

- (k) an individual whose net income before taxes exceeded \$200,000 in each of the 2 most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the 2 most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year;
- (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000;
- (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements;
- (n) an investment fund that distributes or has distributed its securities only to:
- (i) a person that is or was an accredited investor at the time of the distribution;
 - (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 [*Minimum amount investment*], or 2.19 [*Additional investment in investment funds*]; or
 - (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 [*Investment fund reinvestment*];
- (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt;
- (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be;
- (q) a person acting on behalf of a fully managed account managed by that person, if that person:
- (i) is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction; and
 - (ii) in Ontario, is purchasing a security that is not a security of an investment fund;
- (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded;
- (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function;
- (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors;

(u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser; or

(v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor;

‘acquisition date’ has the same meaning as in the issuer’s GAAP;

‘AIF’ means:

(a) an AIF as defined in National Instrument 51-102 *Continuous Disclosure Obligations*;

(b) a prospectus filed in a jurisdiction, other than a prospectus filed under a CPC instrument, if the issuer has not filed or been required to file an AIF or annual financial statements under National Instrument 51-102 *Continuous Disclosure Obligations*; or

(c) a QT circular if the issuer has not filed or been required to file annual financial statements under National Instrument 51-102 *Continuous Disclosure Obligations* subsequent to filing a QT circular;

‘approved credit rating’ has the same meaning as in National Instrument 81-102 *Mutual Funds*;

‘approved credit rating organization’ has the same meaning as in National Instrument 81-102 *Mutual Funds*;

‘bank’ means a bank named in Schedule I or II of the *Bank Act* (Canada);

‘Canadian financial institution’ means:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act; or

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

‘CPC instrument’ means a rule, regulation or policy of the TSX Venture Exchange Inc. that applies only to capital pool companies, and, in Quebec, includes Policy Statement 41-601Q, *Capital Pool Companies*;

‘debt security’ means any bond, debenture, note or similar instrument representing indebtedness, whether secured or unsecured;

‘director’ means:

(a) a member of the board of directors of a company or an individual who performs similar functions for a company; and

(b) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;

'eligibility adviser' means:

- (a) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed; and
- (b) in Saskatchewan or Manitoba, also means a lawyer who is a practising member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not:
 - (i) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders, or control persons; and
 - (ii) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;

'eligible investor' means:

- (a) a person whose:
 - (i) net assets, alone or with a spouse, in the case of an individual, exceed \$400,000;
 - (ii) net income before taxes exceeded \$75,000 in each of the 2 most recent calendar years and who reasonably expects to exceed that income level in the current calendar year; or
 - (iii) net income before taxes, alone or with a spouse, in the case of an individual, exceeded \$125,000 in each of the 2 most recent calendar years and who reasonably expects to exceed that income level in the current calendar year;
- (b) a person of which a majority of the voting securities are beneficially owned by eligible investors or a majority of the directors are eligible investors;
- (c) a general partnership of which all of the partners are eligible investors;
- (d) a limited partnership of which the majority of the general partners are eligible investors;
- (e) a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are eligible investors;
- (f) an accredited investor;
- (g) a person described in section 2.5 [*Family, friends and business associates*]; or
- (h) a person that has obtained advice regarding the suitability of the investment and, if the person is resident in a jurisdiction of Canada, that advice has been obtained from an eligibility adviser;

'executive officer' means, for an issuer, an individual who is:

- (a) a chair, vice-chair or president;

(b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or

(c) performing a policy-making function in respect of the issuer;

‘financial assets’ means:

(a) cash;

(b) securities; or

(c) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;

‘financial statements’ includes interim financial reports;

‘founder’ means, in respect of an issuer, a person who:

(a) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer; and

(b) at the time of the distribution or trade is actively involved in the business of the issuer;

‘fully managed account’ means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client’s express consent to a transaction;

‘investment fund’ has the same meaning as in National Instrument 81-106 *Investment Fund Continuous Disclosure*;

‘issuer’s GAAP’ has the same meaning as in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

‘marketplace’ has the same meaning as in National Instrument 21-101 *Marketplace Operation*;

‘MD&A’ has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

‘non-redeemable investment fund’ has the same meaning as in National Instrument 81-106 *Investment Fund Continuous Disclosure*;

‘person’ includes:

(a) an individual;

(b) a corporation;

(c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not; and

(d) an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative;

‘private enterprise’ has the same meaning as in Part 3 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

‘publicly accountable enterprise’ has the same meaning as in Part 3 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

‘QT circular’ means an information circular or filing statement in respect of a qualifying transaction for a capital pool company filed under a CPC instrument;

‘qualifying issuer’ means a reporting issuer in a jurisdiction of Canada that:

- (a) is a SEDAR filer;
- (b) has filed all documents required to be filed under the securities legislation of that jurisdiction; and
- (c) if not required to file an AIF, has filed in the jurisdiction:
 - (i) an AIF for its most recently completed financial year for which annual statements are required to be filed; and
 - (ii) copies of all material incorporated by reference in the AIF not previously filed;

‘related liabilities’ means:

- (a) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets; or
- (b) liabilities that are secured by financial assets;

‘retrospective’ has the same meaning as in Canadian GAAP applicable to publicly accountable enterprises;

‘retrospectively’ has the same meaning as in Canadian GAAP applicable to publicly accountable enterprises;

‘RRIF’ means a registered retirement income fund as defined in the *Income Tax Act* (Canada);

‘RRSP’ means a registered retirement savings plan as defined in the *Income Tax Act* (Canada);

‘Schedule III bank’ means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

‘SEDAR filer’ means an issuer that is an electronic filer under National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*;

‘self-directed RESP’ means an educational savings plan registered under the *Income Tax Act* (Canada):

- (a) that is structured so that a contribution by a subscriber to the plan is deposited directly into an account in the name of the subscriber; and
- (b) under which the subscriber maintains control and direction over the plan to direct how the assets of the plan are to be held, invested or reinvested subject to compliance with the *Income Tax Act* (Canada);

‘spouse’ means, an individual who:

- (a) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual;
- (b) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender; or
- (c) in Alberta, is an individual referred to in paragraph (a) or (b), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta);

'subsidiary' means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary;

'TFSA' means a tax-free savings account as described in the *Income Tax Act* (Canada).

“Interpretation of indirect interest

“1.2 For the purposes of paragraph (t) of the definition of **'accredited investor'** in section 1.1, in British Columbia, an indirect interest means an economic interest in the person referred to in that paragraph.

“Affiliate

“1.3 For the purpose of this Instrument, an issuer is an affiliate of another issuer if:

- (a) one of them is the subsidiary of the other; or
- (b) each of them is controlled by the same person.

“Control

“1.4 Except in Part 2, Division 4, for the purpose of this Instrument, a person (first person) is considered to control another person (second person) if:

- (a) the first person beneficially owns or directly or indirectly exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation;
- (b) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership; or
- (c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

“Registration requirement

“1.5(1) An exemption in this Instrument from the dealer registration requirement, or from the prospectus requirement, that refers to a registered dealer is only available for a trade in a security if the dealer is registered in a category that permits the trade described in the exemption.

(2) In this Instrument, an exemption from the dealer registration requirement is an exemption from the underwriter registration requirement.

“Definition of distribution - Manitoba

“1.6 For the purpose of this Instrument, in Manitoba, **'distribution'** means a primary distribution to the public.

“Definition of trade - Québec

“1.7 For the purpose of this Instrument, in Québec, **'trade'** refers to any of the following activities:

- (a) the activities described in the definition of **'dealer'** in section 5 of the *Securities Act* (R.S.Q., c. V-1.1), including the following activities:
 - (i) the sale or disposition of a security by onerous title, whether the terms of payment be on margin, installment or otherwise, but does not include a transfer or the giving in guarantee of securities in connection with a debt or the purchase of a security, except as provided in paragraph (b);

- (ii) participation as a trader in any transaction in a security through the facilities of an exchange or a quotation and trade reporting system;
- (iii) the receipt by a registrant of an order to buy or sell a security;
- (b) a transfer or the giving in guarantee of securities of an issuer from the holdings of a control person in connection with a debt.

“PART 2 PROSPECTUS EXEMPTIONS

“Division 1: Capital Raising Exemptions

“Rights offering

Refer to Appendix E of National Instrument 45-102 *Resale of Securities*. First trades are subject to a seasoning period on resale.

“2.1 The prospectus requirement does not apply to a distribution by an issuer of a right granted by the issuer to purchase a security of its own issue to a security holder of the issuer if:

- (a) the issuer has given the regulator or, in Québec, the securities regulatory authority, prior written notice stating the date, amount, nature and conditions of the distribution, including the approximate net proceeds to be derived by the issuer on the basis of the additional securities being fully taken up;
- (b) the regulator or, in Québec, the securities regulatory authority, has not objected in writing to the distribution within 10 days of receipt of the notice referred to in paragraph (a) or, if the regulator or securities regulatory authority objects to the distribution, the issuer has delivered to the regulator or securities regulatory authority information relating to the securities that is satisfactory to and accepted by the regulator or securities regulatory authority; and
- (c) the issuer has complied with the applicable requirements of National Instrument 45-101 *Rights Offerings*.

“Reinvestment plan

Refer to Appendix E of National Instrument 45-102 *Resale of Securities*. First trades are subject to a seasoning period on resale.

“2.2(1) Subject to subsections (3), (4) and (5), the prospectus requirement does not apply to the following distributions by an issuer, or by a trustee, custodian or administrator acting for or on behalf of the issuer, to a security holder of the issuer if the distributions are permitted by a plan of the issuer:

- (a) a distribution of a security of the issuer’s own issue if a dividend or distribution out of earnings, surplus, capital or other sources payable in respect of the issuer’s securities is applied to the purchase of the security; and
 - (b) subject to subsection (2), a distribution of a security of the issuer’s own issue if the security holder makes an optional cash payment to purchase the security of the issuer that trades on a marketplace.
- (2) Subsection (1) does not apply unless the aggregate number of securities issued under the optional cash payment referred to in subsection (1)(b) does not exceed, in the financial year of the issuer during which the distribution takes place, 2% of the issued and outstanding securities of the class to which the plan relates as at the beginning of the financial year.

(3) A plan that permits a distribution described in subsection (1)(a) or (b) must be available to every security holder in Canada to which the dividend or distribution out of earnings, surplus, capital or other sources is available.

(4) Subsection (1) does not apply to a distribution of a security of an investment fund.

(5) Subject to section 8.3.1, if the security distributed under a plan described in subsection (1) is of a different class or series than the class or series of the security to which the dividend or distribution is attributable, the issuer or the trustee, custodian or administrator must have provided to each participant that is eligible to receive a security under the plan either a description of the material attributes and characteristics of the security distributed under the plan or notice of a source from which the participant can obtain the information without charge.

“Accredited investor

Refer to Appendix D of National Instrument 45-102 *Resale of Securities*. First trades are subject to a restricted period on resale.

“2.3(1) The prospectus requirement does not apply to a distribution of a security if the purchaser purchases the security as principal and is an accredited investor.

(2) Subject to subsection (3), for the purpose of this section, a trust company or trust corporation described in paragraph (p) of the definition of ‘accredited investor’ in section 1.1 [*Definitions*] is deemed to be purchasing as principal.

(3) Subsection (2) does not apply to a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered or authorized under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada.

(4) For the purpose of this section, a person described in paragraph (q) of the definition of ‘accredited investor’ in section 1.1 [*Definitions*] is deemed to be purchasing as principal.

(5) This section does not apply to a distribution of a security to a person if the person was created, or is used, solely to purchase or hold securities as an accredited investor described in paragraph (m) of the definition of ‘accredited investor’ in section 1.1 [*Definitions*].

“Private issuer

Refer to Appendix E of National Instrument 45-102 *Resale of Securities*. First trades are subject to a seasoning period on resale.

“2.4(1) In this section:

‘private issuer’ means an issuer:

- (a) that is not a reporting issuer or an investment fund;
- (b) the securities of which, other than non-convertible debt securities:
 - (i) are subject to restrictions on transfer that are contained in the issuer’s constating documents or security holders’ agreements; and
 - (ii) are beneficially owned by not more than 50 persons, not including employees and former employees of the issuer or its affiliates, provided that each person is counted as one beneficial owner unless the person is created or used solely to purchase or hold securities of the issuer in which case each beneficial owner or each beneficiary of the person, as the case may be, must be counted as a separate beneficial owner; and

- (c) that:
- (i) has distributed its securities only to persons described in subsection (2); or
 - (ii) has completed a transaction and immediately following the completion of the transaction, its securities were beneficially owned only by persons described in subsection (2) and since the completion of the transaction has distributed its securities only to persons described in subsection (2).
- (2) The prospectus requirement does not apply to a distribution of a security of a private issuer to a person who purchases the security as principal and is:
- (a) a director, officer, employee, founder or control person of the issuer;
 - (b) a director, officer or employee of an affiliate of the issuer;
 - (c) a spouse, parent, grandparent, brother, sister, child or grandchild of a director, executive officer, founder or control person of the issuer;
 - (d) a parent, grandparent, brother, sister, child or grandchild of the spouse of a director, executive officer, founder or control person of the issuer;
 - (e) a close personal friend of a director, executive officer, founder or control person of the issuer;
 - (f) a close business associate of a director, executive officer, founder or control person of the issuer;
 - (g) a spouse, parent, grandparent, brother, sister, child or grandchild of the selling security holder or of the selling security holder's spouse;
 - (h) a security holder of the issuer;
 - (i) an accredited investor;
 - (j) a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons described in paragraphs (a) to (i);
 - (k) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in paragraphs (a) to (i); or
 - (l) a person that is not the public.
- (3) Except for a distribution to an accredited investor, no commission or finder's fee may be paid to any director, officer, founder or control person of an issuer in connection with a distribution under subsection (2).

“Family, friends and business associates

Refer to Appendix D of National Instrument 45-102 *Resale of Securities*. First trades are subject to a restricted period on resale.

- “2.5(1)** Except in Ontario and subject to section 2.6 [*Family, friends and business associates — Saskatchewan*], the prospectus requirement does not apply to a distribution of a security to a person who purchases the security as principal and is:
- (a) a director, executive officer or control person of the issuer, or of an affiliate of the issuer;
 - (b) a spouse, parent, grandparent, brother, sister, child or grandchild of a director, executive officer or control person of the issuer, or of an affiliate of the issuer;

- (c) a parent, grandparent, brother, sister, child or grandchild of the spouse of a director, executive officer or control person of the issuer or of an affiliate of the issuer;
 - (d) a close personal friend of a director, executive officer or control person of the issuer, or of an affiliate of the issuer;
 - (e) a close business associate of a director, executive officer or control person of the issuer, or of an affiliate of the issuer;
 - (f) a founder of the issuer or a spouse, parent, grandparent, brother, sister, child, grandchild, close personal friend or close business associate of a founder of the issuer;
 - (g) a parent, grandparent, brother, sister, child or grandchild of a spouse of a founder of the issuer;
 - (h) a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons described in paragraphs (a) to (g); or
 - (i) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in paragraphs (a) to (g).
- (2) No commission or finder's fee may be paid to any director, officer, founder, or control person of an issuer or an affiliate of the issuer in connection with a distribution under subsection (1).

“Family, friends and business associates - Saskatchewan

- “2.6(1) In Saskatchewan, section 2.5 [*Family, friends and business associates*] does not apply unless the person making the distribution obtains a signed risk acknowledgement from the purchaser in the required form for a distribution to:
- (a) a person described in section 2.5(1) (d) or (e) [*Family, friends and business associates*];
 - (b) a close personal friend or close business associate of a founder of the issuer; or
 - (c) a person described in section 2.5(1)(h) or (i) [*Family, friends and business associates*] if the distribution is based in whole or in part on a close personal friendship or close business association.
- (2) The person making the distribution must retain the required form referred to in subsection (1) for 8 years after the distribution.

“Founder, control person and family - Ontario

<p>Refer to Appendix D of National Instrument 45-102 <i>Resale of Securities</i>. First trades are subject to a restricted period on resale.</p>

- “2.7 In Ontario, the prospectus requirement does not apply to a distribution to a person who purchases the security as principal and is:
- (a) a founder of the issuer;
 - (b) an affiliate of a founder of the issuer;
 - (c) a spouse, parent, brother, sister, grandparent, grandchild or child of an executive officer, director or founder of the issuer; or
 - (d) a person that is a control person of the issuer.

“Affiliates

Refer to Appendix D of National Instrument 45-102 *Resale of Securities*. First trades are subject to a restricted period on resale.

“2.8 The prospectus requirement does not apply to a distribution by an issuer of a security of its own issue to an affiliate of the issuer that is purchasing as principal.

“Offering memorandum

Refer to Appendix D of National Instrument 45-102 *Resale of Securities*. First trades are subject to a restricted period on resale.

“2.9(1) In British Columbia, New Brunswick, Nova Scotia and Newfoundland and Labrador, the prospectus requirement does not apply to a distribution by an issuer of a security of its own issue to a purchaser if:

- (a) the purchaser purchases the security as principal; and
- (b) at the same time or before the purchaser signs the agreement to purchase the security, the issuer:
 - (i) delivers an offering memorandum to the purchaser in compliance with subsections (5) to (13); and
 - (ii) obtains a signed risk acknowledgement from the purchaser in compliance with subsection (15).

(2) In Alberta, Manitoba, Northwest Territories, Nunavut, Prince Edward Island, Québec, Saskatchewan and Yukon, the prospectus requirement does not apply to a distribution by an issuer of a security of its own issue to a purchaser if:

- (a) the purchaser purchases the security as principal;
- (b) the purchaser is an eligible investor or the acquisition cost to the purchaser does not exceed \$10,000;
- (c) at the same time or before the purchaser signs the agreement to purchase the security, the issuer:
 - (i) delivers an offering memorandum to the purchaser in compliance with subsections (5) to (13); and
 - (ii) obtains a signed risk acknowledgement from the purchaser in compliance with subsection (15); and
- (d) if the issuer is an investment fund, the investment fund is:
 - (i) a non-redeemable investment fund; or
 - (ii) a mutual fund that is a reporting issuer.

(3) In Alberta, Manitoba, Northwest Territories, Nunavut, Prince Edward Island, Québec, Saskatchewan and Yukon, this section does not apply to a distribution of a security to a person described in paragraph (a) of the definition of ‘eligible investor’ in section 1.1 [*Definitions*] if that person was created, or is used, solely to purchase or hold securities in reliance on the exemption from the prospectus requirement set out in subsection (2).

(4) No commission or finder’s fee may be paid to any person, other than a registered dealer, in connection with a distribution to a purchaser in the Northwest Territories, Nunavut, Saskatchewan and Yukon under subsection (2).

(5) An offering memorandum delivered under this section must be in the required form.

- (6) If the securities legislation where the purchaser is resident does not provide a comparable right, an offering memorandum delivered under this section must provide the purchaser with a contractual right to cancel the agreement to purchase the security by delivering a notice to the issuer not later than midnight on the 2nd business day after the purchaser signs the agreement to purchase the security.
- (7) If the securities legislation where the purchaser is resident does not provide statutory rights of action in the event of a misrepresentation in an offering memorandum delivered under this section, the offering memorandum must contain a contractual right of action against the issuer for rescission or damages that:
- (a) is available to the purchaser if the offering memorandum, or any information or documents incorporated or deemed to be incorporated by reference into the offering memorandum, contains a misrepresentation, without regard to whether the purchaser relied on the misrepresentation;
 - (b) is enforceable by the purchaser delivering a notice to the issuer:
 - (i) in the case of an action for rescission, within 180 days after the purchaser signs the agreement to purchase the security; or
 - (ii) in the case of an action for damages, before the earlier of:
 - (A) 180 days after the purchaser first has knowledge of the facts giving rise to the cause of action; or
 - (B) 3 years after the date the purchaser signs the agreement to purchase the security;
 - (c) is subject to the defence that the purchaser had knowledge of the misrepresentation;
 - (d) in the case of an action for damages, provides that the amount recoverable:
 - (i) must not exceed the price at which the security was offered; and
 - (ii) does not include all or any part of the damages that the issuer proves does not represent the depreciation in value of the security resulting from the misrepresentation; and
 - (e) is in addition to, and does not detract from, any other right of the purchaser.
- (8) An offering memorandum delivered under this section must contain a certificate that states the following:
- ‘This offering memorandum does not contain a misrepresentation’.
- (9) If the issuer is a company, a certificate under subsection (8) must be signed:
- (a) by the issuer’s chief executive officer and chief financial officer or, if the issuer does not have a chief executive officer or chief financial officer, an individual acting in that capacity;
 - (b) on behalf of the directors of the issuer, by:
 - (i) any 2 directors who are authorized to sign, other than the persons referred to in paragraph (a); or
 - (ii) all the directors of the issuer; and
 - (c) by each promoter of the issuer.

- (10) If the issuer is a trust, a certificate under subsection (8) must be signed by:
- (a) the individuals who perform functions for the issuer similar to those performed by the chief executive officer and the chief financial officer of a company; and
 - (b) each trustee and the manager of the issuer.
- (10.1) If a trustee or the manager that is signing the certificate of the issuer is:
- (a) an individual, the individual must sign the certificate;
 - (b) a company, the certificate must be signed:
 - (i) by the chief executive officer and the chief financial officer of the trustee or the manager; and
 - (ii) on behalf of the board of directors of the trustee or the manager, by:
 - (A) any two directors of the trustee or the manager, other than the persons referred to in subparagraph (i); or
 - (B) all of the directors of the trustee or the manager;
 - (c) a limited partnership, the certificate must be signed by each general partner of the limited partnership as described in subsection (11.1) in relation to an issuer that is a limited partnership; or
 - (d) not referred to in paragraphs (a), (b) or (c), the certificate may be signed by any person or company with authority to act on behalf of the trustee or the manager.
- (10.2) Despite subsections (10) and (10.1), if the issuer is an investment fund and the declaration of trust, trust indenture or trust agreement establishing the investment fund delegates the authority to do so, or otherwise authorizes an individual or company to do so, the certificate may be signed by the individual or company to whom the authority is delegated or that is authorized to sign the certificate.
- (10.3) Despite subsections (10) and (10.1), if the trustees of an issuer, other than an investment fund, do not perform functions for the issuer similar to those performed by the directors of a company, the trustees are not required to sign the certificate of the issuer if at least two individuals who perform functions for the issuer similar to those performed by the directors of a company sign the certificate.
- (11) If the issuer is a limited partnership, a certificate under subsection (8) must be signed by:
- (a) each individual who performs a function for the issuer similar to any of those performed by the chief executive officer or the chief financial officer of a company; and
 - (b) each general partner of the issuer.
- (11.1) If a general partner of the issuer is:
- (a) an individual, the individual must sign the certificate;
 - (b) a company, the certificate must be signed:
 - (i) by the chief executive officer and the chief financial officer of the general partner; and

- (ii) on behalf of the board of directors of the general partner, by:
 - (A) any two directors of the general partner, other than the persons referred to in subparagraph (i); or
 - (B) all of the directors of the general partner;
 - (c) a limited partnership, the certificate must be signed by each general partner of the limited partnership and, for greater certainty, this subsection applies to each general partner required to sign;
 - (d) a trust, the certificate must be signed by the trustees of the general partner as described in subsection 10 in relation to an issuer that is a trust; or
 - (e) not referred to in paragraphs (a) to (d), the certificate may be signed by any person or company with authority to act on behalf of the general partner.
- (12) If an issuer is not a company, trust or limited partnership, a certificate under subsection (8) must be signed by the persons that, in relation to the issuer, are in a similar position or perform a similar function to any of the persons referred to in subsections (9), (10), (10.1), (10.2), (10.3), (11) and (11.1).
- (13) A certificate under subsection (8) must be true:
- (a) at the date the certificate is signed; and
 - (b) at the date the offering memorandum is delivered to the purchaser.
- (14) If a certificate under subsection (8) ceases to be true after it is delivered to the purchaser, the issuer cannot accept an agreement to purchase the security from the purchaser unless:
- (a) the purchaser receives an update of the offering memorandum;
 - (b) the update of the offering memorandum contains a newly dated certificate signed in compliance with subsection (9), (10), (10.1), (10.2), (10.3), (11) or (11.1); and
 - (c) the purchaser re-signs the agreement to purchase the security.
- (15) A risk acknowledgement under subsection (1) or (2) must be in the required form and an issuer relying on subsection (1) or (2) must retain the signed risk acknowledgment for 8 years after the distribution.
- (16) The issuer must:
- (a) hold in trust all consideration received from the purchaser in connection with a distribution of a security under subsection (1) or (2) until midnight on the 2nd business day after the purchaser signs the agreement to purchase the security; and
 - (b) return all consideration to the purchaser promptly if the purchaser exercises the right to cancel the agreement to purchase the security described under subsection (6).
- (17) The issuer must file a copy of an offering memorandum delivered under this section and any update of a previously filed offering memorandum with the securities regulatory authority on or before the 10th day after the distribution under the offering memorandum or update of the offering memorandum.

(18) If a qualifying issuer uses a form of offering memorandum that allows the qualifying issuer to incorporate previously filed information into the offering memorandum by reference, the qualifying issuer is exempt from the requirement under National Instrument 43-101 *Standards of Disclosure for Mineral Projects* to file a technical report to support scientific or technical information about the qualifying issuer's mineral project in the offering memorandum or incorporated by reference into the offering memorandum if the information about the mineral project is contained in a previously filed technical report under National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

“Minimum amount investment

Refer to Appendix D of National Instrument 45-102 *Resale of Securities*. First trades are subject to a restricted period on resale.

“2.10(1) The prospectus requirement does not apply to a distribution of a security to a person if:

- (a) that person purchases as principal;
- (b) the security has an acquisition cost to the purchaser of not less than \$150,000 paid in cash at the time of the distribution; and
- (c) the distribution is of a security of a single issuer.

(2) Subsection (1) does not apply to a distribution of a security to a person if the person was created, or is used, solely to purchase or hold securities in reliance on the exemption from the prospectus requirement set out in subsection (1).

“Division 2: Transaction Exemptions

“Business combination and reorganization

Refer to Appendix E of National Instrument 45-102 *Resale of Securities*. First trades are subject to a seasoning period on resale.

“2.11 The prospectus requirement does not apply to a distribution of a security in connection with:

- (a) an amalgamation, merger, reorganization or arrangement that is under a statutory procedure;
- (b) an amalgamation, merger, reorganization or arrangement that:
 - (i) is described in an information circular made pursuant to National Instrument 51-102 *Continuous Disclosure Obligations* or in a similar disclosure record and the information circular or similar disclosure record is delivered to each security holder whose approval of the amalgamation, merger, reorganization or arrangement is required before it can proceed; and
 - (ii) is approved by the security holders referred to in subparagraph (i); or
- (c) a dissolution or winding-up of the issuer.

“Asset acquisition

Refer to Appendix D of National Instrument 45-102 *Resale of Securities*. First trades are subject to a restricted period on resale.

“2.12 The prospectus requirement does not apply to a distribution by an issuer of a security of its own issue to a person as consideration for the acquisition, directly or indirectly, of the assets of the person, if those assets have a fair value of not less than \$150,000.

“Petroleum, natural gas and mining properties

Refer to Appendix D of National Instrument 45-102 *Resale of Securities*. First trades are subject to a restricted period on resale.

“2.13 The prospectus requirement does not apply to a distribution by an issuer of a security of its own issue as consideration for the acquisition, directly or indirectly, of petroleum, natural gas or mining properties or any interest in them.

“Securities for debt

Refer to Appendix D of National Instrument 45-102 *Resale of Securities*. First trades are subject to a restricted period on resale.

“2.14 The prospectus requirement does not apply to a distribution by a reporting issuer of a security of its own issue to a creditor to settle a bona fide debt of that reporting issuer.

“Issuer acquisition or redemption

This provision is not cited in any Appendix of National Instrument 45-102 *Resale of Securities*.

“2.15 The prospectus requirement does not apply to a distribution of a security to the issuer of the security.

“Take-over bid and issuer bid

Refer to section 2.11 or Appendix E of National Instrument 45-102 *Resale of Securities*. First trades are subject to a seasoning period on resale unless the requirements of section 2.11 of National Instrument 45-102 are met.

“2.16 The prospectus requirement does not apply to a distribution of a security in connection with a take-over bid in a jurisdiction of Canada or an issuer bid in a jurisdiction of Canada.

“Offer to acquire to security holder outside local jurisdiction

Refer to Appendix E of National Instrument 45-102 *Resale of Securities*. First trades are subject to a seasoning period on resale.

“2.17 The prospectus requirement does not apply to a distribution by a security holder outside the local jurisdiction to a person in the local jurisdiction if the distribution would have been in connection with a take-over bid or issuer bid made by that person were it not for the fact that the security holder is outside of the local jurisdiction.

“Division 3: Investment Fund Exemptions**“Investment fund reinvestment**

Refer to Appendix E of National Instrument 45-102 *Resale of Securities*. First trades are subject to a seasoning period on resale.

“2.18(1) Subject to subsections (3), (4), (5) and (6), the prospectus requirement does not apply to the following distributions by an investment fund, and the investment fund manager of the fund, to a security holder of the investment fund if the distributions are permitted by a plan of the investment fund:

- (a) a distribution of a security of the investment fund's own issue if a dividend or distribution out of earnings, surplus, capital or other sources payable in respect of the investment fund's securities is applied to the purchase of the security that is of the same class or series as the securities to which the dividend or distribution out of earnings, surplus, capital or other sources is attributable; and
- (b) subject to subsection (2), a distribution of a security of the investment fund's own issue if the security holder makes an optional cash payment to purchase the security of the investment fund that is of the same class or series of securities described in paragraph (a) that trade on a marketplace.
- (2) The aggregate number of securities issued under the optional cash payment referred to in subsection (1)(b) must not exceed, in any financial year of the investment fund during which the distribution takes place, 2% of the issued and outstanding securities of the class to which the plan relates as at the beginning of the financial year.
- (3) A plan that permits the distributions described in subsection (1) must be available to every security holder in Canada to which the dividend or distribution out of earnings, surplus, capital or other sources is available.
- (4) A person must not charge a fee for a distribution described in subsection (1).
- (5) An investment fund that is a reporting issuer and in continuous distribution must set out in its current prospectus:
- (a) details of any deferred or contingent sales charge or redemption fee that is payable at the time of the redemption of the security;
- (b) any right that the security holder has to make an election to receive cash instead of securities on the payment of a dividend or making of a distribution by the investment fund; and
- (c) instructions on how the right referred to in paragraph (b) can be exercised.
- (6) An investment fund that is a reporting issuer and is not in continuous distribution must provide the information required by subsection (5) in its prospectus, annual information form or a material change report.

“Additional investment in investment funds

Refer to Appendix D of National Instrument 45-102 *Resale of Securities*. First trades are subject to a restricted period on resale.

- “2.19** The prospectus requirement does not apply to a distribution by an investment fund, or the investment fund manager of the fund, of a security of the investment fund's own issue to a security holder of the investment fund if:
- (a) the security holder initially acquired securities of the investment fund as principal for an acquisition cost of not less than \$150,000 paid in cash at the time of the distribution;
- (b) the distribution is of a security of the same class or series as the securities initially acquired, as described in paragraph (a); and
- (c) the security holder, as at the date of the distribution, holds securities of the investment fund that have:
- (i) an acquisition cost of not less than \$150,000; or
- (ii) a net asset value of not less than \$150,000.

“Private investment club

Refer to Appendix E of National Instrument 45-102 *Resale of Securities*. First trades are subject to a seasoning period on resale.

“2.20 The prospectus requirement does not apply to a distribution of a security of an investment fund if the investment fund:

- (a) has no more than 50 beneficial security holders;
- (b) does not seek and has never sought to borrow money from the public;
- (c) does not distribute and has never distributed its securities to the public;
- (d) does not pay or give any remuneration for investment management or administration advice in respect of trades in securities, except normal brokerage fees; and
- (e) for the purpose of financing the operations of the investment fund, requires security holders to make contributions in proportion to the value of the securities held by them.

“Private investment fund - loan and trust pools

Refer to Appendix E of National Instrument 45-102 *Resale of Securities*. First trades are subject to a seasoning period on resale.

“2.21(1) Subject to subsection (2), the prospectus requirement does not apply to a distribution of a security of an investment fund if the investment fund:

- (a) is administered by a trust company or trust corporation that is registered or authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (b) has no promoter or investment fund manager other than the trust company or trust corporation referred to in paragraph (a); and
- (c) co-mingles the money of different estates and trusts for the purpose of facilitating investment.

(2) A trust company or trust corporation registered under the laws of Prince Edward Island that is not registered under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada is not a trust company or trust corporation for the purpose of subparagraph (1)(a).

“Division 4: Employee, Executive Officer, Director and Consultant Exemptions**“Definitions**

“2.22 In this Division and in Division 4 of Part 3 of this Instrument:

‘associate’, when used to indicate a relationship with a person, means:

- (a) an issuer of which the person beneficially owns or controls, directly or indirectly, voting securities entitling the person to more than 10% of the voting rights attached to outstanding voting securities of the issuer;
- (b) any partner of the person;
- (c) any trust or estate in which the person has a substantial beneficial interest or in respect of which the person serves as trustee or executor or in a similar capacity; or

- (d) in the case of an individual, a relative of that individual, including:
 - (i) a spouse of that individual; or
 - (ii) a relative of that individual's spouse;if the relative has the same home as that individual;

'associated consultant' means, for an issuer, a consultant of the issuer or of a related entity of the issuer if:

- (a) the consultant is an associate of the issuer or of a related entity of the issuer; or
- (b) the issuer or a related entity of the issuer is an associate of the consultant;

'compensation' means an issuance of securities in exchange for services provided or to be provided and includes an issuance of securities for the purpose of providing an incentive;

'consultant' means, for an issuer, a person, other than an employee, executive officer, or director of the issuer or of a related entity of the issuer, that:

- (a) is engaged to provide services to the issuer or a related entity of the issuer, other than services provided in relation to a distribution;
- (b) provides the services under a written contract with the issuer or a related entity of the issuer; and
- (c) spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity of the issuer;

and includes:

- (d) for an individual consultant, a corporation of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner; and
- (e) for a consultant that is not an individual, an employee, executive officer, or director of the consultant, provided that the individual employee, executive officer, or director spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity of the issuer;

'holding entity' means a person that is controlled by an individual;

'investor relations activities' means activities or communications, by or on behalf of an issuer or a security holder of the issuer, that promote or could reasonably be expected to promote the purchase or sale of securities of the issuer, but does not include:

- (a) the dissemination of information or preparation of records in the ordinary course of the business of the issuer:
 - (i) to promote the sale of products or services of the issuer; or
 - (ii) to raise public awareness of the issuer;

that cannot reasonably be considered to promote the purchase or sale of securities of the issuer;

- (b) activities or communications necessary to comply with the requirements of:
 - (i) securities legislation of any jurisdiction of Canada;
 - (ii) the securities laws of any foreign jurisdiction governing the issuer; or
 - (iii) any exchange or market on which the issuer's securities trade; or
- (c) activities or communications necessary to follow securities directions of any jurisdiction of Canada;

'investor relations person' means a person that is a registrant or that provides services that include investor relations activities;

'issuer bid requirements' means the requirements under securities legislation that apply to an issuer bid;

'listed issuer' means an issuer, any of the securities of which:

- (a) are listed and not suspended, or the equivalent, from trading on:
 - (i) TSX Inc.;
 - (ii) TSX Venture Exchange Inc.;
 - (iii) NYSE Amex Equities;
 - (iv) The New York Stock Exchange;
 - (v) the London Stock Exchange; or
- (b) are quoted on the Nasdaq Stock Market;

'permitted assign' means, for a person that is an employee, executive officer, director or consultant of an issuer or of a related entity of the issuer:

- (a) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the person;
- (b) a holding entity of the person;
- (c) a RRSP, RRIF, or TFSA of the person;
- (d) the spouse of the person;
- (e) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the spouse of the person;
- (f) a holding entity of the spouse of the person; or
- (g) a RRSP, RRIF, or TFSA of the spouse of the person;

'plan' means a plan or program established or maintained by an issuer providing for the acquisition of securities of the issuer by persons described in section 2.24(1) [*Employee, executive officer, director and consultant*] as compensation;

'related entity' means, for an issuer, a person that controls or is controlled by the issuer or that is controlled by the same person that controls the issuer;

'related person' means, for an issuer:

- (a) a director or executive officer of the issuer or of a related entity of the issuer;
- (b) an associate of a director or executive officer of the issuer or of a related entity of the issuer; or

(c) a permitted assign of a director or executive officer of the issuer or of a related entity of the issuer;

'security holder approval' means an approval for the issuance of securities of an issuer as compensation or under a plan:

(a) given by a majority of the votes cast at a meeting of security holders of the issuer other than votes attaching to securities beneficially owned by related persons to whom securities may be issued as compensation or under that plan; or

(b) evidenced by a resolution signed by all the security holders entitled to vote at a meeting, if the issuer is not required to hold a meeting; and

'support agreement' includes an agreement to provide assistance in the maintenance or servicing of indebtedness of the borrower and an agreement to provide consideration for the purpose of maintaining or servicing indebtedness of the borrower.

"Interpretation

"2.23(1) In this Division, a person (first person) is considered to control another person (second person) if the first person, directly or indirectly, has the power to direct the management and policies of the second person by virtue of:

(a) ownership of or direction over voting securities in the second person;

(b) a written agreement or indenture;

(c) being the general partner or controlling the general partner of the second person; or

(d) being a trustee of the second person.

(2) In this Division, participation in a distribution is considered voluntary if:

(a) in the case of an employee or the employee's permitted assign, the employee or the employee's permitted assign is not induced to participate in the distribution by expectation of employment or continued employment of the employee with the issuer or a related entity of the issuer;

(b) in the case of an executive officer or the executive officer's permitted assign, the executive officer or the executive officer's permitted assign is not induced to participate in the distribution by expectation of appointment, employment, continued appointment or continued employment of the executive officer with the issuer or a related entity of the issuer;

(c) in the case of a consultant or the consultant's permitted assign, the consultant or the consultant's permitted assign is not induced to participate in the distribution by expectation of engagement of the consultant to provide services or continued engagement of the consultant to provide services to the issuer or a related entity of the issuer; and

(d) in the case of an employee of a consultant, the individual is not induced by the issuer, a related entity of the issuer, or the consultant to participate in the distribution by expectation of employment or continued employment with the consultant.

“Employee, executive officer, director and consultant

Refer to Appendix E of National Instrument 45-102 *Resale of Securities*. First trades are subject to a seasoning period on resale.

“2.24(1) Subject to section 2.25 [*Unlisted reporting issuer exception*], the prospectus requirement does not apply to a distribution:

- (a) by an issuer in a security of its own issue; or
- (b) by a control person of an issuer of a security of the issuer or of an option to acquire a security of the issuer;

with:

- (c) an employee, executive officer, director or consultant of the issuer;
- (d) an employee, executive officer, director or consultant of a related entity of the issuer; or
- (e) a permitted assign of a person referred to in paragraphs (c) or (d);

if participation in the distribution is voluntary.

(2) For the purposes of subsection (1), a person referred to in paragraph (c), (d) or (e) includes a trustee, custodian or administrator acting as agent for that person for the purpose of facilitating a trade.

“Unlisted reporting issuer exception

“2.25(1) For the purpose of this section, ‘**unlisted reporting issuer**’ means a reporting issuer in a jurisdiction of Canada that is not a listed issuer.

(2) Subject to subsection (3), section 2.24 [*Employee, executive officer, director and consultant*] does not apply to a distribution to an employee or consultant of the unlisted reporting issuer who is an investor relations person of the issuer, an associated consultant of the issuer, an executive officer of the issuer, a director of the issuer, or a permitted assign of those persons if, after the distribution:

(a) the number of securities, calculated on a fully diluted basis, reserved for issuance under options granted to:

- (i) related persons, exceeds 10% of the outstanding securities of the issuer; or
- (ii) a related person, exceeds 5% of the outstanding securities of the issuer; or

(b) the number of securities, calculated on a fully diluted basis, issued within 12 months to:

- (i) related persons, exceeds 10% of the outstanding securities of the issuer; or
- (ii) a related person and the associates of the related person, exceeds 5% of the outstanding securities of the issuer.

(3) Subsection (2) does not apply to a distribution if the unlisted reporting issuer:

- (a) obtains security holder approval; and

(b) before obtaining security holder approval, provides security holders with the following information in sufficient detail to permit security holders to form a reasoned judgment concerning the matter:

- (i) the eligibility of employees, executive officers, directors, and consultants to be issued or granted securities as compensation or under a plan;
- (ii) the maximum number of securities that may be issued, or in the case of options, the number of securities that may be issued on exercise of the options, as compensation or under a plan;
- (iii) particulars relating to any financial assistance or support agreement to be provided to participants by the issuer or any related entity of the issuer to facilitate the purchase of securities as compensation or under a plan, including whether the assistance or support is to be provided on a full-, part-, or non-recourse basis;
- (iv) in the case of options, the maximum term and the basis for the determination of the exercise price;
- (v) particulars relating to the options or other entitlements to be granted as compensation or under a plan, including transferability; and
- (vi) the number of votes attaching to securities that, to the issuer's knowledge at the time the information is provided, will not be included for the purpose of determining whether security holder approval has been obtained.

“Distributions among current or former employees, executive officers, directors, or consultants of non-reporting issuer

<p>Refer to Appendix E of National Instrument 45-102 <i>Resale of Securities</i>. First trades are subject to a seasoning period on resale.</p>
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“2.26(1) Subject to subsection (2), the prospectus requirement does not apply to a distribution of a security of an issuer by:

- (a) a current or former employee, executive officer, director, or consultant of the issuer or related entity of the issuer; or
- (b) a permitted assign of a person referred to in paragraph (a);

to:

- (c) an employee, executive officer, director, or consultant of the issuer or a related entity of the issuer; or
- (d) a permitted assign of the employee, executive officer, director, or consultant.

(2) The exemption in subsection (1) is only available if:

- (a) participation in the distribution is voluntary;
- (b) the issuer of the security is not a reporting issuer in any jurisdiction of Canada; and
- (c) the price of the security being distributed is established by a generally applicable formula contained in a written agreement among some or all of the security holders of the issuer to which the transferee is or will become a party.

“Permitted transferees

Refer to Appendix E of National Instrument 45-102 *Resale of Securities*. First trades are subject to a seasoning period on resale.

“2.27(1) Subject to section 2.28, the prospectus requirement does not apply to a distribution of a security of an issuer acquired by a person described in section 2.24(1) [*Employee, executive officer, director and consultant*] under a plan of the issuer if the distribution:

- (a) is between:
 - (i) a person who is an employee, executive officer, director or consultant of the issuer or a related entity of the issuer; and
 - (ii) the permitted assign of that person; or
- (b) is between permitted assigns of that person.

(2) Subject to section 2.28, the prospectus requirement does not apply to a distribution of a security of an issuer by a trustee, custodian or administrator acting on behalf, or for the benefit, of employees, executive officers, directors or consultants of the issuer or a related entity of the issuer, to:

- (a) an employee, executive officer, director or consultant of the issuer or a related entity of the issuer; or
- (b) a permitted assign of a person referred to in paragraph (a);

if the security was acquired from:

- (c) an employee, executive officer, director or consultant of the issuer or a related entity of the issuer; or
- (d) the permitted assign of a person referred to in paragraph (c).

(3) For the purposes of the exemptions in subsection (1) and paragraphs (2) (c) and (d), all references to employee, executive officer, director, or consultant include a former employee, executive officer, director, or consultant.

“Limitation re: permitted transferees

“2.28 The exemption from the prospectus requirement under subsection 2.27(1) or (2) is only available if the security was acquired:

- (a) by a person described in section 2.24(1) [*Employee, executive officer, director, and consultant*] under any exemption that makes the resale of the security subject to section 2.6 of National Instrument 45-102 *Resale of Securities*; or
- (b) in Manitoba, by a person described in section 2.24(1) [*Employee, executive officer, director, and consultant*].

“Issuer bid

“2.29 The issuer bid requirements do not apply to the acquisition by an issuer of a security of its own issue that was acquired by a person described in section 2.24(1) [*Employee, executive officer, director, and consultant*] if:

- (a) the purpose of the acquisition by the issuer is to:
 - (i) fulfill withholding tax obligations; or
 - (ii) provide payment of the exercise price of a stock option;

- (b) the acquisition by the issuer is made in accordance with the terms of a plan that specifies how the value of the securities acquired by the issuer is determined;
- (c) in the case of securities acquired as payment of the exercise price of a stock option, the date of exercise of the option is chosen by the option holder; and
- (d) the aggregate number of securities acquired by the issuer within a 12 month period under this section does not exceed 5% of the outstanding securities of the class or series at the beginning of the period.

“Division 5: Miscellaneous Exemptions

“Isolated distribution by issuer

Refer to Appendix D of National Instrument 45-102 *Resale of Securities*. First trades are subject to a restricted period.

“2.30 The prospectus requirement does not apply to a distribution by an issuer of a security of its own issue if the distribution is an isolated distribution and is not made:

- (a) in the course of continued and successive transactions of a like nature; and
- (b) by a person whose usual business is trading in securities.

“Dividends and distributions

Subsection (1) is cited in Appendix E of National Instrument 45-102 *Resale of Securities*. First trades are subject to a seasoning period on resale. Subsection (2) is cited in Appendix D and Appendix E of National Instrument 45-102. Resale restriction is determined by the exemption under which the previously issued security was first acquired.

“2.31(1) The prospectus requirement does not apply to a distribution by an issuer of a security of its own issue to a security holder of the issuer as a dividend or distribution out of earnings, surplus, capital or other sources.

(2) The prospectus requirement does not apply to a distribution by an issuer to a security holder of the issuer of a security of a reporting issuer as an in specie dividend or distribution out of earnings or surplus.

“Distribution to lender by control person for collateral

This provision is not cited in any Appendix of National Instrument 45-102 *Resale of Securities*. Trades by a lender, pledgee, mortgagee or other encumbrancer to realize on a debt are regulated by section 2.8 of National Instrument 45-102.

“2.32 The prospectus requirement does not apply to a distribution of a security of an issuer to a lender, pledgee, mortgagee or other encumbrancer from the holdings of a control person of the issuer for the purpose of giving collateral for a bona fide debt of the control person.

“Acting as underwriter

Refer to Appendix F of National Instrument 45-102 *Resale of Securities*. First trades are a distribution.

“2.33 The prospectus requirement does not apply to a distribution of a security between a person and a purchaser acting as an underwriter or between or among persons acting as underwriters.

“Specified debt

This provision is not cited in any Appendix of National Instrument 45-102 *Resale of Securities*. These securities are free trading.

“2.34(1) In this section, **‘permitted supranational agency’** means:

- (a) the African Development Bank, established by the Agreement Establishing the African Development Bank which came into force on September 10, 1964, that Canada became a member of on December 30, 1982;
 - (b) the Asian Development Bank, established under a resolution adopted by the United Nations Economic and Social Commission for Asia and the Pacific in 1965;
 - (c) the Caribbean Development Bank, established by the Agreement Establishing the Caribbean Development Bank which came into force on January 26, 1970, as amended, that Canada is a founding member of;
 - (d) the European Bank for Reconstruction and Development, established by the Agreement Establishing the European Bank for Reconstruction and Development and approved by the *European Bank for Reconstruction and Development Agreement Act* (Canada), that Canada is a founding member of;
 - (e) the Inter-American Development Bank, established by the Agreement establishing the Inter-American Development Bank which became effective December 30, 1959, as amended from time to time, that Canada is a member of;
 - (f) the International Bank for Reconstruction and Development, established by the Agreement for an International Bank for Reconstruction and Development approved by the *Bretton Woods and Related Agreements Act* (Canada); and
 - (g) the International Finance Corporation, established by Articles of Agreement approved by the *Bretton Woods and Related Agreements Act* (Canada).
- (2) The prospectus requirement does not apply to a distribution of:
- (a) a debt security issued by or guaranteed by the Government of Canada or the government of a jurisdiction of Canada;
 - (b) a debt security issued by or guaranteed by a government of a foreign jurisdiction if the debt security has an approved credit rating from an approved credit rating organization;
 - (c) a debt security issued by or guaranteed by a municipal corporation in Canada, or secured by or payable out of rates or taxes levied under the law of a jurisdiction of Canada on property in the jurisdiction and collectable by or through the municipality in which the property is situated;
 - (d) a debt security issued by or guaranteed by a Canadian financial institution or a Schedule III bank, other than debt securities that are subordinate in right of payment to deposits held by the issuer or guarantor of those debt securities;

(d.1) in Ontario, a debt security issued by or guaranteed by a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of a jurisdiction of Canada other than Ontario to carry on business in a jurisdiction of Canada, other than debt securities that are subordinate in right of payment to deposits held by the issuer or guarantor of those debt securities;

(e) a debt security issued by the Comité de gestion de la taxe scolaire de l'île de Montréal; or

(f) a debt security issued by or guaranteed by a permitted supranational agency if the debt securities are payable in the currency of Canada or the United States of America.

(3) Paragraphs (2)(a), (c) and (d) do not apply in Ontario.

In Ontario, paragraphs 73(1)(a) and (b) of the *Securities Act* (Ontario) provide similar exemptions to the exemptions in paragraphs (2)(a), (c) and (d).

“Short-term debt

This provision is not cited in any Appendix of National Instrument 45-102 *Resale of Securities*. These securities are free trading.

“2.35 The prospectus requirement does not apply to a distribution of a negotiable promissory note or commercial paper maturing not more than one year from the date of issue, if the note or commercial paper distributed:

(a) is not convertible or exchangeable into or accompanied by a right to purchase another security other than a security described in this section; and

(b) has an approved credit rating from an approved credit rating organization.

“Mortgages

This provision is not cited in any Appendix of National Instrument 45-102 *Resale of Securities*. These securities are free trading.

“2.36(1) In this section, ‘**syndicated mortgage**’ means a mortgage in which 2 or more persons participate, directly or indirectly, as a lender in a debt obligation that is secured by the mortgage.

(2) Except in Ontario, and subject to subsection (3), the prospectus requirement does not apply to a distribution of a mortgage on real property in a jurisdiction of Canada by a person who is registered or licensed, or exempted from registration or licensing, under mortgage brokerage or mortgage dealer legislation of that jurisdiction.

(3) In Alberta, British Columbia, Manitoba, Québec and Saskatchewan, subsection (2) does not apply to a distribution of a syndicated mortgage.

In Ontario, paragraph 73(1)(a) of the *Securities Act* (Ontario) provides a similar exemption.

“Personal property security legislation

This provision is not cited in any Appendix of National Instrument 45-102 *Resale of Securities*. These securities are free trading.

“2.37 Except in Ontario, the prospectus requirement does not apply to a distribution to a person, other than an individual, in a security evidencing indebtedness secured by or under a security agreement, secured in accordance with personal property security legislation of a jurisdiction of Canada that provides for the granting of security in personal property.

In Ontario, paragraph 73(1)(a) of the *Securities Act* (Ontario) provides a similar exemption.

“Not for profit issuer

This provision is not cited in any Appendix of National Instrument 45-102 *Resale of Securities*. These securities are free trading.

“2.38 The prospectus requirement does not apply to a distribution by an issuer that is organized exclusively for educational, benevolent, fraternal, charitable, religious or recreational purposes and not for profit in a security of its own issue if:

- (a) no part of the net earnings benefit any security holder of the issuer; and
- (b) no commission or other remuneration is paid in connection with the sale of the security.

“Variable insurance contract

This provision is not cited in any Appendix of National Instrument 45-102 *Resale of Securities*. These securities are free trading.

“2.39(1) In this section:

- (a) **‘contract’, ‘group insurance’, ‘insurance company’, ‘life insurance’** and **‘policy’** have the respective meanings assigned to them in the legislation for a jurisdiction referenced in Appendix A;
 - (b) **‘variable insurance contract’** means a contract of life insurance under which the interest of the purchaser is valued for purposes of conversion or surrender by reference to the value of a proportionate interest in a specified portfolio of assets.
- (2) The prospectus requirement does not apply to a distribution of a variable insurance contract by an insurance company if the variable insurance contract is:
- (a) a contract of group insurance;
 - (b) a whole life insurance contract providing for the payment at maturity of an amount not less than 75% of the premium paid up to age 75 years for a benefit payable at maturity;

- (c) an arrangement for the investment of policy dividends and policy proceeds in a separate and distinct fund to which contributions are made only from policy dividends and policy proceeds; or
- (d) a variable life annuity.

“RRSP/RRIF/TFSA

Refer to Appendix D and Appendix E of National Instrument 45-102 *Resale of Securities*. The resale restriction is determined by the exemption under which the security was first acquired.

“2.40 The prospectus requirement does not apply to a distribution of a security between:

- (a) an individual or an associate of the individual; and
- (b) a RRSP, RRIF, or TFSA:
 - (i) established for or by the individual; or
 - (ii) under which the individual is a beneficiary.

“Schedule III banks and cooperative associations - evidence of deposit

This provision is not cited in any Appendix of National Instrument 45-102 *Resale of Securities*. These securities are free trading.

“2.41 Except in Ontario, the prospectus requirement does not apply to a distribution of an evidence of deposit issued by a Schedule III bank or an association governed by the *Cooperative Credit Associations Act* (Canada).

In Ontario, clause (e) of the definition of “security” in subsection 1(1) of the *Securities Act* (Ontario) excludes these evidences of deposit from the definition of “security”

“Conversion, exchange, or exercise

Subsection (1)(a) is cited in Appendix D and Appendix E of National Instrument 45-102 *Resale of Securities*. Resale restriction is determined by the exemption under which the previously issued security was first acquired.

Subsection (1)(b) is cited in Appendix E of National Instrument 45-102 *Resale fo Securities*. First trades are subject to a seasoning period on resale, unless the requirements of section 2.10 of NI 45-102 are met.

“2.42(1) The prospectus requirement does not apply to a distribution by an issuer if:

- (a) the issuer distributes a security of its own issue to a security holder of the issuer in accordance with the terms and conditions of a security previously issued by that issuer; or
- (b) subject to subsection (2), the issuer distributes a security of a reporting issuer held by it to a security holder of the issuer in accordance with the terms and conditions of a security previously issued by that issuer.

(2) Subsection (1)(b) does not apply unless:

- (a) the issuer has given the regulator or, in Québec, the securities regulatory authority, prior written notice stating the date, amount, nature and conditions of the distribution; and
- (b) the regulator or, in Québec, the securities regulatory authority, has not objected in writing to the distribution within 10 days of receipt of the notice referred to in paragraph (a) or, if the regulator or securities regulatory authority objects to the distribution, the issuer must deliver to the regulator or securities regulatory authority information relating to the securities that is satisfactory to and accepted by the regulator or securities regulatory authority.

“Self-directed registered educational savings plans

This provision is not cited in any Appendix of National Instrument 45-102 *Resale of Securities*. These securities are free trading.

“2.43 The prospectus requirement does not apply to a distribution of a self-directed RESP to a subscriber if:

- (a) the distribution is conducted by:
 - (i) a dealing representative of a mutual fund dealer who is acting on behalf of the mutual fund dealer;
 - (ii) a Canadian financial institution; or
 - (iii) in Ontario, a financial intermediary; and
- (b) the self-directed RESP restricts its investments in securities to securities in which the person who distributes the self-directed RESP is permitted to distribute.

“PART 3: REGISTRATION EXEMPTIONS

“Removal of exemptions - market intermediaries

“3.0(1) Subject to subsection (2), in Ontario and Newfoundland and Labrador, the exemptions from the dealer registration requirement under the following sections are not available for a market intermediary except for a trade in a security with a registered dealer that is an affiliate of the market intermediary:

- (a) section 3.1 [*Rights offering*];
- (b) section 3.3 [*Accredited investor*];
- (c) section 3.4 [*Private issuer*];
- (d) section 3.7 [*Founder, control person and family - Ontario*];
- (e) section 3.10 [*Minimum amount investment*];
- (f) section 3.11 [*Business combination and reorganization*];
- (g) section 3.12 [*Asset acquisition*];
- (h) section 3.14 [*Securities for debt*];
- (i) section 3.15 [*Issuer acquisition or redemption*];
- (j) section 3.16 [*Take-over bid and issuer bid*];
- (k) section 3.17 [*Offer to acquire to security holder outside local jurisdiction*];
- (l) section 3.19 [*Additional investment in investment funds*];

- (m) section 3.21 [*Private investment fund - loan and trust pools*];
- (n) section 3.29 [*Isolated trade*];
- (o) section 3.30 [*Isolated trade by issuer*];
- (p) section 3.31 [*Dividends and distributions*];
- (q) section 3.33 [*Acting as underwriter*];
- (r) section 3.34 [*Specified debt*];
- (s) section 3.35 [*Short-term debt*];
- (t) section 3.39 [*Variable insurance contract*];
- (u) section 3.42 [*Conversion, exchange, or exercise*];
- (v) section 3.44 [*Registered dealer*].

(2) Subsection (1) does not apply in respect of a trade in a security by a lawyer or accountant if the trade is incidental to the principal business of that lawyer or accountant.

“Division 1: Capital Raising Exemptions

“Rights offering

“3.1 The dealer registration requirement does not apply in respect of a trade by an issuer in a right granted by the issuer to purchase a security of its own issue to a security holder of the issuer if:

- (a) the issuer has given the regulator or, in Québec, the securities regulatory authority, prior written notice stating the date, amount, nature and conditions of the trade, including the approximate net proceeds to be derived by the issuer on the basis of the additional securities being fully taken up;
- (b) the regulator or, in Québec, the securities regulatory authority, has not objected in writing to the trade within 10 days of receipt of the notice referred to in paragraph (a) or, if the regulator or securities regulatory authority objects to the trade, the issuer has delivered to the regulator or securities regulatory authority information relating to the securities that is satisfactory to and accepted by the regulator or securities regulatory authority; and
- (c) the issuer has complied with the applicable requirements of National Instrument 45-101 *Rights Offerings*.

“Reinvestment plan

“3.2(1) Subject to subsections (3), (4) and (5), the dealer registration requirement does not apply in respect of the following trades by an issuer, or by a trustee, custodian or administrator acting for or on behalf of the issuer, to a security holder of the issuer if the trades are permitted by a plan of the issuer:

- (a) a trade in a security of the issuer’s own issue if a dividend or distribution out of earnings, surplus, capital or other sources payable in respect of the issuer’s securities is applied to the purchase of the security; and
- (b) subject to subsection (2), a trade in a security of the issuer’s own issue if the security holder makes an optional cash payment to purchase the security of the issuer that trades on a marketplace.

(2) Subsection (1) does not apply unless the aggregate number of securities issued under the optional cash payment referred to in subsection (1)(b) does not exceed, in the financial year of the issuer during which the trade takes place, 2% of the issued and outstanding securities of the class to which the plan relates as at the beginning of the financial year.

(3) A plan that permits the trades described in subsection (1)(a) or (b) must be available to every security holder in Canada to which the dividend or distribution out of earnings, surplus, capital or other sources is available.

(4) Subsection (1) does not apply to a trade in a security of an investment fund.

(5) Subject to section 8.3.1, if the security traded under a plan described in subsection (1) is of a different class or series than the class or series of the security to which the dividend or distribution is attributable, the issuer or the trustee, custodian or administrator must have provided to each participant that is eligible to receive a security under the plan either a description of the material attributes and characteristics of the security traded under the plan or notice of a source from which the participant can obtain the information without charge.

“Accredited investor

“3.3(1) The dealer registration requirement does not apply in respect of a trade in a security if the purchaser purchases the security as principal and is an accredited investor.

(2) Subject to subsection (3), for the purpose of this section, a trust company or trust corporation described in paragraph (p) of the definition of ‘accredited investor’ in section 1.1 [*Definitions*] is deemed to be purchasing as principal.

(3) Subsection (2) does not apply to a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered or authorized under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada.

(4) For the purpose of this section, a person described in paragraph (q) of the definition of ‘accredited investor’ in section 1.1 [*Definitions*] is deemed to be purchasing as principal.

(5) This section does not apply to a trade in a security to a person if the person was created, or is used, solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of ‘accredited investor’ in section 1.1 [*Definitions*].

“Private issuer

“3.4(1) In this section:

‘private issuer’ means an issuer:

- (a) that is not a reporting issuer or an investment fund;
- (b) the securities of which, other than non-convertible debt securities:
 - (i) are subject to restrictions on transfer that are contained in the issuer’s constating documents or security holders’ agreements; and
 - (ii) are beneficially owned by not more than 50 persons, not including employees and former employees of the issuer or its affiliates, provided that each person is counted as one beneficial owner unless the person is created or used solely to purchase or hold securities of the issuer in which case each beneficial owner or each beneficiary of the person, as the case may be, must be counted as a separate beneficial owner; and

- (c) that:
- (i) has distributed its securities only to persons described in subsection (2); or
 - (ii) has completed a transaction and immediately following the completion of the transaction, its securities were beneficially owned only by persons described in subsection (2) and since the completion of the transaction has distributed its securities only to persons described in subsection (2).
- (2) The dealer registration requirement does not apply in respect of a trade in a security of a private issuer to a person who purchases the security as principal and is:
- (a) a director, officer, employee, founder or control person of the issuer;
 - (b) a director, officer or employee of an affiliate of the issuer;
 - (c) a spouse, parent, grandparent, brother, sister, child or grandchild of a director, executive officer, founder or control person of the issuer;
 - (d) a parent, grandparent, brother, sister, child or grandchild of the spouse of a director, executive officer, founder or control person of the issuer;
 - (e) a close personal friend of a director, executive officer, founder or control person of the issuer;
 - (f) a close business associate of a director, executive officer, founder or control person of the issuer;
 - (g) a spouse, parent, grandparent, brother, sister, child or grandchild of the selling security holder or of the selling security holder's spouse;
 - (h) a security holder of the issuer;
 - (i) an accredited investor;
 - (j) a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons described in paragraphs (a) to (i);
 - (k) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in paragraphs (a) to (i); or
 - (l) a person that is not the public.
- (3) Except for a trade to an accredited investor, no commission or finder's fee may be paid to any director, officer, founder or control person of an issuer in connection with a trade under subsection (2).

“Family, friends and business associates

“3.5(1) Except in Ontario and subject to section 3.6 [*Family, friends and business associates - Saskatchewan*], the dealer registration requirement does not apply in respect of a trade in a security to a person who purchases the security as principal and is:

- (a) a director, executive officer or control person of the issuer, or of an affiliate of the issuer;
- (b) a spouse, parent, grandparent, brother, sister, child or grandchild of a director, executive officer or control person of the issuer, or of an affiliate of the issuer;

- (c) a parent, grandparent, brother, sister, child or grandchild of the spouse of a director, executive officer or control person of the issuer or of an affiliate of the issuer;
 - (d) a close personal friend of a director, executive officer or control person of the issuer, or of an affiliate of the issuer;
 - (e) a close business associate of a director, executive officer or control person of the issuer, or of an affiliate of the issuer;
 - (f) a founder of the issuer or a spouse, parent, grandparent, brother, sister, child, grandchild, close personal friend or close business associate of a founder of the issuer;
 - (g) a parent, grandparent, brother, sister, child or grandchild of a spouse of a founder of the issuer;
 - (h) a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons described in paragraphs (a) to (g); or
 - (i) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in paragraphs (a) to (g).
- (2) No commission or finder's fee may be paid to any director, officer, founder, or control person of an issuer or an affiliate of the issuer in connection with a trade under subsection (1).

“Family, friends and business associates - Saskatchewan

- “3.6(1) In Saskatchewan, section 3.5 [*Family, friends and business associates*] does not apply unless the person making the trade obtains a signed risk acknowledgement from the purchaser in the required form for a trade to:
- (a) a person described in section 3.5(1) (d) or (e) [*Family, friends and business associates*];
 - (b) a close personal friend or close business associate of a founder of the issuer; or
 - (c) a person described in section 3.5(1)(h) or (i) [*Family, friends and business associates*] if the trade is based in whole or in part on a close personal friendship or close business association.
- (2) The person making the trade must retain the required form referred to in subsection (1) for 8 years after the trade.

“Founder, control person and family - Ontario

- “3.7 In Ontario, the dealer registration requirement does not apply in respect of a trade in a security to a person who purchases the security as principal and is:
- (a) a founder of the issuer;
 - (b) an affiliate of a founder of the issuer;
 - (c) a spouse, parent, brother, sister, grandparent, grandchild or child of an executive officer, director or founder of the issuer; or
 - (d) a person that is a control person of the issuer.

“Affiliates

“3.8 The dealer registration requirement does not apply in respect of a trade by an issuer in a security of its own issue to an affiliate of the issuer that is purchasing as principal.

“Offering memorandum

“3.9(1) In British Columbia, New Brunswick, Nova Scotia and Newfoundland and Labrador, the dealer registration requirement does not apply in respect of a trade by an issuer in a security of its own issue to a purchaser if:

- (a) the purchaser purchases the security as principal; and
 - (b) at the same time or before the purchaser signs the agreement to purchase the security, the issuer:
 - (i) delivers an offering memorandum to the purchaser in compliance with subsections (5) to (13); and
 - (ii) obtains a signed risk acknowledgement from the purchaser in compliance with subsection (15).
- (2) In Alberta, Manitoba, Northwest Territories, Nunavut, Prince Edward Island, Québec, Saskatchewan and Yukon, the dealer registration requirement does not apply in respect of a trade by an issuer in a security of its own issue to a purchaser if:
- (a) the purchaser purchases the security as principal;
 - (b) the purchaser is an eligible investor or the acquisition cost to the purchaser does not exceed \$10,000;
 - (c) at the same time or before the purchaser signs the agreement to purchase the security, the issuer:
 - (i) delivers an offering memorandum to the purchaser in compliance with subsections (5) to (13); and
 - (ii) obtains a signed risk acknowledgement from the purchaser in compliance with subsection (15); and
 - (d) if the issuer is an investment fund, the investment fund is:
 - (i) a non-redeemable investment fund; or
 - (ii) a mutual fund that is a reporting issuer.
- (3) In Alberta, Manitoba, Northwest Territories, Nunavut, Prince Edward Island, Québec, Saskatchewan and Yukon, this section does not apply to a trade in a security to a person described in paragraph (a) of the definition of ‘eligible investor’ in section 1.1 [*Definitions*] if that person was created, or is used, solely to purchase or hold securities in reliance on an exemption from the dealer registration requirement set out in subsection (2).
- (4) No commission or finder’s fee may be paid to any person, other than a registered dealer, in connection with a trade to a purchaser in Northwest Territories, Nunavut, Saskatchewan and Yukon under subsection (2).
- (5) An offering memorandum delivered under this section must be in the required form.

- (6) If the securities legislation where the purchaser is resident does not provide a comparable right, an offering memorandum delivered under this section must provide the purchaser with a contractual right to cancel the agreement to purchase the security by delivering a notice to the issuer not later than midnight on the 2nd business day after the purchaser signs the agreement to purchase the security.
- (7) If the securities legislation where the purchaser is resident does not provide statutory rights of action in the event of a misrepresentation in an offering memorandum delivered under this section, the offering memorandum must contain a contractual right of action against the issuer for rescission or damages that:
- (a) is available to the purchaser if the offering memorandum, or any information or documents incorporated or deemed to be incorporated by reference into the offering memorandum, contains a misrepresentation, without regard to whether the purchaser relied on the misrepresentation;
 - (b) is enforceable by the purchaser delivering a notice to the issuer:
 - (i) in the case of an action for rescission, within 180 days after the purchaser signs the agreement to purchase the security; or
 - (ii) in the case of an action for damages, before the earlier of:
 - (A) 180 days after the purchaser first has knowledge of the facts giving rise to the cause of action; or
 - (B) 3 years after the date the purchaser signs the agreement to purchase the security;
 - (c) is subject to the defence that the purchaser had knowledge of the misrepresentation;
 - (d) in the case of an action for damages, provides that the amount recoverable:
 - (i) must not exceed the price at which the security was offered; and
 - (ii) does not include all or any part of the damages that the issuer proves does not represent the depreciation in value of the security resulting from the misrepresentation; and
 - (e) is in addition to, and does not detract from, any other right of the purchaser.
- (8) An offering memorandum delivered under this section must contain a certificate that states the following:
- ‘This offering memorandum does not contain a misrepresentation’.
- (9) If the issuer is a company, a certificate under subsection (8) must be signed:
- (a) by the issuer’s chief executive officer and chief financial officer or, if the issuer does not have a chief executive officer or chief financial officer, an individual acting in that capacity;
 - (b) on behalf of the directors of the issuer by:
 - (i) any 2 directors who are authorized to sign, other than the persons referred to in paragraph (a); or
 - (ii) all the directors of the issuer; and
 - (c) by each promoter of the issuer.

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- (10) If the issuer is a trust, a certificate under subsection (8) must be signed by:
- (a) the individuals who perform functions for the issuer similar to those performed by the chief executive officer and the chief financial officer of a company; and
 - (b) each trustee and the manager of the issuer.
- (10.1) If a trustee or the manager that is signing the certificate of the issuer is:
- (a) an individual, the individual must sign the certificate;
 - (b) a company, the certificate must be signed:
 - (i) by the chief executive officer and the chief financial officer of the trustee or the manager; and
 - (ii) on behalf of the board of directors of the trustee or the manager, by:
 - (A) any two directors of the trustee or the manager, other than the persons referred to in subparagraph (i); or
 - (B) all of the directors of the trustee or the manager;
 - (c) a limited partnership, the certificate must be signed by each general partner of the limited partnership as described in subsection (11.1) in relation to an issuer that is a limited partnership; or
 - (d) not referred to in paragraphs (a), (b) or (c), the certificate may be signed by any person or company with authority to act on behalf of the trustee or the manager.
- (10.2) Despite subsections (10) and (10.1), if the issuer is an investment fund and the declaration of trust, trust indenture or trust agreement establishing the investment fund delegates the authority to do so, or otherwise authorizes an individual or company to do so, the certificate may be signed by the individual or company to whom the authority is delegated or that is authorized to sign the certificate.
- (10.3) Despite subsections (10) and (10.1), if the trustees of an issuer, other than an investment fund, do not perform functions for the issuer similar to those performed by the directors of a company, the trustees are not required to sign the certificate of the issuer provided that at least two individuals who do perform functions for the issuer similar to those performed by the directors of a company sign the certificate.
- (11) If the issuer is a limited partnership, a certificate under subsection (8) must be signed by:
- (a) each individual who performs a function for the issuer similar to any of those performed by the chief executive officer or the chief financial officer of a company; and
 - (b) each general partner of the issuer.
- (11.1) If a general partner of the issuer is:
- (a) an individual, the individual must sign the certificate;

- (b) a company, the certificate must be signed:
 - (i) by the chief executive officer and the chief financial officer of the general partner; and
 - (ii) on behalf of the board of directors of the general partner, by:
 - (A) any two directors of the general partner, other than the persons referred to in subparagraph (i); or
 - (B) all of the directors of the general partner;
 - (c) a limited partnership, the certificate must be signed by each general partner of the limited partnership and, for greater certainty, this subsection applies to each general partner required to sign;
 - (d) a trust, the certificate must be signed by the trustees of the general partner as described in subsection 10 in relation to an issuer that is a trust; or
 - (e) not referred to in paragraphs (a) to (d), the certificate may be signed by any person or company with authority to act on behalf of the general partner.
- (12) If an issuer is not a company, trust or limited partnership, a certificate under subsection (8) must be signed by the persons that, in relation to the issuer, are in a similar position or perform a similar function to any of the persons referred to in subsections (9), (10), (10.1), (10.2), (10.3), (11) and (11.1).
- (13) A certificate under subsection (8) must be true:
- (a) at the date the certificate is signed; and
 - (b) at the date the offering memorandum is delivered to the purchaser.
- (14) If a certificate under subsection (8) ceases to be true after it is delivered to the purchaser, the issuer cannot accept an agreement to purchase the security from the purchaser unless:
- (a) the purchaser receives an update of the offering memorandum;
 - (b) the update of the offering memorandum contains a newly dated certificate signed in compliance with subsection (9), (10), (10.1), (10.2), (10.3), (11) or (11.1); and
 - (c) the purchaser re-signs the agreement to purchase the security.
- (15) A risk acknowledgement under subsection (1) or (2) must be in the required form and an issuer relying on subsection (1) or (2) must retain the signed risk acknowledgment for 8 years after the trade.
- (16) The issuer must:
- (a) hold in trust all consideration received from the purchaser in connection with a trade in a security under subsection (1) or (2) until midnight on the 2nd business day after the purchaser signs the agreement to purchase the security; and
 - (b) return all consideration to the purchaser promptly if the purchaser exercises the right to cancel the agreement to purchase the security described under subsection (6).

(17) The issuer must file a copy of an offering memorandum delivered under this section and any update of a previously filed offering memorandum with the securities regulatory authority on or before the 10th day after the distribution under the offering memorandum or update of the offering memorandum.

(18) If a qualifying issuer uses a form of offering memorandum that allows the qualifying issuer to incorporate previously filed information into the offering memorandum by reference, the qualifying issuer is exempt from the requirement under National Instrument 43-101 *Standards of Disclosure for Mineral Projects* to file a technical report to support scientific or technical information about the qualifying issuer's mineral project in the offering memorandum or incorporated by reference into the offering memorandum if the information about the mineral project is contained in a previously filed technical report under National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

“Minimum amount investment

“3.10(1) The dealer registration requirement does not apply in respect of a trade in a security to a person if:

- (a) that person purchases as principal;
- (b) the security has an acquisition cost to the purchaser of not less than \$150,000 paid in cash at the time of the trade; and
- (c) the trade is in a security of a single issuer.

(2) Subsection (1) does not apply to a trade in a security to a person if the person was created, or is used, solely to purchase or hold securities in reliance on the exemption from the dealer registration requirement set out in subsection (1).

“Division 2: Transaction Exemptions

“Business combination and reorganization

“3.11 The dealer registration requirement does not apply in respect of a trade in a security in connection with:

- (a) an amalgamation, merger, reorganization or arrangement that is under a statutory procedure;
- (b) an amalgamation, merger, reorganization or arrangement that:
 - (i) is described in an information circular made pursuant to National Instrument 51-102 *Continuous Disclosure Obligations* or in a similar disclosure record and the information circular or similar disclosure record is delivered to each security holder whose approval of the amalgamation, merger, reorganization or arrangement is required before it can proceed; and
 - (ii) is approved by the security holders referred to in subparagraph (i); or
- (c) a dissolution or winding-up of the issuer.

“Asset acquisition

“3.12 The dealer registration requirement does not apply in respect of a trade by an issuer in a security of its own issue to a person as consideration for the acquisition, directly or indirectly, of the assets of the person, if those assets have a fair value of not less than \$150,000.

“Petroleum, natural gas and mining properties

“3.13 The dealer registration requirement does not apply in respect of a trade by an issuer in a security of its own issue as consideration for the acquisition, directly or indirectly, of petroleum, natural gas or mining properties or any interest in them.

“Securities for debt

“3.14 The dealer registration requirement does not apply in respect of a trade by a reporting issuer in a security of its own issue to a creditor to settle a bona fide debt of that reporting issuer.

“Issuer acquisition or redemption

“3.15 The dealer registration requirement does not apply in respect of a trade in a security to the issuer of the security.

“Take-over bid and issuer bid

“3.16 The dealer registration requirement does not apply in respect of a trade in a security in connection with a take-over bid in a jurisdiction of Canada or an issuer bid in a jurisdiction of Canada.

“Offer to acquire to security holder outside local jurisdiction

“3.17 The dealer registration requirement does not apply in respect of a trade by a security holder outside the local jurisdiction to a person in the local jurisdiction if the trade would have been in connection with a take-over bid or issuer bid made by that person were it not for the fact that the security holder is outside of the local jurisdiction.

“Division 3: Investment Fund Exemptions**“Investment fund reinvestment**

“3.18(1) Subject to subsections (3), (4), (5) and (6), the dealer registration requirement does not apply in respect of the following trades by an investment fund, and the investment fund manager of the fund, to a security holder of the investment fund if the trades are permitted by a plan of the investment fund:

(a) a trade in a security of the investment fund’s own issue if a dividend or distribution out of earnings, surplus, capital or other sources payable in respect of the investment fund’s securities is applied to the purchase of the security that is of the same class or series as the securities to which the dividend or distribution out of earnings, surplus, capital or other sources is attributable; and

(b) subject to subsection (2), a trade in a security of the investment fund’s own issue if the security holder makes an optional cash payment to purchase the security of the investment fund that is of the same class or series of securities described in paragraph (a) that trade on a marketplace.

(2) The aggregate number of securities issued under the optional cash payment referred to in subsection (1) (b) must not exceed, in any financial year of the investment fund during which the trade takes place, 2% of the issued and outstanding securities of the class to which the plan relates as at the beginning of the financial year.

(3) A plan that permits the trades described in subsection (1) must be available to every security holder in Canada to which the dividend or distribution out of earnings, surplus, capital or other sources is available.

(4) A person must not charge a fee for a trade described in subsection (1).

(5) An investment fund that is a reporting issuer and in continuous distribution must set out in its current prospectus:

- (a) details of any deferred or contingent sales charge or redemption fee that is payable at the time of the redemption of the security;
- (b) any right that the security holder has to make an election to receive cash instead of securities on the payment of a dividend or making of a distribution by the investment fund; and
- (c) instructions on how the right referred to in paragraph (b) can be exercised.

(6) An investment fund that is a reporting issuer and is not in continuous distribution must provide the information required by subsection (5) in its prospectus, annual information form or a material change report.

“Additional investment in investment funds

“3.19 The dealer registration requirement does not apply in respect of a trade by an investment fund, or the investment fund manager of the fund, in a security of the investment fund’s own issue with a security holder of the investment fund if:

- (a) the security holder initially acquired securities of the investment fund as principal for an acquisition cost of not less than \$150,000 paid in cash at the time of the trade;
- (b) the trade is in respect of a security of the same class or series as the securities initially acquired, as described in paragraph (a); and
- (c) the security holder, as at the date of the trade, holds securities of the investment fund that have:
 - (i) an acquisition cost of not less than \$150,000; or
 - (ii) a net asset value of not less than \$150,000.

“Private investment club

“3.20 The dealer registration requirement does not apply in respect of a trade in a security of an investment fund if the investment fund:

- (a) has no more than 50 beneficial security holders;
- (b) does not seek and has never sought to borrow money from the public;
- (c) does not distribute and has never distributed its securities to the public;
- (d) does not pay or give any remuneration for investment management or administration advice in respect of trades in securities, except normal brokerage fees; and
- (e) for the purpose of financing the operations of the investment fund, requires security holders to make contributions in proportion to the value of the securities held by them.

“Private investment fund - loan and trust pools

“3.21(1) Subject to subsection (2), the dealer registration requirement does not apply in respect of a trade in a security of an investment fund if the investment fund:

- (a) is administered by a trust company or trust corporation that is registered or authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

- (b) has no promoter or investment fund manager other than the trust company or trust corporation referred to in paragraph (a); and
 - (c) co-mingles the money of different estates and trusts for the purpose of facilitating investment.
- (2) A trust company or trust corporation registered under the laws of Prince Edward Island that is not registered under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada is not a trust company or trust corporation for the purpose of subparagraph (1)(a).
- (3) The investment fund manager registration requirement does not apply to a trust company or trust corporation that administers an investment fund referred to in subsection (1).

“Division 4: Employee, Executive Officer, Director and Consultant Exemptions

“Definitions

“3.22 The definitions in Division 4 of Part 2 of this Instrument have the same meaning in this Division.

“Interpretation

“3.23(1) In this Division, a person (first person) is considered to control another person (second person) if the first person, directly or indirectly, has the power to direct the management and policies of the second person by virtue of:

- (a) ownership of or direction over voting securities in the second person;
 - (b) a written agreement or indenture;
 - (c) being the general partner or controlling the general partner of the second person; or
 - (d) being a trustee of the second person.
- (2) In this Division, participation in a trade is considered voluntary if:
- (a) in the case of an employee or the employee’s permitted assign, the employee or the employee’s permitted assign is not induced to participate in the trade by expectation of employment or continued employment of the employee with the issuer or a related entity of the issuer;
 - (b) in the case of an executive officer or the executive officer’s permitted assign, the executive officer or the executive officer’s permitted assign is not induced to participate in the trade by expectation of appointment, employment, continued appointment or continued employment of the executive officer with the issuer or a related entity of the issuer;
 - (c) in the case of a consultant or the consultant’s permitted assign, the consultant or the consultant’s permitted assign is not induced to participate in the trade by expectation of engagement of the consultant to provide services or continued engagement of the consultant to provide services to the issuer or a related entity of the issuer; and
 - (d) in the case of an employee of a consultant, the individual is not induced by the issuer, a related entity of the issuer, or the consultant to participate in the trade by expectation of employment or continued employment with the consultant.

“Employee, executive officer, director and consultant

“3.24(1) Subject to section 3.25 [*Unlisted reporting issuer exception*], the dealer registration requirement does not apply in respect of:

- (a) a trade by an issuer in a security of its own issue; or
- (b) a trade by a control person of an issuer in a security of the issuer or in an option to acquire a security of the issuer;

with:

- (c) an employee, executive officer, director or consultant of the issuer;
- (d) an employee, executive officer, director or consultant of a related entity of the issuer; or
- (e) a permitted assign of a person referred to in paragraphs (c) or (d);

if participation in the trade is voluntary.

(2) For the purposes of subsection (1), a person referred to in paragraph (c), (d) or (e) includes a trustee, custodian or administrator acting as agent for that person for the purpose of facilitating a trade.

(3) The dealer registration requirement does not apply in respect of an act by a related entity of an issuer in furtherance of a trade referred to in subsection (1).

“Unlisted reporting issuer exception

“3.25(1) For the purpose of this section, ‘**unlisted reporting issuer**’ means a reporting issuer in a jurisdiction of Canada that is not a listed issuer.

(2) Subject to subsection (3), section 3.24 [*Employee, executive officer, director and consultant*] does not apply to a trade to an employee or consultant of the unlisted reporting issuer who is an investor relations person of the issuer, an associated consultant of the issuer, an executive officer of the issuer, a director of the issuer, or a permitted assign of those persons if, after the trade:

(a) the number of securities, calculated on a fully diluted basis, reserved for issuance under options granted to:

- (i) related persons, exceeds 10% of the outstanding securities of the issuer; or
- (ii) a related person, exceeds 5% of the outstanding securities of the issuer; or

(b) the number of securities, calculated on a fully diluted basis, issued within 12 months to:

- (i) related persons, exceeds 10% of the outstanding securities of the issuer; or
- (ii) a related person and the associates of the related person, exceeds 5% of the outstanding securities of the issuer.

(3) Subsection (2) does not apply to a trade if the unlisted reporting issuer:

- (a) obtains security holder approval; and
- (b) before obtaining security holder approval, provides security holders with the following information in sufficient detail to permit security holders to form a reasoned judgment concerning the matter:

- (i) the eligibility of employees, executive officers, directors, and consultants to be issued or granted securities as compensation or under a plan;
- (ii) the maximum number of securities that may be issued, or in the case of options, the number of securities that may be issued on exercise of the options, as compensation or under a plan;
- (iii) particulars relating to any financial assistance or support agreement to be provided to participants by the issuer or any related entity of the issuer to facilitate the purchase of securities as compensation or under a plan, including whether the assistance or support is to be provided on a full-, part-, or non-recourse basis;
- (iv) in the case of options, the maximum term and the basis for the determination of the exercise price;
- (v) particulars relating to the options or other entitlements to be granted as compensation or under a plan, including transferability;
- (vi) the number of votes attaching to securities that, to the issuer's knowledge at the time the information is provided, will not be included for the purpose of determining whether security holder approval has been obtained.

“Trades among current or former employees, executive officers, directors, or consultants of non-reporting issuer

“3.26(1) Subject to subsection (2), the dealer registration requirement does not apply in respect of a trade in a security of an issuer by:

- (a) a current or former employee, executive officer, director, or consultant of the issuer or related entity of the issuer; or
- (b) a permitted assign of a person referred to in paragraph (a);

to:

- (c) an employee, executive officer, director, or consultant of the issuer or a related entity of the issuer; or
- (d) a permitted assign of the employee, executive officer, director, or consultant.

(2) The exemption in subsection (1) is only available if:

- (a) participation in the trade is voluntary;
- (b) the issuer of the security is not a reporting issuer in any jurisdiction of Canada; and
- (c) the price of the security being traded is established by a generally applicable formula contained in a written agreement among some or all of the security holders of the issuer to which the transferee is or will become a party.

“Permitted transferees

“3.27(1) The dealer registration requirement does not apply in respect of a trade in a security of an issuer acquired by a person described in section 3.24(1) [*Employee, executive officer, director and consultant*] under a plan of the issuer if the trade:

- (a) is between:
 - (i) a person who is an employee, executive officer, director or consultant of the issuer or a related entity of the issuer; and
 - (ii) the permitted assign of that person; or
- (b) is between permitted assigns of that person.

(2) The dealer registration requirement does not apply in respect of a trade in a security of an issuer by a trustee, custodian or administrator acting on behalf, or for the benefit, of employees, executive officers, directors or consultants of the issuer or a related entity of the issuer, to:

- (a) an employee, executive officer, director or consultant of the issuer or a related entity of the issuer; or
- (b) a permitted assign of a person referred to in paragraph (a);

if the security was acquired from:

- (c) an employee, executive officer, director or consultant of the issuer or a related entity of the issuer; or
- (d) the permitted assign of a person referred to in paragraph (c).

(3) For the purposes of the exemptions in subsection (1) and paragraphs (2) (c) and (d), all references to employee, executive officer, director, or consultant include a former employee, executive officer, director, or consultant.

“Resale - non-reporting issuer

“3.28 The dealer registration requirement does not apply in respect of the resale of a security that was acquired under this Division or by a person described in section 3.24(1) [*Employee, executive officer, director, and consultant*] if the conditions in section 2.14 of National Instrument 45-102 *Resale of Securities* are satisfied.

“Division 5: Miscellaneous Exemptions**“Isolated trade**

“3.29 The dealer registration requirement does not apply in respect of a trade in a security by a person if the trade is an isolated trade and is not made:

- (a) by the issuer of the security;
- (b) in the course of continued and successive transactions of a like nature; and
- (c) by a person whose usual business is trading in securities.

“Isolated trade by issuer

“3.30 The dealer registration requirement does not apply in respect of a trade by an issuer in a security of its own issue if the trade is an isolated trade and is not made:

- (a) in the course of continued and successive transactions of a like nature; and
- (b) by a person whose usual business is trading in securities.

“Dividends and distributions

“3.31(1) The dealer registration requirement does not apply in respect of a trade by an issuer in a security of its own issue to a security holder of the issuer as a dividend or distribution out of earnings, surplus, capital or other sources.

(2) The dealer registration requirement does not apply in respect of a trade by an issuer to a security holder of the issuer in a security of a reporting issuer as an in specie dividend or distribution out of earnings or surplus.

“Trade to lender by control person for collateral

“3.32 The dealer registration requirement does not apply in respect of a trade in a security of an issuer to a lender, pledgee, mortgagee or other encumbrancer from the holdings of a control person of the issuer for the purpose of giving collateral for a bona fide debt of the control person.

“Acting as underwriter

“3.33 The dealer registration requirement does not apply in respect of a trade in a security between a person and a purchaser acting as an underwriter or between or among persons acting as underwriters.

“Specified debt

“3.34(1) In this section, ‘permitted supranational agency’ means:

- (a) the African Development Bank, established by the Agreement Establishing the African Development Bank which came into force on September 10, 1964, that Canada became a member of on December 30, 1982;
- (b) the Asian Development Bank, established under a resolution adopted by the United Nations Economic and Social Commission for Asia and the Pacific in 1965;
- (c) the Caribbean Development Bank, established by the Agreement Establishing the Caribbean Development Bank which came into force on January 26, 1970, as amended, that Canada is a founding member of;
- (d) the European Bank for Reconstruction and Development, established by the Agreement Establishing the European Bank for Reconstruction and Development and approved by the *European Bank for Reconstruction and Development Agreement Act* (Canada), that Canada is a founding member of;
- (e) the Inter-American Development Bank, established by the Agreement establishing the Inter-American Development Bank which became effective December 30, 1959, as amended from time to time, that Canada is a member of;
- (f) the International Bank for Reconstruction and Development, established by the Agreement for an International Bank for Reconstruction and Development approved by the *Bretton Woods and Related Agreements Act* (Canada); and

- (g) the International Finance Corporation, established by Articles of Agreement approved by the *Bretton Woods and Related Agreements Act* (Canada).
- (2) The dealer registration requirement does not apply in respect of a trade in:
- (a) a debt security issued by or guaranteed by the Government of Canada or the government of a jurisdiction of Canada;
 - (b) a debt security issued by or guaranteed by a government of a foreign jurisdiction if the debt security has an approved credit rating from an approved credit rating organization;
 - (c) a debt security issued by or guaranteed by a municipal corporation in Canada, or secured by or payable out of rates or taxes levied under the law of a jurisdiction of Canada on property in the jurisdiction and collectable by or through the municipality in which the property is situated;
 - (d) a debt security issued by or guaranteed by a Canadian financial institution or a Schedule III bank, other than debt securities that are subordinate in right of payment to deposits held by the issuer or guarantor of those debt securities;
 - (e) a debt security issued by the Comité de gestion de la taxe scolaire de l'île de Montréal; or
 - (f) a debt security issued by or guaranteed by a permitted supranational agency if the debt securities are payable in the currency of Canada or the United States of America.
- (3) Paragraphs (2)(a) and (c) do not apply in Ontario.

In Ontario, paragraphs 35(1)1 and 35(1)2 of the *Securities Act* (Ontario) provide similar exemptions as the exemptions in paragraphs (2)(a) and (c).

“Short-term debt

“3.35 The dealer registration requirement does not apply in respect of a trade in a negotiable promissory note or commercial paper maturing not more than one year from the date of issue, if the note or commercial paper traded:

- (a) is not convertible or exchangeable into or accompanied by a right to purchase another security other than a security described in this section; and
- (b) has an approved credit rating from an approved credit rating organization.

“Mortgages

“3.36(1) In this section, ‘**syndicated mortgage**’ means a mortgage in which 2 or more persons participate, directly or indirectly, as a lender in a debt obligation that is secured by the mortgage.

(2) Except in Ontario, and subject to subsection (3), the dealer registration requirement does not apply in respect of a trade in a mortgage on real property in a jurisdiction of Canada by a person who is registered or licensed, or exempted from registration or licensing, under mortgage brokerage or mortgage dealer legislation of that jurisdiction.

(3) In Alberta, British Columbia, Manitoba, Québec and Saskatchewan, subsection (2) does not apply in respect of a trade in a syndicated mortgage.

In Ontario, subsection 35(4) of the *Securities Act* (Ontario) provides a similar exemption.

“Personal property security legislation

“3.37 Except in Ontario, the dealer registration requirement does not apply in respect of a trade to a person, other than an individual, in a security evidencing indebtedness secured by or under a security agreement, secured in accordance with personal property security legislation of a jurisdiction of Canada that provides for the granting of security in personal property.

In Ontario, subsection 35(2) of the *Securities Act* (Ontario) provides a similar exemption.

“Not for profit issuer

“3.38 The dealer registration requirement does not apply in respect of a trade by an issuer that is organized exclusively for educational, benevolent, fraternal, charitable, religious or recreational purposes and not for profit in a security of its own issue if:

- (a) no part of the net earnings benefit any security holder of the issuer; and
- (b) no commission or other remuneration is paid in connection with the sale of the security.

“Variable insurance contract

“3.39(1) In this section:

- (a) **‘contract’**, **‘group insurance’**, **‘insurance company’**, **‘life insurance’** and **‘policy’** have the respective meanings assigned to them in the legislation for a jurisdiction referenced in Appendix A;
- (b) **‘variable insurance contract’** means a contract of life insurance under which the interest of the purchaser is valued for purposes of conversion or surrender by reference to the value of a proportionate interest in a specified portfolio of assets.

(2) The dealer registration requirement does not apply in respect of a trade in a variable insurance contract by an insurance company if the variable insurance contract is:

- (a) a contract of group insurance;
- (b) a whole life insurance contract providing for the payment at maturity of an amount not less than 75% of the premium paid up to age 75 years for a benefit payable at maturity;
- (c) an arrangement for the investment of policy dividends and policy proceeds in a separate and distinct fund to which contributions are made only from policy dividends and policy proceeds; or
- (d) a variable life annuity.

“RRSP/RRIF/TFSA

“3.40 The dealer registration requirement does not apply in respect of a trade in a security between:

- (a) an individual or an associate of the individual; and
- (b) a RRSP, RRIF, or TFSA:
 - (i) established for or by the individual; or
 - (ii) under which the individual is a beneficiary.

“Schedule III banks and cooperative associations - evidence of deposit

“3.41 Except in Ontario, the dealer registration requirement does not apply in respect of a trade in an evidence of deposit issued by a Schedule III bank or an association governed by the *Cooperative Credit Associations Act* (Canada).

In Ontario, clause (e) of the definition of “security” in subsection 1(1) of the *Securities Act* (Ontario) excludes these evidences of deposit from the definition of “security”.

“Conversion, exchange, or exercise

“3.42(1) The dealer registration requirement does not apply in respect of a trade by an issuer if:

- (a) the issuer trades a security of its own issue to a security holder of the issuer in accordance with the terms and conditions of a security previously issued by that issuer; or
 - (b) subject to subsection (2), the issuer trades a security of a reporting issuer held by it to a security holder of the issuer in accordance with the terms and conditions of a security previously issued by that issuer.
- (2) Subsection (1)(b) does not apply unless:
- (a) the issuer has given the regulator or, in Québec, the securities regulatory authority, prior written notice stating the date, amount, nature and conditions of the trade; and
 - (b) the regulator or, in Québec, the securities regulatory authority, has not objected in writing to the trade within 10 days of receipt of the notice referred to in paragraph (a) or, if the regulator or securities regulatory authority objects to the trade, the issuer must deliver to the regulator or securities regulatory authority information relating to the securities that is satisfactory to and accepted by the regulator or securities regulatory authority.

“Self-directed registered educational savings plans

“3.43 The dealer registration requirement does not apply to a trade in a self-directed RESP to a subscriber if:

- (a) the trade is made by:
 - (i) a dealing representative of a mutual fund dealer who is acting on behalf of the mutual fund dealer;
 - (ii) a Canadian financial institution; or
 - (iii) in Ontario, a financial intermediary; and
- (b) the self-directed RESP restricts its investments in securities to securities in which the person who trades the self-directed RESP is permitted to trade.

“Registered dealer

“3.44 The dealer registration requirement does not apply in respect of a trade by a person acting solely through an agent who is a registered dealer.

“Exchange contract

“3.45(1) In Alberta, British Columbia, Québec and Saskatchewan, the dealer registration requirement does not apply in respect of the following trades in exchange contracts:

- (a) a trade by a person acting solely through a registered dealer;
 - (b) subject to subsection (2) and (3), a trade resulting from an unsolicited order placed with an individual who is not a resident of and does not carry on business in the jurisdiction;
 - (c) a trade that may occasionally be transacted by employees of a registered dealer if the employees:
 - (i) do not usually trade in exchange contracts; and
 - (ii) have been designated by the regulator or, in Québec, the securities regulatory authority, as ‘non-trading’ employees, either individually or as a class.
- (2) An individual referred to in subsection (1)(b) must not:
- (a) advertise or engage in promotional activity that is directed to persons in the jurisdiction during the 6 months preceding the trade; and
 - (b) pay any commission or finder’s fee to any person in the jurisdiction in connection with the trade.
- (3) Subsection (1)(b) does not apply in Saskatchewan.

“Estates, bankruptcies, and liquidations

“3.46 The dealer registration requirement does not apply in respect of a trade by a person acting under the authority of:

- (a) a direction, order or judgment of a court;
- (b) a will; or
- (c) any law of a jurisdiction;

in the course of enforcing legal obligations or administering the affairs of another person.

“Employees of registered dealer

“3.47 The dealer registration requirement does not apply in respect of a trade by an employee of a registered dealer in a security if the employee does not usually trade in securities and has been designated or accepted by the regulator or, in Québec, the securities regulatory authority, as a “non-trading” employee, either individually or as a class.

“Small security holder selling and purchase arrangements

“3.48(1) For the purposes of this section:

‘exchange’ means:

- (a) TSX Inc.;
- (b) the TSX Venture Exchange Inc.; or
- (c) an exchange that:
 - (i) has a policy that is substantially similar to the policy of the TSX Inc.; and
 - (ii) is designated by the securities regulatory authority for the purpose of this section;

'policy' means:

- (a) in the case of the TSX Inc., sections 638 and 639 [*Odd lot selling and purchase arrangements*] of the TSX Company Manual as amended from time to time;
 - (b) in the case of the TSX Venture Exchange Inc., Policy 5.7 Small Shareholder Selling and Purchase Arrangements as amended from time to time; or
 - (c) in the case of an exchange referred to in paragraph (c) of the definition of 'exchange', the rule, policy or other similar instrument of the exchange on small shareholder selling and purchase arrangements.
- (2) The dealer registration requirement does not apply in respect of a trade by an issuer or its agent, in securities of the issuer that are listed on an exchange if:
- (a) the trade is an act in furtherance of participation by the holders of the securities in an arrangement that is in accordance with the policy of that exchange;
 - (b) the issuer and its agent do not provide advice to a security holder about the security holder's participation in the arrangement referred to in paragraph (a), other than a description of the arrangement's operation, procedures for participation in the arrangement, or both;
 - (c) the trade is made in accordance with the policy of that exchange, without resort to an exemption from, or variation of, the significant subject matter of the policy; and
 - (d) at the time of the trade after giving effect to a purchase under the arrangement, the market value of the maximum number of securities that a security holder is permitted to hold in order to be eligible to participate in the arrangement is not more than \$25,000.
- (3) For the purposes of subsection (2)(c), an exemption from, or variation of, the maximum number of securities that a security holder is permitted to hold under a policy in order to be eligible to participate in the arrangement provided for in the policy is not an exemption from, or variation of, the significant subject matter of the policy.

"Adviser

"3.49 The adviser registration requirement does not apply to:

- (a) the following persons if performance of services as an adviser are incidental to their principal business or occupation:
 - (i) a Canadian financial institution and a Schedule III bank;
 - (ii) the Business Development Bank of Canada continued under the *Business Development Bank of Canada Act* (Canada);
 - (iii) a société d'entraide économique or the Fédération des sociétés d'entraide économique du Québec governed by the Act respecting the sociétés d'entraide économique (Québec);
 - (iv) a lawyer, accountant, engineer or teacher, or, in Québec, a notary, if that individual:
 - (A) does not recommend securities of an issuer in which that individual has an interest; and
 - (B) does not receive remuneration for the performance of services as an adviser separate from remuneration received by that individual for practising in their professions;

- (v) a registered dealer or any partner, officer or employee of a registered dealer; or
- (b) a publisher or a writer for a newspaper, news magazine or business or financial journal or periodical, however delivered, that is of general and regular paid circulation, and only available to subscribers for value, or purchasers of it, if the publisher or writer:
 - (i) gives advice only through the written publication;
 - (ii) has no interest either directly or indirectly in any of the securities on which that individual gives advice; and
 - (iii) receives no commission or other consideration for giving the advice other than for acting in that person's capacity as a publisher or writer.

“Investment dealer acting as portfolio manager

“3.50(1) Subject to subsection (2), the adviser registration requirement does not apply to a registered investment dealer who manages the investment portfolios of its clients through discretionary authority granted by the clients if the investment dealer is a member of the Investment Industry Regulatory Organization of Canada and the advising activities are conducted in accordance with the rules of the Investment Industry Regulatory Organization of Canada.

(2) Any partner, director, officer or employee of a registered investment dealer referred to in subsection (1) who manages an investment portfolio for the registered investment dealer must be registered under the securities legislation of the jurisdiction to trade in securities.

“PART 4: CONTROL BLOCK DISTRIBUTIONS

“Control block distributions

“4.1(1) In this Part, ‘**control block distribution**’ means a trade to which the provisions of securities legislation listed in Appendix B apply.

(2) Terms defined or interpreted in National Instrument 62-103 *The Early Warning System and Related Take-over Bid and Insider Reporting Issues* and used in this Part have the same meaning as is assigned to them in that Instrument.

(3) The prospectus requirement does not apply to a control block distribution by an eligible institutional investor of a reporting issuer's securities if:

- (a) the eligible institutional investor:
 - (i) has filed the reports required under the early warning requirements or files the reports required under Part 4 of National Instrument 62-103 *The Early Warning System and Related Take-over Bid and Insider Reporting Issues*;
 - (ii) does not have knowledge of any material fact or material change with respect to the reporting issuer that has not been generally disclosed;
 - (iii) does not receive in the ordinary course of its business and investment activities knowledge of any material fact or material change with respect to the reporting issuer that has not been generally disclosed; and
 - (iv) either alone or together with any joint actors, does not possess effective control of the reporting issuer;

- (b) there are no directors or officers of the reporting issuer who were, or could reasonably be seen to have been, selected, nominated or designated by the eligible institutional investor or any joint actor;
 - (c) the control block distribution is made in the ordinary course of business or investment activity of the eligible institutional investor;
 - (d) securities legislation would not require the securities to be held for a specified period of time if the trade were not a control block distribution;
 - (e) no unusual effort is made to prepare the market or to create a demand for the securities; and
 - (f) no extraordinary commission or consideration is paid in respect of the control block distribution.
- (4) An eligible institutional investor that makes a distribution in reliance on subsection (3) must file a letter within 10 days after the distribution that describes the date and size of the distribution, the market on which it was made and the price at which the securities being distributed were sold.

“Distributions by a control person after a take-over bid

“4.2(1) Subject to subsection (2), the prospectus requirement does not apply to a distribution in a security from the holdings of a control person acquired under a take-over bid for which a take-over bid circular was issued and filed if:

- (a) the issuer whose securities are being acquired under the take-over bid has been a reporting issuer for at least 4 months at the date of the take-over bid;
 - (b) the intention to make the distribution is disclosed in the take-over bid circular issued in respect of the take-over bid;
 - (c) the distribution is made within the period beginning on the date of the expiry of the bid and ending 20 days after that date;
 - (d) a notice of intention to distribute securities in Form 45-102F1 *Notice of Intention to Distribute Securities under Section 2.8 of NI 45-102 Resale of Securities* under National Instrument 45-102 *Resale of Securities* is filed before the distribution;
 - (e) an insider report of the distribution in Form 55-102F2 *Insider Report* or Form 55-102F6 *Insider Report*, as applicable, under National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)* is filed within 3 days after the completion of the distribution;
 - (f) no unusual effort is made to prepare the market or to create a demand for the security; and
 - (g) no extraordinary commission or consideration is paid in respect of the distribution.
- (2) A control person referred to in subsection (1) is not required to comply with subsection (1)(b) if:
- (a) another person makes a competing take-over bid for securities of the issuer for which the take-over bid circular is issued; and
 - (b) the control person sells those securities to that other person for a consideration that is not greater than the consideration offered by that other person under its take-over bid.

“PART 5: OFFERINGS BY TSX VENTURE EXCHANGE OFFERING DOCUMENT

“Application and interpretation

“5.1(1) This Part does not apply in Ontario.

(2) In this Part:

‘exchange policy’ means Exchange Policy 4.6 - *Public Offering by Short Form Offering Document* and Exchange Form 4H - *Short Form Offering Document*, of the TSX Venture Exchange as amended from time to time;

‘gross proceeds’ means the gross proceeds that are required to be paid to the issuer for listed securities distributed under a TSX Venture exchange offering document;

‘listed security’ means a security of a class listed on the TSX Venture Exchange;

‘prior exchange offering’ means a distribution of securities by an issuer under a TSX Venture exchange offering document that was completed during the 12-month period immediately preceding the date of the TSX Venture exchange offering document;

‘subsequently triggered report’ means a material change report that must be filed no later than 10 days after a material change under securities legislation as a result of a material change that occurs after the date the TSX Venture exchange offering document is certified but before a purchaser enters into an agreement of purchase and sale;

‘TSX Venture Exchange’ means the TSX Venture Exchange Inc.;

‘TSX Venture exchange offering document’ means an offering document that complies with the exchange policy;

‘warrant’ means a warrant of an issuer distributed under a TSX Venture exchange offering document that entitles the holder to acquire a listed security or a portion of a listed security of the same issuer.

“TSX Venture Exchange offering

Refer to Appendix D of National Instrument 45-102 *Resale of Securities*. These securities are free trading unless the security is acquired by:(i) a purchaser that, at the time the security was acquired, was an insider or promoter of the issuer of the security, an underwriter of the issuer, or a member of the underwriter’s professional group; or(ii) any other purchaser in excess of \$40,000 for the portion of the securities in excess of \$40,000.The first trade by purchasers under (i) and (ii) are subject to a restricted period.

“5.2 The prospectus requirement does not apply to a distribution by an issuer in a security of its own issue if:

- (a) the issuer has filed an AIF in a jurisdiction of Canada;
- (b) the issuer is a SEDAR filer;

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- (c) the issuer is a reporting issuer in a jurisdiction of Canada and has filed in a jurisdiction of Canada:
- (i) a TSX Venture exchange offering document;
 - (ii) all documents required to be filed under the securities legislation of that jurisdiction; and
 - (iii) any subsequently triggered report;
- (d) the distribution is of listed securities or units consisting of listed securities and warrants;
- (e) the issuer has filed with the TSX Venture Exchange a TSX Venture exchange offering document in respect of the distribution, that:
- (i) incorporates by reference the following documents of the issuer filed with the securities regulatory authority in any jurisdiction of Canada:
 - (A) the AIF;
 - (B) the most recent annual financial statements and the MD&A relating to those financial statements;
 - (C) all unaudited interim financial reports and the MD&A relating to those financial reports, filed after the date of the AIF but before or on the date of the TSX Venture exchange offering document;
 - (D) all material change reports filed after the date of the AIF but before or on the date of the TSX Venture exchange offering document; and
 - (E) all documents required under National Instrument 43-101 *Standards of Disclosure for Mineral Projects* and National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* filed on or after the date of the AIF but before or on the date of the TSX Venture exchange offering document;
 - (ii) deems any subsequently triggered report required to be delivered to a purchaser under this Part to be incorporated by reference;
 - (iii) grants to purchasers contractual rights of action in the event of a misrepresentation, as required by the exchange policy;
 - (iv) grants to purchasers contractual rights of withdrawal, as required by the exchange policy; and
 - (v) contains all the certificates required by the exchange policy;
- (f) the distribution is conducted in accordance with the exchange policy;
- (g) the issuer or the underwriter delivers the TSX Venture exchange offering document and any subsequently triggered report to each purchaser:
- (i) before the issuer or the underwriter enters into the written confirmation of purchase and sale resulting from an order or subscription for securities being distributed under the TSX Venture exchange offering document; or
 - (ii) not later than midnight on the 2nd business day after the agreement of purchase and sale is entered into;

(h) the listed securities issued under the TSX Venture exchange offering document, when added to the listed securities of the same class issued under prior exchange offerings, do not exceed:

(i) the number of securities of the same class outstanding immediately before the issuer distributes securities of the same class under the TSX Venture exchange offering document; or

(ii) the number of securities of the same class outstanding immediately before a prior exchange offering;

(i) the gross proceeds under the TSX Venture exchange offering document, when added to the gross proceeds from prior exchange offerings do not exceed \$2 million;

(j) no purchaser acquires more than 20% of the securities distributed under the TSX Venture exchange offering document; and

(k) no more than 50% of the securities distributed under the TSX Venture exchange offering document are subject to section 2.5 of National Instrument 45-102 *Resale of Securities*.

“Underwriter obligations

“5.3 An underwriter that qualifies as a ‘sponsor’ under TSX Venture Exchange Policy 2.2 - *Sponsorship and Sponsorship Requirements* as amended from time to time must sign the TSX Venture exchange offering document and comply with TSX Venture Exchange Appendix 4A - *Due Diligence Report* in connection with the distribution.

“PART 6: REPORTING REQUIREMENTS

“Report of exempt distribution

“6.1(1) Subject to subsection (2) and section 6.2 [*When report not required*], issuers that distribute their own securities and underwriters that distribute securities they acquired under section 2.33 must file a report if they make the distribution under one or more of the following exemptions:

(a) section 2.3 [*Accredited investor*];

(b) section 2.5 [*Family, friends and business associates*];

(c) subsection 2.9 (1) or (2) [*Offering memorandum for Alberta, B.C., Manitoba, New Brunswick, Nova Scotia, Newfoundland and Labrador, Northwest Territories, Nunavut, Prince Edward Island, Québec, Saskatchewan and Yukon*];

(d) section 2.10 [*Minimum amount investment*];

(e) section 2.12 [*Asset acquisition*];

(f) section 2.13 [*Petroleum, natural gas and mining properties*];

(g) section 2.14 [*Securities for debt*];

(h) section 2.19 [*Additional investment in investment funds*];

(i) section 2.30 [*Isolated distribution by issuer*];

(j) section 5.2 [*TSX Venture Exchange offering*].

(2) The issuer or underwriter must file the report in the jurisdiction where the distribution takes place no later than 10 days after the distribution.

“When report not required

“6.2(1) An issuer is not required to file a report under section 6.1(1)(a) [*Report of exempt distribution*] for a distribution of a debt security of its own issue or, concurrently with the distribution of the debt security, an equity security of its own issue, to a Canadian financial institution or a Schedule III bank.

(2) An investment fund is not required to file a report under section 6.1 [*Report of exempt distribution*] for a distribution under section 2.3 [*Accredited investor*], section 2.10 [*Minimum amount*] or section 2.19 [*Additional investment in investment funds*] if the investment fund files the report not later than 30 days after the financial year-end of the investment fund.

“Required form of report of exempt distribution

“6.3(1) The required form of report under section 6.1 [*Report of exempt distribution*] is Form 45-106F1.

(2) Except in Manitoba, an issuer that makes a distribution under an exemption from a prospectus requirement not provided for in this Instrument is exempt from the requirements in securities legislation to file a report of exempt trade or exempt distribution in the required form if the issuer files a report of exempt distribution in accordance with Form 45-106F1.

“Required form of offering memorandum

“6.4(1) The required form of offering memorandum under section 2.9 or section 3.9 [*Offering memorandum*] is Form 45-106F2.

(2) Despite subsection (1), a qualifying issuer may prepare an offering memorandum in accordance with Form 45-106F3.

“Required form of risk acknowledgement

“6.5(1) The required form of risk acknowledgement under subsection 2.9(15) [*Offering memorandum*] is Form 45-106F4.

(2) In Saskatchewan, the required form of risk acknowledgement under section 2.6 or section 3.6 [*Family, friends and business associates*] is Form 45-106F5.

“PART 7: EXEMPTION**“Exemption**

“7.1(1) Subject to subsection (2), the regulator or the securities regulatory authority may grant an exemption to this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) In Ontario, only the regulator may grant an exemption and only from Part 6, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

“PART 8: TRANSITIONAL, COMING INTO FORCE**“Additional investment - investment funds - exemption from prospectus requirement**

“8.1 The prospectus requirement does not apply to a distribution by an investment fund in a security of its own issue to a purchaser that initially acquired the security as principal before this Instrument came into force if:

- (a) the security was initially acquired under any of the following provisions:
 - (i) in Alberta, sections 86(e) and 131(1)(d) of the *Securities Act* (Alberta) as they existed prior to their repeal by sections 9(a) and 13 of the *Securities Amendment Act* (Alberta), 2003 SA c.32 and sections 66.2 and 122.2 of the *Alberta Securities Commission Rules (General)*;
 - (ii) in British Columbia, sections 45(2) (5) and (22), and 74(2) (4) and (19) of the *Securities Act* (British Columbia);
 - (iii) in Manitoba, sections 19(3) and 58(1)(a) of the *Securities Act* (Manitoba) and section 90 of the *Securities Regulation* MR 491/88R;
 - (iv) in New Brunswick, section 2.8 of Local Rule 45-501 *Prospectus and Registration Exemptions*;
 - (v) in Newfoundland and Labrador, sections 36(1)(e) and 73(1)(d) of the *Securities Act* (Newfoundland and Labrador);
 - (vi) in Nova Scotia, sections 41(1)(e) and 77(1)(d) of the *Securities Act* (Nova Scotia);
 - (vii) in Northwest Territories, section 3(c) and (z) of Blanket Order No. 1;
 - (viii) in Nunavut, section 3(c) and (z) of Blanket Order No. 1;
 - (ix) in Ontario, sections 35(1)5 and 72(1)(d) of the *Securities Act* (Ontario) and section 2.12 of Ontario Securities Commission Rule 45-501 *Exempt Distributions* that came into force on January 12, 2004;
 - (x) in Prince Edward Island, section 2(3)(d) of the *Securities Act* (Prince Edward Island) and Prince Edward Island Local Rule 45-512 *-Exempt Distributions - Exemption for Purchase of Mutual Fund Securities*;
 - (xi) in Québec, section 51 and 155.1(2) of the *Securities Act* (Québec);
 - (xii) in Saskatchewan, sections 39(1)(e) and 81(1)(d) of *The Securities Act, 1988* (Saskatchewan);
- (b) the distribution is of a security of the same class or series as the initial distribution; and
- (c) the security holder, as at the date of the distribution, holds securities of the investment fund that have:
 - (i) an acquisition cost of not less than the minimum amount prescribed by securities legislation referred to in paragraph (a) under which the initial distribution was conducted; or
 - (ii) a net asset value of not less than the minimum amount prescribed by securities legislation referred to in paragraph (a) under which the initial distribution was conducted.

“Additional investment - investment funds - exemption from registration requirement

“8.1.1(1) After March 27, 2010, this section 8.1.1 does not apply in any jurisdiction.

(2) The dealer registration requirement does not apply in respect of a trade by an investment fund in a security of its own issue to a purchaser that initially acquired the security as principal before this Instrument came into force if:

- (a) the security was initially acquired under any of the following provisions:
 - (i) in Alberta, sections 86(e) and 131(1)(d) of the *Securities Act* (Alberta) as they existed prior to their repeal by sections 9(a) and 13 of the *Securities Amendment Act* (Alberta), 2003 SA c.32 and sections 66.2 and 122.2 of the *Alberta Securities Commission Rules (General)*;
 - (ii) in British Columbia, sections 45(2) (5) and (22), and 74(2) (4) and (19) of the *Securities Act* (British Columbia);
 - (iii) in Manitoba, sections 19(3) and 58(1)(a) of the *Securities Act* (Manitoba) and section 90 of the *Securities Regulation MR 491/88R*;
 - (iv) in New Brunswick, section 2.8 of Local Rule 45-501 *Prospectus and Registration Exemptions*;
 - (v) in Newfoundland and Labrador, sections 36(1)(e) and 73(1)(d) of the *Securities Act* (Newfoundland and Labrador);
 - (vi) in Nova Scotia, sections 41(1)(e) and 77(1)(d) of the *Securities Act* (Nova Scotia);
 - (vii) in Northwest Territories, section 3(c) and (z) of Blanket Order No. 1;
 - (viii) in Nunavut, section 3(c) and (z) of Blanket Order No. 1;
 - (ix) in Ontario, sections 35(1)5 and 72(1)(d) of the *Securities Act* (Ontario) and section 2.12 of Ontario Securities Commission Rule 45-501 *Exempt Distributions* that came into force on January 12, 2004;
 - (x) in Prince Edward Island, section 2(3)(d) of the *Securities Act* (Prince Edward Island) and Prince Edward Island Local Rule 45-512 *-Exempt Distributions - Exemption for Purchase of Mutual Fund Securities*;
 - (xi) in Québec, section 51 and 155.1(2) of the *Securities Act* (Québec);
 - (xii) in Saskatchewan, sections 39(1)(e) and 81(1)(d) of *The Securities Act, 1988* (Saskatchewan);
- (b) the trade is for a security of the same class or series as the initial trade; and
- (c) the security holder, as at the date of the trade, holds securities of the investment fund that have:
 - (i) an acquisition cost of not less than the minimum amount prescribed by securities legislation referred to in paragraph (a) under which the initial trade was conducted; or
 - (ii) a net asset value of not less than the minimum amount prescribed by securities legislation referred to in paragraph (a) under which the initial trade was conducted.

“Definition of ‘accredited investor’ - investment fund

“8.2 An investment fund that distributed its securities to persons pursuant to any of the following provisions is an investment fund under paragraph (n)(ii) of the definition of ‘accredited investor’:

- (a) in Alberta, sections 86(e) and 131(1)(d) of the *Securities Act* (Alberta) as they existed prior to their repeal by sections 9(a) and 13 of the *Securities Amendment Act* (Alberta), 2003 SA c.32 and sections 66.2 and 122.2 of the *Alberta Securities Commission Rules (General)*;
- (b) in British Columbia, sections 45(2) (5) and (22), and 74(2) (4) and (19) of the *Securities Act* (British Columbia);
- (c) in Manitoba, sections 19(3) and 58(1)(a) of the *Securities Act* (Manitoba) and section 90 of the *Securities Regulation* MR 491/88R;
- (d) in New Brunswick, section 2.8 of Local Rule 45-501 *Prospectus and Registration Exemptions*;
- (e) in Newfoundland and Labrador, sections 36(1)(e) and 73(1)(d) of the *Securities Act* (Newfoundland and Labrador);
- (f) in Nova Scotia, sections 41(1)(e) and 77(1)(d) of the *Securities Act* (Nova Scotia);
- (g) in Northwest Territories, section 3(c) and (z) of Blanket Order No. 2;
- (h) in Nunavut, section 3(c) and (z) of Blanket Order No. 3;
- (i) in Ontario, sections 35(1)5 and 72(1)(d) of the *Securities Act* (Ontario) and section 2.12 of Ontario Securities Commission Rule 45-501 *Exempt Distributions* that came into force on January 12, 2004;
- (j) in Prince Edward Island, section 2(3)(d) of the *Securities Act* (Prince Edward Island) and Prince Edward Island Local Rule 45-512 *-Exempt Distributions - Exemption for Purchase of Mutual Fund Securities*;
- (k) in Québec, section 51 and 155.1(2) of the *Securities Act* (Québec);
- (l) in Saskatchewan, sections 39(1)(e) and 81(1)(d) of *The Securities Act, 1988* (Saskatchewan).

“Transition - Closely-held issuer - exemption from prospectus requirement

“8.3(1) In this section:

‘2001 OSC Rule 45-501’ means the Ontario Securities Commission Rule 45-501 *Exempt Distributions* that came into force on November 30, 2001;

‘2004 OSC Rule 45-501’ means the Ontario Securities Commission Rule 45-501 *Exempt Distributions* that came into force on January 12, 2004;

‘closely-held issuer’ has the same meaning as in 2004 OSC Rule 45-501.

(2) The prospectus requirement does not apply to a distribution of a security that was previously distributed by a closely-held issuer under section 2.1 of 2001 OSC Rule 45-501, or under section 2.1 of 2004 OSC Rule 45-501, to a person who purchases the security as principal and is:

- (a) a director, officer, employee, founder or control person of the issuer;
- (b) a spouse, parent, grandparent, brother, sister or child of a director, executive officer, founder or control person of the issuer;

- (c) a parent, grandparent, brother, sister or child of the spouse of a director, executive officer, founder or control person of the issuer;
- (d) a close personal friend of a director, executive officer, founder or control person of the issuer;
- (e) a close business associate of a director, executive officer, founder or control person of the issuer;
- (f) a spouse, parent, grandparent, brother, sister or child of the selling security holder or of the selling security holder's spouse;
- (g) a security holder of the issuer;
- (h) an accredited investor;
- (i) a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons described in paragraphs (a) to (h);
- (j) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in paragraphs (a) to (h); or
- (k) a person that is not the public.

“Transition - Closely-held issuer - exemption from registration requirement

“8.3.1(1) After March 27, 2010, this section 8.3.1 does not apply in any jurisdiction.

(2) In this section:

‘2001 OSC Rule 45-501’ means the Ontario Securities Commission Rule 45-501 *Exempt Distributions* that came into force on November 30, 2001;

‘2004 OSC Rule 45-501’ means the Ontario Securities Commission Rule 45-501 *Exempt Distributions* that came into force on January 12, 2004;

‘closely-held issuer’ has the same meaning as in 2004 OSC Rule 45-501.

(3) The dealer registration requirement does not apply in respect of a trade in a security that was previously distributed by a closely-held issuer under section 2.1 of 2001 OSC Rule 45-501 or under section 2.1 of 2004 OSC Rule 45-501 to a person who purchases the security as principal and is:

- (a) a director, officer, employee, founder or control person of the issuer;
- (b) a spouse, parent, grandparent, brother, sister or child of a director, executive officer, founder or control person of the issuer;
- (c) a parent, grandparent, brother, sister or child of the spouse of a director, executive officer, founder or control person of the issuer;
- (d) a close personal friend of a director, executive officer, founder or control person of the issuer;
- (e) a close business associate of a director, executive officer, founder or control person of the issuer;
- (f) a spouse, parent, grandparent, brother, sister or child of the selling security holder or of the selling security holder's spouse;
- (g) a security holder of the issuer;

- (h) an accredited investor;
- (i) a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons described in paragraphs (a) to (h);
- (j) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in paragraphs (a) to (h); or
- (k) a person that is not the public.

“Transition - reinvestment plan

“8.4 Despite subsection 2.2(5) or 3.2(5), if an issuer’s reinvestment plan was established before September 28, 2009, and provides for the distribution of a security that is of a different class or series than the class or series of the security to which the dividend or distribution is attributable, the issuer or the trustee, custodian or administrator of the plan must provide to each person who is already a participant the description of the material attributes and characteristics of the securities traded under the plan or notice of a source from which the participant can obtain the information not later than 140 days after the next financial year end of the issuer ending on or after September 28, 2009.

“Application of Part 3 of this instrument

“8.5 On March 27, 2010, Part 3 does not apply in any jurisdiction.

“Repeal of former instrument

“8.6 National Instrument 45-106 *Prospectus and Registration Exemptions* which came into force on September 14, 2005 is repealed on September 28, 2009.

“Effective date

- “8.7(1) Except in Ontario, this Instrument comes into force on September 28, 2009.
- (2) In Ontario, this Instrument comes into force on the later of the following:
 - (a) September 28, 2009;
 - (b) the day on which sections 5 and 11, subsection 12(1) and section 13 of Schedule 26 of the *Budget Measures Act, 2009* are proclaimed in force.

**“Appendix A
to
National Instrument 45-106 Prospectus and Registration Exemptions
Variable insurance contract exemption
(section 2.39)**

JURISDICTION	LEGISLATION REFERENCE
ALBERTA	‘contract of insurance’, ‘group insurance’, ‘life insurance’, and ‘policy’ have the respective meanings assigned to them under the <i>Insurance Act</i> (Alberta) and the regulations under that Act. ‘insurance company’ means an insurer as defined in the <i>Insurance Act</i> (Alberta) that is licensed under that Act.
BRITISH COLUMBIA	‘contract’, ‘group insurance’, and ‘policy’ have the respective meanings assigned to them under the <i>Insurance Act</i> (British Columbia) and the regulations under that Act. ‘life insurance’ has the respective meaning assigned to it under the <i>Financial Institutions Act</i> (British Columbia) and the regulations under that Act. ‘insurance company’ means an insurance company, or an extraprovincial insurance corporation, authorized to carry on insurance business under the <i>Financial Institutions Act</i> (British Columbia).
MANITOBA	‘contract of insurance’, ‘group insurance’, ‘life insurance’, and ‘policy’ have the respective meanings assigned to them under the <i>Insurance Act</i> (Manitoba) and the regulations under that Act. ‘insurance company’ means an insurer as defined in the <i>Insurance Act</i> (Manitoba) that is licensed under that Act.
NEW BRUNSWICK	‘contract of insurance’, ‘group insurance’, ‘life insurance’, and ‘policy’ have the respective meanings assigned to them under the <i>Insurance Act</i> (New Brunswick) and the regulations under that Act. ‘insurance company’ means an insurer as defined in the <i>Insurance Act</i> (New Brunswick) that is licensed under that Act.
NORTHWEST TERRITORIES	‘contract’, ‘group insurance’, ‘life insurance’, and ‘policy’ have the respective meanings assigned to them under the <i>Insurance Act</i> (Northwest Territories). ‘insurance company’ means an insurer as defined in the <i>Insurance Act</i> (Northwest Territories) that is licensed under that Act.
NOVA SCOTIA	‘contract’, ‘group insurance’, ‘life insurance’, and ‘policy’ have the respective meanings assigned to them under the <i>Insurance Act</i> (Nova Scotia) and the regulations under that Act. ‘insurance company’ has the same meaning as in section 3(1)(a) of the <i>General Securities Rules</i> (Nova Scotia).

ONTARIO	'contract', 'group insurance', and 'policy' have the respective meanings assigned to them in section 1 and 171 of the <i>Insurance Act</i> (Ontario). 'life insurance' has the respective meaning assigned to it in Schedule 1 by Order of the Superintendent of Financial Services. 'insurance company' has the same meaning as in section 1(2) of the <i>General Regulation</i> (Ont. Reg. 1015).
QUÉBEC	'contract of insurance', 'group insurance', 'life insurance', and 'policy' have the respective meanings assigned to them under the Civil Code of Québec. 'insurance company' means an insurer holding a license under the Act respecting insurance (R.S.Q., c. A-32).
PRINCE EDWARD ISLAND	'contract', 'group insurance', 'insurer', 'life insurance' and 'policy' have the respective meanings assigned to them in sections 1 and 174 of the <i>Insurance Act</i> (Prince Edward Island). 'insurance company' means an insurance company licensed under the <i>Insurance Act</i> (R.S.P.E.I. 1988, Cap. I-4).
SASKATCHEWAN	'contract', 'life insurance' and 'policy' have the respective meanings assigned to them in section 2 of <i>The Saskatchewan Insurance Act</i> (Saskatchewan). 'group insurance' has the respective meaning assigned to it in section 133 of <i>The Saskatchewan Insurance Act</i> (Saskatchewan). 'insurance company' means an issuer licensed under <i>The Saskatchewan Insurance Act</i> (Saskatchewan).
YUKON	'contract', 'group', 'life insurance' and 'policy' have the respective meanings assigned to them under the <i>Insurance Act</i> (Yukon) and the regulations made under that Act. 'insurance company' means an insurer as defined in the <i>Insurance Act</i> (Yukon) that is licensed under that Act.

**“Appendix B
to
National Instrument 45-106 Prospectus and Registration Exemptions
Control Block Distributions
(PART 4)**

JURISDICTION REFERENCE	SECURITIES LEGISLATION
ALBERTA	Section 1(p)(iii) of the Securities Act (Alberta)
BRITISH COLUMBIA	Paragraph (c) of the definition of ‘distribution’ contained in section 1 of the <i>Securities Act</i> (British Columbia)
MANITOBA	Section 1(b) of the definition of ‘primary distribution to the public’ contained in subsection 1(1) of the <i>Securities Act</i> (Manitoba)
NEW BRUNSWICK	Paragraph (c) of the definition of ‘distribution’ contained in section 1(1) of the <i>Securities Act</i> (New Brunswick)
NEWFOUNDLAND AND LABRADOR	Section 2(1)(1)(iii) of the <i>Securities Act</i> (Newfoundland and Labrador)
NORTHWEST TERRITORIES	Paragraph (c) of the definition of ‘distribution’ in subsection 1(1) of the <i>Securities Act</i> (Northwest Territories)
NOVA SCOTIA	Section 2(1)(1)(iii) of the <i>Securities Act</i> (Nova Scotia)
ONTARIO	Paragraph (c) of the definition of ‘distribution’ contained in subsection 1(1) of the <i>Securities Act</i> (Ontario)
PRINCE EDWARD ISLAND	Section 1(f)(iii) of the <i>Securities Act</i> (Prince Edward Island)
QUÉBEC	Paragraph 9 of the definition of ‘distribution’ contained section 5 of the <i>Securities Act</i> (Québec)
SASKATCHEWAN	Section 2(1)(r)(iii) of <i>The Securities Act, 1988</i> (Saskatchewan)
YUKON	Paragraph (c) of the definition of ‘distribution’ in subsection 1(1) of the <i>Securities Act</i> (Yukon)

**“Form 45-106F2
Offering Memorandum for Non-Qualifying Issuers**

Date: [Insert the date from the certificate page.]

The Issuer

Name:

Head office:

Address:

Phone #:

E-mail address:

Fax #:

Currently listed or quoted? [If no, state in bold type: **‘These securities do not trade on any exchange or market’**. If yes, state where, e.g., TSX/TSX Venture Exchange.]

Reporting issuer? [Yes/No. If yes, state where.]

SEDAR filer? [Yes/No]

The Offering

Securities offered:

Price per security:

Minimum/Maximum offering: [If there is no minimum, state in bold type: **‘There is no minimum.’** and also state in bold type: **‘You may be the only purchaser.’**]

State in bold type: **Funds available under the offering may not be sufficient to accomplish our proposed objectives.**

Minimum subscription amount: [State the minimum amount each investor must invest, or state ‘There is no minimum subscription amount an investor must invest’.]

Payment terms:

Proposed closing date(s):

Income tax consequences: There are important tax consequences to these securities. See item 6. [If income tax consequences are not material, delete this item.]

Selling agent? [Yes/No. If yes, state ‘See item 7’. The name of the selling agent may also be stated.]

Resale restrictions

State: ‘You will be restricted from selling your securities for [4 months and a day/an indefinite period]. See item 10’.

Purchaser’s rights

State: ‘You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel the agreement. See item 11’.

State in bold type:

‘No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See item 8’.

[All of the above information must appear on a single cover page.]

“Item 1: Use of Available Funds

“1.1 Funds - Using the following table, disclose the funds available as a result of the offering. If the issuer plans to combine additional sources of funding with the available funds from the offering to achieve its principal capital-raising purpose, please provide details about each additional source of funding. If there is no minimum offering, state ‘\$0’ as the minimum.

Disclose also the amount of any working capital deficiency, if any, of the issuer as at a date not more than 30 days prior to the date of the offering memorandum. If the working capital deficiency will not be eliminated by the use of available funds, state how the issuer intends to eliminate or manage the deficiency.

		Assuming min. offering	Assuming max. offering
A.	Amount to be raised by this offering	\$	\$
B.	Selling commissions and fees	\$	\$
C.	Estimated offering costs (e.g., legal, accounting, audit.)	\$	\$
D.	Available funds: $D = A - (B+C)$	\$	\$
E.	Additional sources of funding required	\$	\$
F.	Working capital deficiency	\$	\$
G.	Total: $G = (D+E) - F$	\$	\$

“1.2 Use of Available Funds - Using the following table, provide a detailed breakdown of how the issuer will use the available funds. If any of the available funds will be paid to a related party, disclose in a note to the table the name of the related party, the relationship to the issuer, and the amount. If the issuer has a working capital deficiency, disclose the portion, if any, of the available funds to be applied against the working capital deficiency. If more than 10% of the available funds will be used by the issuer to pay debt and the issuer incurred the debt within the two preceding financial years, describe why the debt was incurred.

Description of intended use of available funds listed in order of priority	Assuming min. offering	Assuming max. offering
	\$	\$
	\$	\$
Total: Equal to G in the Funds table above	\$	\$

“1.3 Reallocation - The available funds must be used for the purposes disclosed in the offering memorandum. The board of directors can reallocate the proceeds to other uses only for sound business reasons. If the available funds may be reallocated, include the following statement:

‘We intend to spend the available funds as stated. We will reallocate funds only for sound business reasons’.

“Item 2: Business of [name of issuer or other term used to refer to issuer]

“2.1 Structure - State the business structure (e.g., partnership, corporation or trust), the statute and the province, state or other jurisdiction under which the issuer is incorporated, continued or organized, and the date of incorporation, continuance or organization.

“2.2 Our Business - Describe the issuer’s business. The disclosure must provide sufficient information to enable a prospective purchaser to make an informed investment decision. For a non-resource issuer this disclosure may include principal products or services, operations, market, marketing plans and strategies and a discussion of the issuer’s current and prospective competitors. For a resource issuer this will require a description of principal properties (including interest held) and a summary of material information including, if applicable: the stage of development, reserves, geology, operations, production and mineral reserves or mineral resources being explored or developed. A resource issuer disclosing scientific or technical information for a mineral project must follow General Instruction A.8 of this Form. A resource issuer disclosing information about its oil and gas activities must follow General Instruction A.9 of this Form.

“2.3 Development of Business - Describe (generally, in one or two paragraphs) the general development of the issuer’s business over at least its two most recently completed financial years and any subsequent period. Include the major events that have occurred or conditions that have influenced (favourably or unfavourably) the development of the issuer.

“2.4 Long Term Objectives - Describe each significant event that must occur to accomplish the issuer’s long term objectives, state the specific time period in which each event is expected to occur, and the costs related to each event.

“2.5 Short Term Objectives and How We Intend to Achieve Them

- (a) Disclose the issuer’s objectives for the next 12 months.
- (b) Using the following table, disclose how the issuer intends to meet those objectives for the next 12 months.

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete
		\$
		\$

“2.6 Insufficient Funds

If applicable, disclose that the funds available as a result of the offering either may not or will not be sufficient to accomplish all of the issuer’s proposed objectives and there is no assurance that alternative financing will be available. If alternative financing has been arranged, disclose the amount, source and all outstanding conditions that must be satisfied.

“2.7 Material Agreements - Disclose the key terms of all material agreements:

- (a) to which the issuer is currently a party; or
- (b) with a related party;

including the following information:

- (i) if the agreement is with a related party, the name of the related party and the relationship;
- (ii) a description of any asset, property or interest acquired, disposed of, leased, under option, etc.;
- (iii) a description of any service provided;
- (iv) purchase price and payment terms (e.g., paid in instalments, cash, securities or work commitments);
- (v) the principal amount of any debenture or loan, the repayment terms, security, due date and interest rate;
- (vi) the date of the agreement;
- (vii) the amount of any finder’s fee or commission paid or payable to a related party in connection with the agreement;
- (viii) any material outstanding obligations under the agreement; and
- (ix) for any transaction involving the purchase of assets by or sale of assets to the issuer from a related party, state the cost of the assets to the related party, and the cost of the assets to the issuer.

“Item 3: Interests of Directors, Management, Promoters and Principal Holders

“3.1 Compensation and Securities Held - Using the following table, provide the specified information about each director, officer and promoter of the issuer and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the issuer (a ‘principal holder’). If the principal holder is not an individual, state in a note to the table the name of any person that, directly or indirectly, beneficially owns or controls more than 50% of the voting rights of the principal holder. If the issuer has not completed its first financial year, then include compensation paid since inception. Compensation includes any form of remuneration including cash, shares and options.

Name and municipality of principal residence	Positions held (e.g., director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by issuer or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the issuer held after completion of min. offering	Number, type and percentage of securities of the issuer held after completion of max. offering

“3.2 Management Experience - Using the following table, disclose the principal occupations of the directors and executive officers over the past five years. In addition, for each individual, describe any relevant experience in a business similar to the issuer’s.

Name	Principal occupation and related experience

“3.3 Penalties, Sanctions and Bankruptcy

(a) Disclose any penalty or sanction (including the reason for it and whether it is currently in effect) that has been in effect during the last 10 years, or any cease trade order that has been in effect for a period of more than 30 consecutive days during the past 10 years against:

- (i) a director, executive officer or control person of the issuer; or
- (ii) an issuer of which a person referred to in (i) above was a director, executive officer or control person at the time.

(b) Disclose any declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, that has been in effect during the last 10 years with regard to any:

- (i) director, executive officer or control person of the issuer; or
- (ii) issuer of which a person referred to in (i) above was a director, executive officer or control person at that time.

“3.4 Loans - Disclose the principal amount of any debenture or loan, the repayment terms, security, due date and interest rate due to or from the directors, management, promoters and principal holders as at a date not more than 30 days prior to the date of the offering memorandum.

“Item 4: Capital Structure

“4.1 Share Capital - Using the following table, provide the required information about outstanding securities of the issuer (including options, warrants and other securities convertible into shares). If necessary, notes to the table may be added to describe the material terms of the securities.

Description of security	Number authorized to be issued	Price per security	Number outstanding as at [a date not more than 30 days prior to the offering memorandum date]	Number outstanding after min. offering	Number outstanding after max. offering

“4.2 Long Term Debt Securities - Using the following table, provide the required information about outstanding long term debt of the issuer. Disclose the portion of the debt due within 12 months of the date of the offering memorandum. If the securities being offered are debt securities, add a column to the table disclosing the amount of debt that will be outstanding after both the minimum and maximum offering. If the debt is owed to a related party, indicate that in a note to the table and identify the related party.

Description of long term debt (including whether secured)	Interest rate	Repayment terms	Amount outstanding at [a date not more than 30 days prior to the offering memorandum date]
			\$
			\$

“4.3 Prior Sales - If the issuer has issued any securities of the class being offered under the offering memorandum (or convertible or exchangeable into the class being offered under the offering memorandum) within the last 12 months, use the following table to provide the information specified. If securities were issued in exchange for assets or services, describe in a note to the table the assets or services that were provided.

Date of Issuance	Type of security issued	Number of securities issued	Price per security	Total funds received

“Item 5: Securities Offered

“5.1 Terms of Securities- Describe the material terms of the securities being offered, including:

- (a) voting rights or restrictions on voting;
- (b) conversion or exercise price and date of expiry;
- (c) rights of redemption or retraction; and
- (d) interest rates or dividend rates.

“5.2 Subscription Procedure

- (a) Describe how a purchaser can subscribe for the securities and the method of payment.
- (b) State that the consideration will be held in trust and the period that it will be held (refer at least to the mandatory two day period).
- (c) Disclose any conditions to closing, e.g., receipt of additional funds from other sources. If there is a minimum offering, disclose when consideration will be returned to purchasers if the minimum is not met, and whether the issuer will pay the purchasers interest on consideration.

“Item 6: Income Tax Consequences and RRSP Eligibility

“6.1 State: ‘You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you’.

“6.2 If income tax consequences are a material aspect of the securities being offered (e.g., flow-through shares), provide:

- (a) a summary of the significant income tax consequences to Canadian residents; and
- (b) the name of the person providing the income tax disclosure in (a).

“6.3 Provide advice regarding the RRSP eligibility of the securities and the name of the person providing the advice or state ‘Not all securities are eligible for investment in a registered retirement savings plan (RRSP). You should consult your own professional advisers to obtain advice on the RRSP eligibility of these securities’.

“Item 7: Compensation Paid to Sellers and Finders

If any person has or will receive any compensation (e.g., commission, corporate finance fee or finder’s fee) in connection with the offering, provide the following information to the extent applicable:

- (a) a description of each type of compensation and the estimated amount to be paid for each type;
- (b) if a commission is being paid, the percentage that the commission will represent of the gross proceeds of the offering (assuming both the minimum and maximum offering);
- (c) details of any broker’s warrants or agent’s option (including number of securities under option, exercise price and expiry date); and
- (d) if any portion of the compensation will be paid in securities, details of the securities (including number, type and, if options or warrants, the exercise price and expiry date).

“Item 8: Risk Factors

Describe in order of importance, starting with the most important, the risk factors material to the issuer that a reasonable investor would consider important in deciding whether to buy the issuer’s securities.

Risk factors will generally fall into the following three categories:

- (a) Investment Risk - risks that are specific to the securities being offered. Some examples include:
 - arbitrary determination of price;
 - no market or an illiquid market for the securities;
 - resale restrictions; and
 - subordination of debt securities.
- (b) Issuer Risk - risks that are specific to the issuer. Some examples include:
 - insufficient funds to accomplish the issuer’s business objectives;
 - no history or a limited history of revenue or profits;
 - lack of specific management or technical expertise;

- management's regulatory and business track record;
- dependence on key employees, suppliers or agreements;
- dependence on financial viability of guarantor;
- pending and outstanding litigation; and
- political risk factors.

(c) Industry Risk - risks faced by the issuer because of the industry in which it operates. Some examples include:

- environmental and industry regulation;
- product obsolescence; and
- competition.

“Item 9: Reporting Obligations

“9.1 Disclose the documents, including any financial information required by the issuer's corporate legislation, constating documents, or other documents under which the issuer is organized, that will be sent to purchasers on an annual or on-going basis. If the issuer is not required to send any documents to the purchasers on an annual or on-going basis, state in bold type: **‘We are not required to send you any documents on an annual or ongoing basis’**.

“9.2 If corporate or securities information about the issuer is available from a government, securities regulatory authority or regulator, SRO or quotation and trade reporting system, disclose where that information can be located (including website address).

“Item 10: Resale Restrictions

“10.1 General Statement - For trades in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Québec, Saskatchewan and Yukon, state:

‘These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation’.

“10.2 Restricted Period - For trades in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Québec, Saskatchewan and Yukon state one of the following, as applicable:

(a) if the issuer is not a reporting issuer in a jurisdiction at the distribution date state:

‘Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the date [insert name of issuer or other term used to refer to the issuer] becomes a reporting issuer in any province or territory of Canada’;

(b) if the issuer is a reporting issuer in a jurisdiction at the distribution date state:

‘Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the distribution date’.

“10.3 Manitoba Resale Restrictions - For trades in Manitoba, if the issuer will not be a reporting issuer in a jurisdiction at the time the security is acquired by the purchaser state:

‘Unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless:

- (a) [name of issuer or other term used to refer to issuer] has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus; or
- (b) you have held the securities for at least 12 months.

‘The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest’.

“Item 11: Purchasers’ Rights

State the following:

‘If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

(1) Two Day Cancellation Right - You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the securities.

(2) Statutory Rights of Action in the Event of a Misrepresentation [Insert this section only if the securities legislation of the jurisdiction in which the trade occurs provides purchasers with statutory rights in the event of a misrepresentation in an offering memorandum. Modify the language, if necessary, to conform to the statutory rights.] If there is a misrepresentation in this offering memorandum, you have a statutory right to sue:

- (a) [name of issuer or other term used to refer to issuer] to cancel your agreement to buy these securities; or
- (b) for damages against [state the name of issuer or other term used to refer to issuer and the title of any other person against whom the rights are available].

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within [state time period provided by the securities legislation]. You must commence your action for damages within [state time period provided by the securities legislation.]

(3) Contractual Rights of Action in the Event of a Misrepresentation - [Insert this section only if the securities legislation of the jurisdiction in which the purchaser is resident does not provide purchasers with statutory rights in the event of a misrepresentation in an offering memorandum.]

‘If there is a misrepresentation in this offering memorandum, you have a contractual right to sue [name of issuer or other term used to refer to issuer]:

- (a) to cancel your agreement to buy these securities; or
- (b) for damages.

'This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that [name of issuer or other term used to refer to issuer] proves does not represent the depreciation in value of the securities resulting from the misrepresentation. [Name of issuer or other term used to refer to issuer] has a defence if it proves that you knew of the misrepresentation when you purchased the securities.

'If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you signed the agreement to purchase the securities'.

"Item 12: Financial Statements

Include in the offering memorandum immediately before the certificate page of the offering memorandum all required financial statements as set out in the Instructions.

"Item 13: Date and Certificate

State the following on the certificate page of the offering memorandum:

'Dated [insert the date the certificate page of the offering memorandum is signed].

'This offering memorandum does not contain a misrepresentation'.

**"Instructions for Completing
Form 45-106F2
Offering Memorandum for Non-Qualifying Issuers**

A. General Instructions

1. Draft the offering memorandum so that it is easy to read and understand. Be concise and use clear, plain language. Avoid technical terms. If technical terms are necessary, provide definitions.
2. Address the items required by the form in the order set out in the form. However, it is not necessary to provide disclosure about an item that does not apply.
3. The issuer may include additional information in the offering memorandum other than that specifically required by the form. An offering memorandum is generally not required to contain the level of detail and extent of disclosure required by a prospectus. Generally, this description should not exceed 2 pages. However, an offering memorandum must provide a prospective purchaser with sufficient information to make an informed investment decision.
4. The issuer may wrap the offering memorandum around a prospectus or similar document. However, all matters required to be disclosed by the offering memorandum must be addressed and the offering memorandum must provide a cross-reference to the page number or heading in the wrapped document where the relevant information is contained. The certificate to the offering memorandum must be modified to indicate that the offering memorandum, including the document around which it is wrapped, does not contain a misrepresentation.

5. It is an offence to make a misrepresentation in the offering memorandum. This applies both to information that is required by the form and to additional information that is provided. Include particulars of any material facts, which have not been disclosed under any of the Item numbers and for which failure to disclose would constitute a misrepresentation in the offering memorandum. Refer also to section 3.8(3) of Companion Policy 45-106CP for additional information.

6. When the term 'related party' is used in this form, it refers to:

- (a) a director, officer, promoter or control person of the issuer;
- (b) in regard to a person referred to in (a), a child, parent, grandparent or sibling, or other relative living in the same residence;
- (c) in regard to a person referred to in (a) or (b), his or her spouse or a person with whom he or she is living in a marriage-like relationship;
- (d) an insider of the issuer;
- (e) a company controlled by one or more individuals referred to in (a) to (d); and
- (f) in the case of an insider, promoter or control person that is not an individual, any person that controls that insider, promoter or control person.

(If the issuer is not a reporting issuer, the reference to 'insider' includes persons or companies who would be insiders of the issuer if that issuer were a reporting issuer.)

7. Disclosure is required in item 3.1 of compensation paid directly or indirectly by the issuer or a related party to a director, officer, promoter and/or principal holder if the issuer receives a direct benefit from such compensation paid.

8. Refer to National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) when disclosing scientific or technical information for a mineral project of the issuer.

9. If an oil and gas issuer is disclosing information about its oil and gas activities, it must ensure that the information is disclosed in accordance with Part 4 and Part 5 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101). Under section 5.3 of NI 51-101, disclosure of reserves or resources must be consistent with the reserves and resources terminology and categories set out in the Canadian Oil and Gas Evaluation Handbook. For the purposes of this instruction, references to reporting issuer in Part 4 and Part 5 of NI 51-101 will be deemed to include all issuers.

10. Securities legislation restricts what can be told to investors about the issuer's intent to list or quote securities on an exchange or market. Refer to applicable securities legislation before making any such statements.

11. If an issuer uses this form in connection with a distribution under an exemption other than section 2.9 (*offering memorandum*) of National Instrument 45-106 *Prospectus and Registration Exemptions*, the issuer must modify the disclosure in item 11 to correctly describe the purchaser's rights. If a purchaser does not have statutory or contractual rights of action in the event of a misrepresentation in the offering memorandum, that fact must be stated in bold on the face page.

12. During the course of a distribution of securities, any material forward-looking information disseminated must only be that which is set out in the offering memorandum. If an extract of FOFI, as defined in National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102), is disseminated, the extract or summary must be reasonably balanced and have a cautionary note in boldface stating that the information presented is not complete and that complete FOFI is included in the offering memorandum.

B. Financial Statements - General

1. All financial statements, operating statements for an oil and gas property that is an acquired business or a business to be acquired, and summarized financial information as to the aggregated amounts of assets, liabilities, revenue and profit or loss of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method included in the offering memorandum must comply with National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, regardless of whether the issuer is a reporting issuer or not.

Under National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, financial statements are generally required to be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises. An issuer using this form cannot use Canadian GAAP applicable to private enterprises, except, subject to the requirements of NI 52-107, certain issuers may use Canadian GAAP applicable to private enterprises for financial statements for a business referred to in C.1. An issuer that is not a reporting issuer may prepare acquisition statements in accordance with the requirements of NI 52-107 as if the issuer were a venture issuer as defined in NI 51-102. For the purposes of Form 45-106F2, the 'applicable time' in the definition of a venture issuer is the acquisition date.

2. Include all financial statements required by these instructions in the offering memorandum immediately before the certificate page of the offering memorandum.

3. If the issuer has not completed one financial year or its first financial year end is less than 120 days from the date of the offering memorandum, include in the offering memorandum financial statements of the issuer consisting of:

- (a) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the period from inception to a date not more than 90 days before the date of the offering memorandum;
- (b) a statement of financial position as at the end of the period referred to in paragraph (a); and
- (c) notes to the financial statements.

4. If the issuer has completed one or more financial years, include in the offering memorandum annual financial statements of the issuer consisting of:

- (a) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for:
 - (i) the most recently completed financial year that ended more than 120 days before the date of the offering memorandum; and
 - (ii) the financial year immediately preceding the financial year in clause (i), if any;
- (b) a statement of financial position as at the end of each of the periods referred to in paragraph (a);
- (c) a statement of financial position as at the beginning of the earliest comparative period for which financial statements that are included in the offering memorandum comply with IFRS in the case of an issuer that:
 - (i) discloses in its annual financial statements an unreserved statement of compliance with IFRS; and

- (ii) does any of the following:
 - (A) applies an accounting policy retrospectively in its annual financial statements;
 - (B) makes a retrospective restatement of items in its annual financial statements;
 - (C) reclassifies items in its annual financial statements;
- (d) in the case of an issuer's first IFRS financial statements as defined in NI 51-102, the opening IFRS statement of financial position at the date of transition to IFRS as defined in NI 51-102; and
- (e) notes to the financial statements.

4.1 If an issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the statement of comprehensive income filed under Item 4 above.

5. If the issuer has completed one or more financial years, include in the offering memorandum an interim financial report of the issuer comprised of:

- (a) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the most recently completed interim period that ended:
 - (i) more than 60 days before the date of the offering memorandum; and
 - (ii) after the year-end date of the financial statements required under B.4(a)(i);
- (b) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the corresponding period in the immediately preceding financial year, if any;
- (c) a statement of financial position as at the end of the period required by paragraph (a) and the end of the immediately preceding financial year;
- (d) a statement of financial position as at the beginning of the earliest comparative period for which financial statements that are included in the offering memorandum comply with IFRS in the case of an issuer that:
 - (i) discloses in its interim financial report an unreserved statement of compliance with International Accounting Standard 34 Interim Financial Reporting; and
 - (ii) does any of the following:
 - (A) applies an accounting policy retrospectively in its interim financial report;
 - (B) makes a retrospective restatement of items in its interim financial report;
 - (C) reclassifies items in its interim financial report;
- (e) in the case of the first interim financial report in the year of adopting IFRS, the opening IFRS statement of financial position at the date of transition to IFRS;

(f) for an issuer that is not a reporting issuer in at least one jurisdiction of Canada immediately before filing the offering memorandum, if the issuer is including an interim financial report of the issuer for the second or third interim period in the year of adopting IFRS include:

(i) the issuer's first interim financial report in the year of adopting IFRS; or

(ii) both:

(A) the opening IFRS statement of financial position at the date of transition to IFRS; and

(B) the annual and date of transition to IFRS reconciliations required by IFRS 1 First-time Adoption of International Financial Reporting Standards to explain how the transition from previous GAAP to IFRS affected the issuer's reported financial position, financial performance and cash flows; and

(g) notes to the financial statements.

5.1 If an issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the statement of comprehensive income filed under item 5 above.

6. An issuer is not required to include the comparative financial information for the period in B.4(a)(ii) in an offering memorandum if the issuer includes financial statements for a financial year ended less than 120 days before the date of the offering memorandum.

7. For an issuer that is not an investment fund, the term 'interim period' has the meaning set out in NI 51-102. In most cases, an interim period is a period ending nine, six, or three months before the end of a financial year. For an issuer that is an investment fund, the term 'interim period' has the meaning set out in National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106).

8. The comparative financial information required under B.5(b) and (c) may be omitted if the issuer has not previously prepared financial statements in accordance with its current or, if applicable, its previous GAAP.

9. The financial statements required by B.3 and the financial statements of the most recently completed financial period referred to in B.4 must be audited. The financial statements required under B.5, B.6 and the comparative financial information required by B.4 may be unaudited; however, if any of those financial statements have been audited, the auditor's report must be included in the offering memorandum.

10. Refer to National Instrument 52-108 *Auditor Oversight* for requirements relating to reporting issuers and public accounting firms.

11. All unaudited financial statements and unaudited comparatives must be clearly labelled as unaudited.

12. If the offering memorandum does not contain audited financial statements for the issuer's most recently completed financial year, and if the distribution is ongoing, update the offering memorandum to include the annual audited financial statements and the accompanying auditor's report as soon as the issuer has approved the audited financial statements, but in any event no later than the 120th day following the financial year end.

13. The offering memorandum does not have to be updated to include interim financial reports for periods completed after the date that is 60 days before the date of the offering memorandum unless it is necessary to prevent the offering memorandum from containing a misrepresentation.

14. Forward looking information, as defined in NI 51-102, included in an offering memorandum must comply with section 4A.2 of NI 51-102 and must include the disclosure described in section 4A.3 of NI 51-102. In addition to the foregoing, FOFI or a financial outlook, each as defined in NI 51-102, included in an offering memorandum must comply with Part 4B of NI 51-102. For an issuer that is not a reporting issuer, references to 'reporting issuer' in section 4A.2, section 4A.3 and Part 4B of NI 51-102 should be read as references to an 'issuer'. Additional guidance may be found in the companion policy to NI 51-102.

15. If the issuer is a limited partnership, in addition to the financial statements required for the issuer, include in the offering memorandum the financial statements in accordance with Part B for the general partner and, if the limited partnership has active operations, for the limited partnership.

16. Despite section B.5, an issuer may include a comparative interim financial report of the issuer for the most recent interim period, if any, ended:

- (a) subsequent to the most recent financial year in respect of which annual financial statements of the issuer are included in the offering memorandum; and
- (b) more than 90 days before the date of the offering memorandum.

This section does not apply unless:

- (a) the comparative interim financial report is the first interim financial report required to be filed in the year of adopting IFRS, and the issuer is disclosing, for the first time, a statement of compliance with International Accounting Standard 34 Interim Financial Reporting;
- (b) the issuer is a reporting issuer in the local jurisdiction immediately before the date of the offering memorandum; and
- (c) the offering memorandum is dated before June 29, 2012.

C. Financial Statements - Business Acquisitions

1. If the issuer:

- (a) has acquired a business during the past two years and the audited financial statements of the issuer included in the offering memorandum do not include the results of the acquired business for 9 consecutive months; or
- (b) is proposing to acquire a business and the acquisition has progressed to a state where a reasonable person would believe that the likelihood of the acquisition being completed is high;

include the financial statements specified in C.4 for the business if either of the tests in C.2 is met, irrespective of how the issuer accounts, or will account, for the acquisition.

2. Include the financial statements specified in C.4 for a business referred to in C.1 if either:

(a) the issuer's proportionate share of the consolidated assets of the business exceeds 40% of the consolidated assets of the issuer calculated using the annual financial statements of each of the issuer and the business for the most recently completed financial year of each that ended before the acquisition date or, for a proposed acquisition, the date of the offering memorandum; or

(b) the issuer's consolidated investments in and advances to the business as at the acquisition date or the proposed date of acquisition exceeds 40% of the consolidated assets of the issuer, excluding any investments in or advances to the business, as at the last day of the issuer's most recently completed financial year that ended before the date of acquisition or the date of the offering memorandum for a proposed acquisition. For information about how to perform the investment test in this paragraph, please refer to subsections 8.3(4.1) and (4.2) of NI 51-102. Additional guidance may be found in the companion policy to NI 51-102.

2.1 [Repealed]

3. If an issuer or a business has not yet completed a financial year, or its first financial year ended within 120 days of the offering memorandum date, use the financial statements referred to in B.3 to make the calculations in C.2.

4. If under C.2 you must include in an offering memorandum financial statements for a business, the financial statements must include:

(a) if the business has not completed one financial year or its first financial year end is less than 120 days from the date of the offering memorandum:

(i) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows:

(A) for the period from inception to a date not more than 90 days before the date of the offering memorandum; or

(B) if the date of acquisition precedes the ending date of the period referred to in (A), for the period from inception to the acquisition date or a date not more than 45 days before the acquisition date;

(ii) a statement of financial position dated as at the end of the period referred to in clause (i); and

(iii) notes to the financial statements;

(b) if the business has completed one or more financial years include:

(i) annual financial statements comprised of:

(A) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the following annual periods:

i. the most recently completed financial year that ended before the acquisition date and more than 120 days before the date of the offering memorandum; and

ii. the financial year immediately preceding the most recently completed financial year specified in clause i, if any;

- (B) a statement of financial position as at the end of each of the periods specified in (A);
 - (C) notes to the financial statements; and
- (ii) an interim financial report comprised of:
- (A) either:
 - (i) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the most recently completed year-to-date interim period ending on the last date of the interim period that ended before the acquisition date and more than 60 days before the date of the offering memorandum and ended after the date of the financial statements required under subclause (b)(i)(A)(i), and a statement of comprehensive income and a statement of changes in equity for the three month period ending on the last date of the interim period that ended before the acquisition date and more than 60 days before the date of the offering memorandum and ended after the date of the financial statements required under subclause (b)(i)(A)(i); or
 - (ii) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the period from the first day after the financial year referred to in subparagraph (b)(i) to a date before the acquisition date and after the period end in subclause (b)(ii)(A)(i);
 - (B) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the corresponding period in the immediately preceding financial year, if any;
 - (C) a statement of financial position as at the end of the period required by clause (A) and the end of the immediately preceding financial year; and
 - (D) notes to the financial statements.

Refer to Instruction B.7 for the meaning of 'interim period'

5. The information for the most recently completed financial period referred to in C.4(b)(i) must be audited and accompanied by an auditor's report. The financial statements required under C.4(a), C.4(b)(ii) and the comparative financial information required by C.4(b)(i) may be unaudited; however, if those financial statements or comparative financial information have been audited, the auditor's report must be included in the offering memorandum.

6. If the offering memorandum does not contain audited financial statements for a business referred to in C.1 for the business's most recently completed financial year that ended before the acquisition date and the distribution is ongoing, update the offering memorandum to include those financial statements accompanied by an auditor's report when they are available, but in any event no later than the date 120 days following the year-end.

7. The term 'business' should be evaluated in light of the facts and circumstances involved. Generally, a separate entity or a subsidiary or division of an entity is a business and, in certain circumstances, a lesser component of an entity may also constitute a business, whether or not the subject of the acquisition previously prepared financial statements. The subject of an acquisition should be considered a business where there is, or the issuer expects there will be, continuity of operations. The issuer should consider:

(a) whether the nature of the revenue producing activity or potential revenue producing activity will remain generally the same after the acquisition; and

(b) whether any of the physical facilities, employees, marketing systems, sales forces, customers, operating rights, production techniques or trade names are acquired by the issuer instead of remaining with the vendor after the acquisition.

8. If a transaction or a proposed transaction for which the likelihood of the transaction being completed is high has been or will be a reverse take-over as defined in NI 51-102, include financial statements for the legal subsidiary in the offering memorandum in accordance with Part A. The legal parent is considered to be the business acquired. C.1 may also require financial statements of the legal parent.

9. An issuer satisfies the requirements in C.4 if the issuer includes in the offering memorandum the financial statements required in a business acquisition report under NI 51-102.

D. Financial Statement - Exemptions

1. An issuer will satisfy the financial statement requirements of this form if it includes the financial statements required by securities legislation for a prospectus.

2. Notwithstanding the requirements in section 3.3(1)(a)(i) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, an auditor's report that accompanies financial statements of an issuer or a business contained in an offering memorandum of a non-reporting issuer may express a qualification of opinion relating to inventory if:

(a) the issuer includes in the offering memorandum a statement of financial position that is for a date that is subsequent to the date to which the qualification relates; and

(b) the statement of financial position referred to in paragraph (a) is accompanied by an auditor's report that does not express a qualification of opinion relating to closing inventory; and

(c) the issuer has not previously filed financial statements for the same entity accompanied by an auditor's report for a prior year that expressed a qualification of opinion relating to inventory.

3. If an issuer has, or will account for a business referred to in C.1 using the equity method, then financial statements for a business required by Part C are not required to be included if:

(a) the offering memorandum includes disclosure for the periods for which financial statements are otherwise required under Part C that:

(i) summarizes information as to the aggregated amounts of assets, liabilities, revenue and profit or loss of the business; and

(ii) describes the issuer's proportionate interest in the business and any contingent issuance of securities by the business that might significantly affect the issuer's share of profit or loss;

- (b) the financial information provided under D.3(a) for the most recently completed financial year has been audited, or has been derived from audited financial statements of the business; and
 - (c) the offering memorandum discloses that:
 - (i) the financial information provided under D.3(a) for any completed financial year has been audited, or identifies the audited financial statements from which the financial information provided under D.3(a) has been derived; and
 - (ii) the audit opinion with respect to the financial information or financial statements referred to in D.3(c)(i) was an unmodified opinion.
4. Financial statements relating to the acquisition or proposed acquisition of a business that is an interest in an oil and gas property are not required to be included in an offering memorandum if the acquisition is significant based only on the asset test or:
- (a) the issuer is unable to provide the financial statements in respect of the significant acquisition otherwise required because those financial statements do not exist or the issuer does not have access to those financial statements;
 - (b) the acquisition was not or will not be a reverse take-over, as defined in NI 51-102; and
 - (c) [Repealed]
 - (d) the offering memorandum contains alternative disclosure for the business which includes:
 - (i) an operating statement for the business or related businesses for each of the financial periods for which financial statements would, but for this section, be required under C.4 prepared in accordance with subsection 3.11(5) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*. The operating statement for the most recently completed financial period referred to in C.4(b)(i) must be audited;
 - (ii) a description of the property or properties and the interest acquired by the issuer;
 - (iii) information with respect to the estimated reserves and related future net revenue attributable to the business, the material assumptions used in preparing the estimates and the identity and relationship to the issuer or to the seller of the person who prepared the estimates;
 - (iv) actual production volumes of the property for the most recently completed year; and
 - (v) estimated production volumes of the property for the first year reflected in the estimate disclosed under D.4(d)(iv).

5. Financial statements for a business that is an interest in an oil and gas property, or for the acquisition or proposed acquisition by an issuer of a property, are not required to be audited if during the 12 months preceding the acquisition date or the proposed acquisition date, the daily average production of the property on a barrel of oil equivalent basis (with gas converted to oil in the ratio of six thousand cubic feet of gas being the equivalent of one barrel of oil) is less than 20 % of the total daily average production of the seller for the same or similar periods and:

- (i) despite reasonable efforts during the purchase negotiations, the issuer was prohibited from including in the purchase agreement the rights to obtain an audited operating statement of the property;
- (ii) the purchase agreement includes representations and warranties by the seller that the amounts presented in the operating statement agree to the seller's books and records; and
- (iii) the offering memorandum discloses:
 1. that the issuer was unable to obtain an audited operating statement;
 2. the reasons for that inability;
 3. the fact that the purchase agreement includes the representations and warranties referred to in D.5(ii); and
 4. that the results presented in the operating statements may have been materially different if the statements had been audited.

“Form 45-106F3
Offering Memorandum for Qualifying Issuers

Date: [Insert the date from the certificate page.]

The Issuer

Name:

Head office:

Address:

Phone #:

E-mail address:

Fax #:

Where currently listed or quoted? [e.g., TSX/TSX Venture Exchange]

Jurisdictions in which the issuer is a reporting issuer:

The Offering

Securities offered:

Price per security:

Minimum/Maximum offering: [If there is no minimum state in bold: **‘There is no minimum.’** and also state in bold type: **‘You may be the only purchaser.’**]

State in bold type: **Funds available under the offering may not be sufficient to accomplish our proposed objectives.**

Minimum subscription amount: [State the minimum amount each investor must invest, or state 'There is no minimum subscription amount an investor must invest'.]

Payment terms:

Proposed closing date(s):

Income Tax consequences: 'There are important tax consequences to these securities. See item 6'. [If income tax consequences are not material, delete this item.]

Selling agent? [Yes/No. If yes, state 'See item 7'. The name of the selling agent may also be stated.]

Resale restrictions

State: 'You will be restricted from selling your securities for 4 months and a day. See item 10'.

Purchaser's rights

State: 'You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel the agreement. See item 11'.

State in bold type:

'No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See item 8'.

[All of the above information must appear on a single cover page.]

"Item 1:

Use of Available Funds

"1.1 Available Funds - Using the following table, disclose the funds available as a result of the offering. If the issuer plans to combine additional sources of funding with the available funds from the offering to achieve its principal capital-raising purpose, please provide details about each additional source of funding. If there is no minimum offering, state '\$0' as the minimum.

Disclose also the amount of any working capital deficiency, if any, of the issuer as at a date not more than 30 days prior to the date of the offering memorandum. If the working capital deficiency will not be eliminated by the use of available funds, state how the issuer intends to eliminate or manage the deficiency.

	Assuming min. offering	Assuming max. offering
A Amount to be raised by this offering	\$	\$
B Selling commissions and fees	\$	\$
C Estimated offering costs (e.g., legal, accounting, audit)	\$	\$
D Available funds: $D = A - (B+C)$	\$	\$
E. Additional sources of funding required	\$	\$
F. Working capital deficiency	\$	\$
G. Total: $G = (D+E) - F$	\$	\$

“1.2 Use of Available Funds - Using the following table, provide a detailed breakdown of how the issuer will use the available funds. If any of the available funds will be paid to an insider, associate or affiliate of the issuer, disclose in a note to the table the name of the insider, associate or affiliate, the relationship to the issuer, and the amount. If the issuer has a working capital deficiency, disclose the portion, if any, of the available funds to be applied against the working capital deficiency. If more than 10% of the available funds will be used by the issuer to pay debt and the issuer incurred the debt within the two preceding financial years, describe why the debt was incurred.

Description of intended use of available funds listed in order of priority.	Assuming min. offering	Assuming max. offering
	\$	\$
	\$	\$
Total: Equal to G in the Funds table above	\$	\$

“1.3 Reallocation - The available funds must be used for the purposes disclosed in the offering memorandum. The board of directors can reallocate the proceeds to other uses only for sound business reasons. If the available funds may be reallocated, include the following statement:

‘We intend to spend the available funds as stated. We will reallocate funds only for sound business reasons’.

“1.4 Insufficient Funds - If applicable, disclose that the funds available as a result of the offering either may not or will not be sufficient to accomplish all of the issuer’s proposed objectives and that there is no assurance that alternative financing will be available. If alternative financing has been arranged, disclose the amount, source and any outstanding conditions that must be satisfied.

“Item 2:

Information About [name of issuer or other term used to refer to issuer]

“2.1 Business Summary - Briefly (in one or two paragraphs) describe the business intended to be carried on by the issuer over the next 12 months. State whether this represents a change of business. The disclosure must provide sufficient information to enable a prospective purchaser to make an informed investment decision. If the issuer is a non-resource issuer, describe the products that the issuer is or will be developing or producing and the stage of development of each of the products. If the issuer is a resource issuer, state: whether the issuer’s principal properties are primarily in the exploration or in the development or production stage; what resources the issuer is engaged in exploring, developing or producing; and the locations of the issuer’s principal properties. A resource issuer who discloses information about its oil and gas activities must follow General Instruction A-9 of this Form.

“2.2 Existing Documents Incorporated by Reference - State:

Information has been incorporated by reference into this offering memorandum from documents listed in the table below, which have been filed with securities regulatory authorities or regulators in Canada. The documents incorporated by reference are available for viewing on the SEDAR website at www.sedar.com. In addition, copies of the documents may be obtained on request without charge from [insert complete address and telephone and the name of a contact person].

Documents listed in the table and information provided in those documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement in this offering memorandum or in any other subsequently filed document that is also incorporated by reference in this offering memorandum’.

Using the following table, list all of the documents incorporated by reference (as required by Instruction D.1):

Description of document (In the case of material change reports, provide a brief description of the nature of the material change)	Date of document

“2.3 Existing Documents Not Incorporated by Reference - State:

Other documents available on the SEDAR website (for example, most press releases, take-over bid circulars, prospectuses and rights offering circulars) are not incorporated by reference into this offering memorandum unless they are specifically referenced in the table above. Your rights as described in item 11 of this offering memorandum apply only in respect of information contained in this offering memorandum and documents or information incorporated by reference’.

“2.4 Existing Information Not Incorporated by Reference - Certain specified information (as outlined in Instruction D.2) contained in the documents incorporated by reference may be, but is not required to be, incorporated by reference into the offering memorandum. If the issuer does not wish to incorporate that information into the offering memorandum, the issuer must state that and include a statement in the offering memorandum identifying:

- (a) the information that is not being incorporated by reference; and
- (b) the document in which the information is contained.

“2.5 Future Documents Not Incorporated by Reference - State:

Documents filed after the date of this offering memorandum are not deemed to be incorporated into this offering memorandum. However, if you subscribe for securities and an event occurs, or there is a change in our business or affairs, that makes the certificate to this offering memorandum no longer true, we will provide you with an update of this offering memorandum, including a newly dated and signed certificate, and will not accept your subscription until you have re-signed the agreement to purchase the securities’.

“Item 3: Interests of Directors, Executive Officers, Promoters and Principal Holders

“3.1 Using the following table, provide information about each director, executive officer, promoter and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the issuer (a ‘principal holder’). If the principal holder is not an individual, state in a note to the table the name of any person or company that, directly or indirectly, beneficially owns or controls more than 50% of the voting rights of the principal holder.

Name and municipality of principal residence	Position(s) with the issuer

“3.2 State: ‘You can obtain further information about directors and executive officers from [insert the name and date of the document(s) with the most current information, e.g., management information circular, annual information form or material change report]’.

“3.3 State: ‘Current information regarding the securities held by directors, executive officers and principal holders can be obtained from [refer to the SEDI website at www.sedi.ca or, if information cannot be obtained from the SEDI website, refer to the securities regulatory authority(ies) or regulator(s) from which the information can be obtained, including any website(s)]. [Name of issuer or other term used to refer to issuer] can not guarantee the accuracy of this information’.

“3.4 *Loans* - Disclose the principal amount of any debenture or loan, the repayment terms, security, due date and interest rate due to or from the directors, management, promoters and principal holders as at a date not more than 30 days prior to the date of the offering memorandum.

“Item 4: Capital Structure

Using the following table, provide the required information about outstanding securities of the issuer (including options, warrants and other securities convertible into shares). If necessary, notes to the table may be added to describe the material terms of the securities.

Description of security	Number authorized to be issued	Price per security	Number outstanding as at [a date not more than 30 days prior to the offering memorandum date]	Number outstanding after min. offering	Number outstanding after max. offering

“Item 5: Securities Offered

“5.1 *Terms of Securities* - Describe the material terms of the securities being offered, including:

- (a) voting rights or restrictions on voting;
- (b) conversion or exercise price and date of expiry;
- (c) rights of redemption or retraction; and
- (d) interest rates or dividend rates.

“5.2 *Subscription Procedure*

- (a) Describe how a purchaser can subscribe for the securities and the method of payment.
- (b) State that the consideration will be held in trust and the period that it will be held (refer at least to the mandatory two day period).
- (c) Disclose any conditions to closing e.g., receipt of additional funds from other sources. If there is a minimum offering, disclose when consideration will be returned to purchasers if the minimum is not met.

“Item 6: Income Tax Consequences and RRSP Eligibility

“6.1 State: ‘You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you’.

“6.2 If income tax consequences are a material aspect of the securities being offered (e.g., flow-through shares), provide:

- (a) a summary of the significant income tax consequences to Canadian residents; and
- (b) the name of the person or company providing the income tax disclosure in (a).

“6.3 Provide advice regarding the RRSP eligibility of the securities and the name of the person or company providing the advice or state ‘Not all securities are eligible for investment in a registered retirement savings plan (RRSP). You should consult your own professional advisers to obtain advice on the RRSP eligibility of these securities’.

“Item 7: Compensation Paid to Sellers and Finders

If any person or company has or will receive any compensation (e.g., commission, corporate finance fee or finder’s fee) in connection with the offering, provide the following information to the extent applicable:

- (a) a description of each type of compensation and the estimated amount to be paid for each type;
- (b) if a commission is being paid, the percentage that the commission will represent of the gross proceeds of the offering (assuming both the minimum and maximum offering);
- (c) details of any broker’s warrants or agent’s option (including number of securities under option, exercise price and expiry date); and
- (d) if any portion of the compensation will be paid in securities, details of the securities (including number, type and, if options or warrants, the exercise price and expiry date).

“Item 8: Risk Factors

Describe in order of importance, starting with the most important, the risk factors material to the issuer that a reasonable investor would consider important in deciding whether to buy the issuer’s securities.

Risk factors will generally fall into the following three categories:

(a) Investment Risk - risks that are specific to the securities being offered. Some examples include:

- arbitrary determination of price;
- no market or an illiquid market for the securities;
- resale restrictions; and
- subordination of debt securities;

(b) Issuer Risk - risks that are specific to the issuer. Some examples include:

- insufficient funds to accomplish the issuer’s business objectives;
- no history or a limited history of revenue or profits;
- lack of specific management or technical expertise;
- management’s regulatory and business track record;
- dependence on key employees, suppliers or agreements;
- dependence on financial viability of guarantor;
- pending and outstanding litigation; and
- political risk factors;

(c) Industry Risk - risks faced by the issuer because of the industry in which it operates. Some examples include:

- environmental and industry regulation;
- product obsolescence; and
- competition.

“Item 9: Reporting Obligations

“9.1 Disclose the documents that will be sent to purchasers on an annual or on-going basis.

“9.2 If corporate or securities information about the issuer is available from a government, securities regulatory authority or regulator, SRO or quotation and trade reporting system, disclose where that information can be located (including website address).

“Item 10: Resale Restrictions

For trades in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Québec, Saskatchewan and Yukon, state:

‘These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

‘Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the distribution date’.

“Item 11: Purchasers’ Rights

State the following:

‘If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

(1) **Two -Day Cancellation Right** - You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the securities.

(2) **Statutory Rights of Action in the Event of a Misrepresentation** - [Insert this section only if the securities legislation of the jurisdiction in which the trade occurs provides purchasers with statutory rights in the event of a misrepresentation in an offering memorandum. Modify the language, if necessary, to conform to the statutory rights.]

‘If there is a misrepresentation in this offering memorandum, you have a statutory right to sue:

- (a) [name of issuer or other term used to refer to issuer] to cancel your agreement to buy these securities; or
- (b) for damages against [state the name of issuer or other term used to refer to issuer and the title of any other person or company against whom the rights are available].

‘This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

‘If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within [state time period provided by the securities legislation]. You must commence your action for damages within [state time period provided by the securities legislation].’

(3) **Contractual Rights of Action in the Event of a Misrepresentation** - [Insert this section only if the securities legislation of the jurisdiction in which the purchaser is resident does not provide purchasers with statutory rights in the event of a misrepresentation in an offering memorandum.]

‘If there is a misrepresentation in this offering memorandum, you have a contractual right to sue [name of issuer or other term used to refer to issuer]:

- (a) to cancel your agreement to buy these securities; or
- (b) for damages.

‘This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that [name of issuer or other term used to refer to issuer] proves does not represent the depreciation in value of the securities resulting from the misrepresentation. [Name of issuer or other term used to refer to issuer] has a defence if it proves that you knew of the misrepresentation when you purchased the securities.

‘If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you signed the agreement to purchase the securities.’

“Item 12: Date and Certificate

State the following on the certificate page of the offering memorandum:

‘Dated [insert the date the certificate page of the offering memorandum is signed].

This offering memorandum does not contain a misrepresentation.

**Instructions for Completing
Form 45-106F3
*Offering Memorandum for Qualifying Issuers***

A. General Instructions

1. Only a ‘qualifying issuer’ may use this form.
2. An issuer using this form to draft an offering memorandum must incorporate by reference certain parts of its existing continuous disclosure base. An issuer that does not want to do this must use Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers*.
3. Draft the offering memorandum so that it is easy to read and understand. Be concise and use clear, plain language. Avoid technical terms. If technical terms are necessary, provide definitions.
4. Address the items required by the form in the order set out in the form. However, it is not necessary to provide disclosure about an item that does not apply.
5. The issuer may include additional information in the offering memorandum other than that specifically required by the form. The offering memorandum is generally not required to contain the level of detail and extent of disclosure required by a prospectus. However, an offering memorandum must provide a prospective purchaser with sufficient information to make an informed investment decision.
6. The issuer may wrap the offering memorandum around a prospectus or similar document. However, all matters required to be disclosed by the offering memorandum must be addressed and the offering memorandum must provide a cross-reference to the page number or heading in the wrapped document where the relevant information is contained. The certificate to the offering memorandum must be modified to indicate that the offering memorandum, including the document around which it is wrapped, does not contain a misrepresentation.
7. It is an offence to make a misrepresentation in the offering memorandum. This applies both to information that is required by the form and to additional information that is provided. Include particulars of any material facts, which have not been disclosed under any of the Item numbers and for which failure to disclose would constitute a misrepresentation in the offering memorandum. Refer also to section 3.8(3) of Companion Policy 45-106CP for additional information.
8. Refer to National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43 101) when disclosing scientific or technical information for a mineral project of the issuer.

9. If an oil and gas issuer is disclosing information about its oil and gas activities, it must ensure that the information is disclosed in accordance with Part 4 and Part 5 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101). Under section 5.3 of NI 51-101, disclosure of reserves or resources must be consistent with the reserves and resources terminology and categories set out in the Canadian Oil and Gas Evaluation Handbook. For the purposes of this instruction, references to reporting issuer in Part 4 and Part 5 of NI 51-101 will be deemed to include all issuers.

10. Securities legislation restricts what can be told to investors about the issuer's intent to list or quote securities on an exchange or market. Refer to applicable securities legislation before making any such statements.

11. If an issuer uses this form in connection with a distribution under an exemption other than section 2.9 (*offering memorandum*) of National Instrument 45-106 *Prospectus and Registration Exemptions*, the issuer must modify the disclosure in item 12 to correctly describe the purchaser's rights. If a purchaser does not have statutory or contractual rights of action in the event of a misrepresentation in the offering memorandum, that fact must be stated in bold on the face page.

12. During the course of a distribution of securities, any material forward-looking information disseminated must only be that which is set out in the offering memorandum. If an extract of FOFI, as defined in NI 51-102 *Continuous Disclosure Obligations* (NI 51-102), is disseminated, the extract or summary must be reasonably balanced and have a cautionary note in boldface stating that the information presented is not complete and that complete FOFI is included in the offering memorandum.

B. Financial Statements

1. All financial statements incorporated by reference into the offering memorandum must comply with NI 51-102 and National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*.

2. Forward-looking information included in an offering memorandum must comply with section 4A.2 of NI 51-102 and must include the disclosure described in section 4A.3 of NI 51-102. In addition to the foregoing, FOFI or a financial outlook, each as defined in NI 51-102, included in an offering memorandum must comply with Part 4B of NI 51-102. Additional guidance may be found in the companion policy to NI 51-102.

C. Required Updates to the Offering Memorandum

1. If the offering memorandum does not incorporate by reference the issuer's AIF, and audited financial statements for its most recently completed financial year, update the offering memorandum for any financial statements that are required to be filed prior to the distribution to incorporate by reference the documents as soon as the documents are filed on SEDAR.

2. Except for documents referred to in C.1, the offering memorandum does not have to be updated to incorporate by reference interim financial reports or other documents referred to in D.1 unless it is necessary to do so to prevent the offering memorandum from containing a misrepresentation.

D. Information about the Issuer

1. *Existing Documents Incorporated by Reference* - In addition to any other document that an issuer may choose to incorporate by reference, the issuer must incorporate the following documents:

- (a) the issuer's AIF for the issuer's most recently completed financial year for which annual financial statements are either required to be filed or have been filed;
- (b) material change reports, except confidential material change reports, filed since the end of the financial year in respect of which the issuer's AIF is filed;
- (c) the interim financial report for the issuer's most recently completed interim period for which the issuer prepares an interim financial report that is required to be filed or have been filed and which ends after the most recently completed financial year referred to in (d);
- (d) the comparative financial statements, together with the accompanying auditor's report, for the issuer's most recently completed financial year for which annual financial statements are required to be filed or have been filed;
- (e) if, before the offering memorandum is filed, financial information about the issuer for a financial period more recent than the period for which financial statements are required under D.1(c) and (d) is publicly disseminated by, or on behalf of, the issuer through news release or otherwise, the content of the news release or public communication;
- (f) management's discussion and analysis (MD&A) as required under NI 51-102 for the period specified in D.1(c) and D.1(d);
- (g) each business acquisition report required to be filed under NI 51-102 for acquisitions completed since the beginning of the financial year in respect of which the issuer's AIF is filed, unless the issuer incorporated the business acquisition report by reference into its AIF for its most recently completed financial year for which annual financial statements are either required to be filed or have been filed, or incorporated at least 9 months of the acquired business or related businesses operations into the issuer's most recent audited financial statements;
- (h) any information circular filed by the issuer since the beginning of the financial year in respect of which the issuer's most recent AIF is filed, other than an information circular prepared in connection with an annual general meeting if the issuer has filed and incorporated by reference an information circular for a subsequent annual general meeting;
- (i) if the issuer has oil and gas activities, as defined in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, the most recent Form 51-101F1, Form 51-101F2 and Form 51-101F3, filed by an SEC issuer, unless:
 - (i) the issuer's current AIF is in the form of Form 51-102F2; or
 - (ii) the issuer is otherwise exempted from the requirements of NI 51-101;

- (j) any other disclosure document which the issuer has filed pursuant to an undertaking to a provincial and territorial securities regulatory authority or regulator since the beginning of the financial year in respect of which the issuer's most recent AIF is filed; and
- (k) any other disclosure document of the type listed above that the issuer has filed pursuant to an exemption from any requirement under securities legislation since the beginning of the financial year in respect of which the issuer's most recent AIF is filed.

2. *Mineral Property* - If a material part of the funds available as a result of the distribution is to be expended on a particular mineral property and if the issuer's most recent AIF does not contain the disclosure required under section 5.4 of Form 51-102F2 for the property or that disclosure is inadequate or incorrect due to changes, disclose the information required under section 5.4 of Form 51-102F2.

An issuer may incorporate any additional document provided that the document is available for viewing on the SEDAR website and that, on request by a purchaser, the issuer provides a copy of the document to the purchaser, without charge”.

Part XLVII of Appendix amended

22(1) Part XLVII of the Appendix is amended in the manner set forth in this section.

(2) Form 62-104F2 is amended in Item 19 of Part 2:

(a) by striking out “interim financial statements are” and substituting “interim financial report is”; and

(b) by striking out “interim financial statements will” and substituting “interim financial report will”.

(3) Form 62-104F3 is amended in Item 13 of Part 2 by striking out “interim or annual financial statement” and substituting “interim financial report or annual financial statements”.

(4) Form 62-104F4 is amended in Item 11 of Part 2 by striking out “interim or annual financial statement” and substituting “interim financial report or annual financial statements”.

Part XLVIII of Appendix amended**23 Appendix D of Part XLVIII is amended by striking out the following:**

“

Accounting principles, auditing standards and reporting currency requirements	NI 52-107 (except as noted below)	
Acceptable accounting principles	s.3.1 of NI 52-107	s.2(1) of Regulation 1015 (General) and s.3.1 of NI 52-107

”;

and substituting the following:

“

Accounting principles and auditing standards requirements	NI 52-107 (except as noted below)	
Acceptable accounting principles	s.3.2 of NI 52-107	s.3.2 of NI 52-107

”;

Part XLIX of Appendix amended**24(1)** Part XLIX of the Appendix is amended in the manner set forth in this section.**(2) Section 1.1 is amended by adding the following definition after the definition of “IIROC”:**

“**‘interim period’** means a period commencing on the first day of the financial year and ending 9, 6 or 3 months before the end of the financial year”.

(3) Section 12.10 is amended:**(a) by repealing subsection (1) and substituting the following:**

“(1) Annual financial statements delivered to the regulator under this Division for financial years beginning on or after January 1, 2011 must include the following:

(a) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows, each prepared for the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, if any;

(b) a statement of financial position, signed by at least one director of the registered firm, as at the end of the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, if any;

(c) notes to the financial statements”; **and**

(b) by repealing subsection (3).

(4) Section 12.11 is amended by repealing subsection (1) and substituting the following:

“(1) Interim financial information delivered to the regulator under this Division for interim periods relating to financial years beginning on or after January 1, 2011 may be limited to the following:

(a) a statement of comprehensive income for the 3-month period ending on the last day of the interim period and for the same period of the immediately preceding financial year, if any;

(b) a statement of financial position, signed by at least one director of the registered firm, as at the end of the interim period and as at the end of the same interim period of the immediately preceding financial year, if any”.

(5) Subsection 12.12(2) is amended by striking out “quarter” wherever it appears and in each case substituting “interim period”.

(6) Subsection 12.14(2) is amended by striking out “quarter” wherever it appears and substituting “interim period”.

(7) The following section is added after section 12.14:

“12.15 Exemptions for financial years beginning in 2011

(1) Despite subsections 12.10(1), 12.11(1), 12.12(1) and (2), 12.13 and 12.14(1) and (2), the annual financial statements, the interim financial information, and the completed Form 31-103F1 Calculation of Excess Working Capital, for a financial year beginning in 2011 or for interim periods relating to a financial year beginning in 2011 may exclude comparative information for the preceding financial period.

(2) Despite subsection 12.12(2), the first interim financial information, and the first completed Form 31-103F1 Calculation of Excess Working Capital, required to be delivered in respect of an interim period beginning on or after January 1, 2011 must be delivered no later than the 45th day after the end of the interim period.

(3) Despite subsection 12.14(2), the first interim financial information, the first completed Form 31-103F1 Calculation of Excess Working Capital, and the description of any net asset value adjustment, required to be delivered in respect of an interim period beginning on or after January 1, 2011 must be delivered no later than the 45th day after the end of the interim period”.

(8) Form 31-103F1 is amended under the heading “Notes”:

(a) by striking out “This form must be prepared on an unconsolidated basis.” and substituting “This form must be prepared on a non-consolidated basis; registrants must account for investments in subsidiaries, jointly controlled entities and associates as specified for separate financial statements in International Accounting Standard 27 Consolidated and Separate Financial Statements”; and

(b) in “Line 11. Guarantees” by striking out “balance sheet” and substituting “statement of financial position”.

Coming into force

25(1) Subject to subsections (2) to (4), these regulations come into force on January 1, 2011.

(2) If these regulations are filed with the Registrar of Regulations after January 1, 2011, these regulations come into force on the day on which they are filed with the Registrar of Regulations.

(3) Subject to subsection (4), sections 8 and 15 of these regulations come into force on December 30, 2010.

(4) If these regulations are filed with the Registrar of Regulations after December 30, 2010, sections 8 and 15 of these regulations come into force on the day on which they are filed with the Registrar of Regulations.

