

The Ontario Securities Commission

OSC Bulletin

April 2, 2004

Volume 27, Issue 14

(2004), 27 OSCB

The Ontario Securities Commission Administers the
Securities Act of Ontario (R.S.O. 1990, c.S.5) and the
Commodity Futures Act of Ontario (R.S.O. 1990, c.C.20)

The Ontario Securities Commission

Cadillac Fairview Tower
Suite 1903, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

416-593-8314 or Toll Free 1-877-785-1555

Published under the authority of the Commission by:

Carswell
One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

416-609-3800 or 1-800-387-5164

Contact Centre - Inquiries, Complaints:

Capital Markets Branch:

- Registration:

Corporate Finance Branch:

- Team 1:

- Team 2:

- Team 3:

- Insider Reporting

- Take-Over Bids:

Enforcement Branch:

Executive Offices:

General Counsel's Office:

Office of the Secretary:

Fax: 416-593-8122

Fax: 416-593-3651

Fax: 416-593-8283

Fax: 416-593-8244

Fax: 416-593-3683

Fax: 416-593-8252

Fax: 416-593-3666

Fax: 416-593-8177

Fax: 416-593-8321

Fax: 416-593-8241

Fax: 416-593-3681

Fax: 416-593-2318



The OSC Bulletin is published weekly by Carswell, under the authority of the Ontario Securities Commission.

Subscriptions are available from Carswell at the price of \$549 per year.

Subscription prices include first class postage to Canadian addresses. Outside Canada, these airmail postage charges apply on a current subscription:

U.S.	\$175
Outside North America	\$400

Single issues of the printed Bulletin are available at \$20 per copy as long as supplies are available.

Carswell also offers every issue of the Bulletin, from 1994 onwards, fully searchable on *SecuritiesSource*[™], Canada's pre-eminent web-based securities resource. *SecuritiesSource*[™] also features comprehensive securities legislation, expert analysis, precedents and a weekly Newsletter. For more information on *SecuritiesSource*[™], as well as ordering information, please go to:

<http://www.westlawecarswell.com/SecuritiesSource/News/default.htm>

or call Carswell Customer Relations at 1-800-387-5164
(416-609-3800 Toronto & Outside of Canada)

Claims from bona fide subscribers for missing issues will be honoured by Carswell up to one month from publication date. Space is available in the Ontario Securities Commission Bulletin for advertisements. The publisher will accept advertising aimed at the securities industry or financial community in Canada. Advertisements are limited to tombstone announcements and professional business card announcements by members of, and suppliers to, the financial services industry.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise without the prior written permission of the publisher.

The publisher is not engaged in rendering legal, accounting or other professional advice. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

© Copyright 2004 Ontario Securities Commission
ISSN 0226-9325
Except Chapter 7 ©CDS INC.



One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

Customer Relations
Toronto 1-416-609-3800
Elsewhere in Canada/U.S. 1-800-387-5164
World wide Web: <http://www.carswell.com>
Email: carswell.orders@thomson.com

Table of Contents

Chapter 1 Notices / News Releases	3391		
1.1 Notices	3391		
1.1.1 Current Proceedings Before The Ontario Securities Commission	3391	2.1.6	Cinar Corporation - MRRS Decision
1.1.2 Notice of Ministerial Approval of National Instrument 51-102 Continuous Disclosure Obligations, Forms 51-102F1, 51-102F2, 51-103F3, 51-102F4, 51-102F5 and 51-102F6 and OSC Rule 51-801 Implementing National Instrument 51-102 Continuous Disclosure Obligations and Related Amendments to and Revocation of Instruments and Ontario Regulation Amending Reg. 1015 of R.R.O. 1990	3392	2.1.7	Alcan Inc. - MRRS Decision
1.1.3 Notice of Ministerial Approval of National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and OSC Rule 71-802 Implementing National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and Ontario Regulation Amending Reg. 1015 of R.R.O. 1990	3394	2.1.8	Nanogen, Inc. and SynX Pharma Inc. - MRRS Decision
1.1.4 Notice of Commission Approval – Amendments to IDA Policy No. 2 – Revisions to Make Policy No. 2 Consistent with Newly Revised Regulation 1300	3394	2.1.9	Cartier Mutual Funds Inc. - MRRS Decision
1.1.5 CSA Staff Notice 45-302 Frequently Asked Questions Regarding the Resale Rules.....	3395	2.1.10	National Bank Securities Inc. - MRRS Decision
1.1.6 Notice of Ministerial Approval - Multilateral Instrument 45-102 Resale of Securities, Form 45-102F1 and Other Consequential Amendments	3397	2.1.11	Polar Hedge Enhanced Income Trust - MRRS Decision
1.1.7 Notice of Commission Approval – Proposed Amendments to IDA By-law 29.7 – Advertisements, Sales Literature and Correspondence.....	3397	2.1.12	Arcis Corporation - MRRS Decision
1.2 Notices of Hearing.....	(nil)	2.1.13	Norrep Fund and Norrep II Fund Inc. - MRRS Decision
1.3 News Releases	3398	2.2 Orders	3425
1.3.1 CSA News Release - New Rules Promote Investor Confidence, Change Issuers' Disclosure and Governance Practices	3398	2.2.1	CINAR Corporation - s. 144
1.3.2 Knowledge is Your Best Investment for April	3399	2.2.2	Windsor Auto Trust - s. 6.1 of OSC Rule 13-502.....
Chapter 2 Decisions, Orders and Rulings	3401	2.2.3	Buckingham Securities Corporation - s. 127
2.1 Decisions	3401	2.2.4	Guinor Gold Corporation - cl. 104(2)(c) and ss. 74(1).....
2.1.1 AIC Limited - MRRS Decision	3401	2.3 Rulings.....	3432
2.1.2 Mawer Investment Management - MRRS Decision	3405	2.3.1	Brompton Equity Split Corp. - ss. 74(1).....
2.1.3 Assante Asset Management Ltd. - MRRS Decision	3407	Chapter 3 Reasons: Decisions, Orders and Rulings	(nil)
2.1.4 CDC Software Acquisitionco II SRL - MRRS Decision	3410	Chapter 4 Cease Trading Orders	3437
2.1.5 ENMAX Corporation - MRRS Decision	3411	4.1.1	Temporary, Extending & Rescinding Cease Trading Orders.....
		4.2.1	Management & Insider Cease Trading Orders.....
		Chapter 5 Rules and Policies	3439
		5.1.1	National Instrument 51-102 Continuous Disclosure Obligations
		5.1.2	OSC Rule 51-801 Implementing National Instrument 51-102 Continuous Disclosure Obligations.....
		5.1.3	National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers
		5.1.4	OSC Rule 71-802 Implementing National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers
		5.1.5	Multilateral Instrument 45-102 Resale of Securities
		5.1.6	Consequential Amendments to National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR) and National Instrument 62-101 Control Block Distribution Issues.....

Table of Contents

5.1.7	Consequential Amendments to OSC Rule 45-501 Exempt Distributions	3603
Chapter 6	Request for Comments	(nil)
Chapter 7	Insider Reporting	3605
Chapter 8	Notice of Exempt Financings	3719
	Reports of Trades Submitted on Form 45-501F1	3719
	Notice of Intention to Distribute Securities and Accompanying Declaration Under Section 2.8 of Multilateral Instrument 45-102 Resale of Securities - Form 45-102F3	3723
	Reports Made Under Subsection 2.7(1) of Multilateral Instrument 45-102 Resale of Securities With Respect to an Issuer that has Ceased to be a Private Company or Private Issuer - Form 45-102F1	3724
Chapter 9	Legislation	3725
9.1.1	Ontario Regulation 56/04 Amending Reg. 1015	3725
9.1.2	Ontario Regulation 57/04 Amending Reg. 1015	3728
Chapter 11	IPOs, New Issues and Secondary Financings	3729
Chapter 12	Registrations	3737
12.1.1	Registrants	3737
Chapter 13	SRO Notices and Disciplinary Proceedings	3739
13.1.1	Proposed Amendment to IDA Regulation 1300 – Discretionary Accounts – Withdrawal of Proposal	3739
13.1.2	Amendments to IDA Policy 2, Part VII.E	3739
13.1.3	Proposed Amendments to IDA By-law 29.7 – Advertisements, Sales Literature and Correspondence	3742
Chapter 25	Other Information	3745
25.1	Exemptions	3745
25.1.1	Haywood Securities Inc. - s. 4.1 of OSC Rule 31-502	3745
Index		3747

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

APRIL 2, 2004

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

Unless otherwise indicated in the date column, all hearings will take place at the following location:

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
Suite 1700, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

Telephone: 416-597-0681 Telecopier: 416-593-8348

CDS

TDX 76

Late Mail depository on the 19th Floor until 6:00 p.m.

THE COMMISSIONERS

David A. Brown, Q.C., Chair	—	DAB
Paul M. Moore, Q.C., Vice-Chair	—	PMM
Susan Wolburgh Jenah, Vice-Chair	—	SWJ
Paul K. Bates	—	PKB
Robert W. Davis, FCA	—	RWD
Harold P. Hands	—	HPH
Robert W. Korthals	—	RWK
Mary Theresa McLeod	—	MTM
H. Lorne Morphy, Q.C.	—	HLM
Robert L. Shirriff, Q.C.	—	RLS
Suresh Thakrar	—	ST
Wendell S. Wigle, Q. C.	—	WSW

SCHEDULED OSC HEARINGS

DATE: TBA

Ricardo Molinari, Ashley Cooper, Thomas Stevenson, Marshall Sone, Fred Elliott, Elliott Management Inc. and Amber Coast Resort Corporation

s. 127

E. Cole in attendance for Staff

Panel: TBA

DATE: TBA

Patrick Fraser Kenyon Pierrepont Lett, Milehouse Investment Management Limited, Pierrepont Trading Inc., BMO Nesbitt Burns Inc.*, John Steven Hawkyard⁺ and John Craig Dunn

s. 127

K. Manarin in attendance for Staff

Panel: HLM/MTM/ST

* BMO settled Sept. 23/02
+ April 29, 2003

DATE: TBA

ATI Technologies Inc., Kwok Yuen Ho, Betty Ho, JoAnne Chang, David Stone, Mary de La Torre, Alan Rae and Sally Daub

s. 127

M. Britton in attendance for Staff

Panel: TBA

April 26, 2004

10:00 a.m.

Brian Anderson, Leslie Brown, Douglas Brown, Davis Sloan, and Flat Electronic Data Interchange (a.k.a. F.E.D.I.)

s. 127

K. Daniels in attendance for Staff

Panel: HLM/RLS

May 2004 **Gregory Hyrniw and Walter Hyrniw**

s. 127

Y. Chisholm in attendance for Staff

Panel: TBA

1.1.2 Notice of Ministerial Approval of National Instrument 51-102 Continuous Disclosure Obligations, Forms 51-102F1, 51-102F2, 51-103F3, 51-102F4, 51-102F5 and 51-102F6 and OSC Rule 51-801 Implementing National Instrument 51-102 Continuous Disclosure Obligations and Related Amendments to and Revocation of Instruments and Ontario Regulation Amending Reg. 1015 of R.R.O. 1990

ADJOURNED SINE DIE

Buckingham Securities Corporation, Lloyd Bruce, David Bromberg, Harold Seidel, Rampart Securities Inc., W.D. Latimer Co. Limited, Canaccord Capital Corporation, BMO Nesbitt Burns Inc., Bear, Stearns & Co. Inc., Dundee Securities Corporation, Caldwell Securities Limited and B2B Trust

Global Privacy Management Trust and Robert Cranston

Philip Services Corporation

Robert Walter Harris

Andrew Keith Lech

S. B. McLaughlin

Livent Inc., Garth H. Drabinsky, Myron I. Gottlieb, Gordon Eckstein, Robert Topol

NOTICE OF MINISTERIAL APPROVAL OF

NATIONAL INSTRUMENT 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS* FORMS 51-102F1, 51-102F2, 51-103F3, 51-102F4, 51-102F5 and 51-102F6

AND

RULE 51-801 *IMPLEMENTING NATIONAL INSTRUMENT 51-102 CONTINUOUS DISCLOSURE OBLIGATIONS*

AND

RELATED AMENDMENTS TO AND REVOCATION OF INSTRUMENTS

AND

ONTARIO REGULATION AMENDING REG. 1015 OF R.R.O. 1990

All of the instruments listed below are being published in Chapter 5 of this Bulletin. The Regulation is being published in Chapter 9.

On February 16, 2004 the Minister of Finance approved the following rules (the Rules) which came into force on March 30, 2004:

1. a) NI 51-102, which contains the following Forms:
 - Form 51-102F1 *Management Discussion and Analysis* (MD&A);
 - Form 51-102F2 *Annual Information Form* (AIF);
 - Form 51-102F3 *Material Change Report* (MCR);
 - Form 51-102F4 *Business Acquisition Report* (BAR);
 - Form 51-102F5 *Information Circular*; and
 - Form 51-102F6 *Statement of Executive Compensation* (collectively the Forms).

- b) related amendments to National Instrument 44-101 *Short Form Prospectus Distributions*, (NI 44-101)
- c) related amendments to Form 44-101F3 *Short Form Prospectus* (Form 44-101F3)
- d) revocation of Form 44-101F1 *AIF* and Form 44-101F2 *MD&A* effective May 19, 2005
- e) related amendments to, and revocation at a later effective date of, National Instrument 62-102 *Disclosure of Outstanding Share Data* (NI 62-102) and
- f) related amendments to National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* (NI 62-103); and

2. Commission Rule 51-801 *Implementing National Instrument 51-102 Continuous Disclosure Obligations* (Rule 51-801), which includes:

- a) related amendments to and subsequent revocation of Commission Rule 51-501 *AIF and MD&A*
- b) related amendments to and subsequent revocation of Commission Rule 52-501 *Financial Statements*
- c) revocation of Commission Rule 54-501 *Prospectus Disclosure*
- d) related amendments to Commission Rule 56-501 *Restricted Shares* and
- e) related amendments to Form 41-501F1 *Information Required In A Prospectus*.

The following related policies (the Policies) also came into force on March 30, 2004:

- 1.
 - a) Companion Policy 51-102CP to NI 51-102 (51-102CP)
 - b) related amendments to Companion Policy 44-101CP
 - c) related amendments to National Policy 31 *Change of Auditor of a Reporting Issuer* (NP 31);
 - d) related amendments to National Policy 51 *Changes in the Ending Date of a Financial Year and in Reporting Status* (NP 51); and
- 2.
 - a) Companion Policy 51-801CP to Rule 51-801 (51-801CP)

- b) an amendment to Companion Policy 51-501 *AIF and MD&A* (51-501CP)
- c) rescission of the following Companion Policies to Commission rules, effective May 19, 2005, the same date those rules are revoked: 51-501CP and 52-501CP; and
- d) rescission, effective March 30, 2004, of the following Commission Policies:
 - (i) 52-601CP *Applications for Exemption from Preparation and Mailing of Interim Financial Statements, Annual Financial Statements and Proxy Solicitation Material* and
 - (ii) 51-603CP *Reciprocal Filings*

The Rules and Policies were most recently published in a Supplement to the Bulletin on December 19, 2003 (2003) 26 OSCB Issue 51 (Supp-3).

On February 25, 2004, the Minister of Finance approved an Ontario Regulation amending and/or revoking certain provisions of Regulation 1015 in order to effectively implement the Rules. This Regulation was filed as O. Reg 56/04 on March 10, 2004 and was published in the Ontario Gazette on March 27, 2004.

1.1.3 Notice of Ministerial Approval of National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and OSC Rule 71-802 Implementing National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and Ontario Regulation Amending Reg. 1015 of R.R.O. 1990

**NOTICE OF MINISTERIAL APPROVAL OF
NATIONAL INSTRUMENT 71-102 *CONTINUOUS
DISCLOSURE AND OTHER EXEMPTIONS RELATING
TO FOREIGN ISSUERS***

AND

**RULE 71-802 *IMPLEMENTING NATIONAL INSTRUMENT
71-102 *CONTINUOUS DISCLOSURE AND OTHER
EXEMPTIONS RELATING TO FOREIGN ISSUERS****

AND

**ONTARIO REGULATION AMENDING REG. 1015 OF
R.R.O. 1990**

All of the instruments listed below are being published in Chapter 5 of this Bulletin. The Regulation is published in Chapter 9.

On February 16, 2004 the Minister of Finance approved the following rules (the Rules) which came into force on March 30, 2004:

1. NI 71-102, and
2. Commission Rule 71-802 *Implementing National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers.*

Companion Policy 71-102CP to NI 71-102 (the Policy) also came into force on March 30, 2004.

The Commission has also rescinded, effective March 30, 2004, Commission Policy 7.1 *Application of Requirements of the Securities Act to Certain Reporting Issuers.*

The Rules and Policy were most recently published in a Supplement to the Bulletin on December 19, 2003 (2003) 26 OSCB Issue 51 (Supp-3).

On February 25, 2004, the Minister of Finance approved an Ontario Regulation amending certain provisions of Regulation 1015 in order to effectively implement the Rules. This Regulation was filed as O. Reg 57/04 on March 10, 2004 and was published in the Ontario Gazette on March 27, 2004.

1.1.4 Notice of Commission Approval – Amendments to IDA Policy No. 2 – Revisions to Make Policy No. 2 Consistent with Newly Revised Regulation 1300

**THE INVESTMENT DEALERS ASSOCIATION OF
CANADA (IDA)**

**AMENDMENTS TO IDA POLICY NO. 2 – REVISIONS TO
MAKE POLICY NO. 2 CONSISTENT WITH NEWLY
REVISED REGULATION 1300**

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission approved amendment to IDA Policy No. 2 – Revisions to Make Policy No. 2 Consistent with Newly Revised Regulation 1300. In addition, the Alberta Securities Commission approved and the British Columbia Securities Commission did not object to the amendment. The purpose of the amendments is to ensure that the minimum standards for retail account supervision set out on IDA Policy No. 2 reflects recent amendments to IDA Regulation 1300 regarding opening and supervision of managed accounts. The amendment is housekeeping in nature. The description and a copy of the amendment is contained in Chapter 13 of this Ontario Securities Commission Bulletin.

1.1.5 CSA Staff Notice 45-302 Frequently Asked Questions Regarding the Resale Rules

CANADIAN SECURITIES ADMINISTRATORS STAFF NOTICE 45-302 FREQUENTLY ASKED QUESTIONS REGARDING THE RESALE RULES

Background

On March 30, 2004, new Multilateral Instrument 45-102 *Resale of Securities* came into force (MI 45-102). MI 45-102 replaces the version of Multilateral Instrument 45-102 *Resale of Securities* that came into force on November 30, 2001 (the old Instrument). MI 45-102 has been adopted in each jurisdiction, except Québec. This staff notice replaces previous CSA Staff Notice 45-302 *Frequently asked questions regarding the new resale rules*, which is revoked.

Frequently asked questions on MI 45-102

To assist persons and companies using MI 45-102, we have compiled a list of frequently asked questions (FAQs). This list is not exhaustive, but does represent the types of inquiries we have received.

We have divided the FAQs into the following categories:

- A. Resale restrictions and legending of securities
- B. Transition from the old Instrument
- C. Form 45-102F1
- D. General

A. Resale restrictions and legending of securities

1. **Q:** Is it possible for the same distribution to have different resale restrictions in the different jurisdictions?

A: Yes, it is possible. Although the resale rules are harmonized under MI 45-102, the exemptions are not, so that the same distribution may have different resale restrictions applicable in different jurisdictions. One example is an exempt take over bid. Securities distributed to purchasers in BC will be subject to a restricted period and securities distributed to purchasers in Alberta and Ontario will only be subject to a seasoning period.

2. **Q:** I am not a reporting issuer in any jurisdiction. I issued securities that are subject to section 2.5 to purchasers under a private placement on March 1, 2004. If I then file an initial public offering prospectus on April 1, 2004, when can those purchasers sell their securities?

A: Under subsection 2.7(1), the four-month seasoning period in Item 1. of subsection 2.5(2) will no longer apply to the securities once you file

your prospectus. However, the securities will still be subject to Item 2. of subsection 2.5(2), and so cannot be traded under section 2.5 until four months from the distribution date, that is, July 1, 2004.

3. **Q:** Do securities have to be legended for the exemption in section 2.14 to be available?

A: There is no requirement to legend securities to rely on this exemption.

B. Transition from the old Instrument

4. **Q:** If I issued securities before March 30, 2004 that were subject to a 12-month restricted period under the old Instrument, what is the restricted period now that new MI 45-102 is in force?

A: Securities that were subject to a 12-month restricted period under the old Instrument are now subject to a 4-month restricted period under section 2.5 of MI 45-102. The 4-month restricted period is still calculated from the distribution date of the securities. As a result, the securities will not be subject to any restricted period once four months have elapsed from the distribution date. Refer to section 1.3 of the Companion Policy to MI 45-102 for more information on transition.

5. **Q:** If I issued a certificate with the 12-month restricted period legend under the old Instrument, but the securities are now free-trading under new MI 45-102, do I have to re-legend the certificate so the holder can sell the securities?

A: The certificates do not have to be re-legended under MI 45-102. However, the certificate will have to be re-legended, or have the legend removed entirely if the 4-month restricted period has expired, for the holder to effect "good delivery" of the securities under most exchange rules.

6. **Q:** I do not issue certificates representing my securities. Instead, the issuance is reflected through a book entry system. How do I satisfy the legending requirement?

A: Section 2.5 of MI 45-102 provides for an electronic alternative to legending that is flexible enough to permit the alternative registration systems, such as the book entry system. Instead of legending certificates, the ownership statement that is issued under the alternative system must bear a legend restriction notation.

7. **Q:** I filed a Form 45-102F3 under the old Instrument. Under subsection 2.8(5) of MI 45-102, I am not subject to the requirement to sign and file a Form 45-102F1 until 30 days after the date I filed the Form 45-102F3.

(a) If my Form 45-102F3 was a renewal form and I filed it on March 15, 2004, when will I have to file a Form 45-102F1 to sell securities under section 2.8?

(b) If my Form 45-102F3 was an initial form and I filed it on March 1, 2004, when will I have to file a Form 45-102F1 to sell securities under section 2.8?

A: (a) You will have to file a Form 45-102F1 on April 14, 2004. You must then wait seven days before you may start selling under section 2.8. Although your renewal Form 45-102F3 would have expired on April 12, 2004 under the old Instrument, subsection 2.8(5) has the effect of extending your Form 45-102F3 for 30 days from the date of filing, that is, until April 14, 2004.

(b) You will have to file a Form 45-102F1 on March 30, 2004. You must then wait seven days before you may start selling under section 2.8. Although your initial Form 45-102F3 would have expired on April 30 under the old Instrument, subsection 2.8(5) has the effect of shortening your Form 45-102F3 to 30 days from the date of filing, that is, until March 30, 2004.

A: Yes, both the NASDAQ Stock Market and the NASDAQ Canada Markets are markets outside of Canada for the purposes of the exemption in section 2.14.

11. **Q:** In what jurisdictions must an application for discretionary relief under Part 4 of MI 45-102 be filed?

A: An issuer must file an application for discretionary relief under MI 45-102 in at least each jurisdiction where the issuer is a reporting issuer. The application must also be filed in every other jurisdiction where the relief is required.

C. Form 45-102F1

8. **Q:** How do I file the F1?

A: You must file the F1 electronically on SEDAR under the issuer's profile under the heading "*Continuous Disclosure – Resale of Securities* (MI 45-102) – Form 45-102F1".

9. **Q:** Where do I have to file the F1?

A: You must file the F1 in each jurisdiction where the securities are being distributed. If you are selling the securities on an exchange, you must file the F1 in the jurisdiction where you are located, and the jurisdiction or jurisdictions where the exchange is located. You should also consider if the exchange requires you to file a copy of the F1 with it.

D. General

10. **Q:** For the purposes of section 2.14, are the NASDAQ Stock Market and the NASDAQ Canada Market markets outside of Canada?

1.1.6 Notice of Ministerial Approval - Multilateral Instrument 45-102 Resale of Securities, Form 45-102F1 and Other Consequential Amendments

**NOTICE OF MINISTERIAL APPROVAL
MULTILATERAL INSTRUMENT 45-102 *RESALE*
OF SECURITIES, FORM 45-102F1
AND OTHER CONSEQUENTIAL AMENDMENTS**

On February 16, 2004, the Minister of Finance approved, pursuant to subsection 143.3(3) of the *Securities Act* (Ontario), Multilateral Instrument 45-102 *Resale of Securities* (the Rule) and Form 45-102F1.

The Rule, the Form, and the related companion policy, Companion Policy 45-102CP to Multilateral Instrument 45-102 *Resale of Securities* (the Policy) came into force in Ontario on **March 30, 2004**.

The Rule, the Form, and the Policy were previously published in the Bulletin on December 19, 2003. The Rule, the Form and the Policy are published in Chapter 5 of this Bulletin.

Consequential amendments to national and local instruments (Consequential Amendments) were published in the December 19, 2003 OSC Bulletin. The Consequential Amendments appeared as Appendices C and D to the December 19, 2003 Notice. They are also published in Chapter 5 of this Bulletin, and came into force on March 30, 2004.

1.1.7 Notice of Commission Approval – Proposed Amendments to IDA By-law 29.7 – Advertisements, Sales Literature and Correspondence

**THE INVESTMENT DEALERS ASSOCIATION
OF CANADA (IDA)
NOTICE OF COMMISSION APPROVAL
PROPOSED AMENDMENTS TO IDA BY-LAW 29.7
REGARDING ADVERTISEMENTS, SALES LITERATURE
AND CORRESPONDENCE**

The Ontario Securities Commission (OSC) approved proposed amendments to IDA By-law 29.7 – Advertisements, Sales Literature and Correspondence. In addition, the Alberta Securities Commission (ASC) approved and the British Columbia Securities Commission (BCSC) did not object to the proposed amendments.

A copy and description of the proposed amendments were published on November 8, 2002, at (2002) 25 OSCB 7429. No comments were received. As a result of staff review, the IDA has made non-material changes to the proposed amendments. The revised amendments (black-lined to the amendments previously published) that were approved by the OSC and the ASC and non-objected to by the BCSC are contained in Chapter 13 of this OSC Bulletin.

1.3 News Releases

1.3.1 CSA News Release - New Rules Promote Investor Confidence, Change Issuers' Disclosure and Governance Practices

For Immediate Release
March 29, 2004

NEW RULES PROMOTE INVESTOR CONFIDENCE, CHANGE ISSUERS' DISCLOSURE AND GOVERNANCE PRACTICES

CALGARY – A series of new rules that promote investor confidence and significantly change a number of the disclosure and governance practices of most Canadian public companies come into force in most Canadian jurisdictions tomorrow, March 30, 2004. The rules will apply to almost all reporting issuers other than investment funds.

"The net result of these rules is that investors will receive more consistent disclosure on a more timely basis and they can be more confident in the quality of the information they receive," said Steve Sibold, Chair of the CSA and of the Alberta Securities Commission. He added that "international investors can remain confident that Canada's disclosure and governance standards continue to be as stringent as those anywhere in the world."

One of the new rules harmonizes continuous disclosure requirements across Canada for the first time and introduces a number of changes, including shorter filing deadlines for financial statements. Another rule will require CEOs and CFOs to certify their financial disclosure. There is also an instrument establishing the responsibilities and composition of audit committees and yet another requiring that an issuer's auditors participate in the oversight program of the Canadian Public Accountability Board.

The rules that come into force include:

- National Instrument 51-102 *Continuous Disclosure Obligations*
- National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*
- National Instrument 52-108 *Auditor Oversight*
- Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings (MI 52-109)*
- Multilateral Instrument 52-110 *Audit Committees (MI 52-110)*
- National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*

MI 52-109 and MI 52-110 have not been adopted by the British Columbia Securities Commission.

To help reporting issuers get ready for the changes, the Ontario Securities Commission has prepared an internet-based presentation summarizing the new requirements. The webcast, first of its kind offered by the OSC, is available at www.osc.gov.on.ca/webcast. A detailed brochure comparing the new continuous disclosure requirements to the existing ones is available at the same location.

The CSA is a council of the 13 securities regulators of Canada's provinces and territories. It coordinates and harmonizes regulation for the Canadian capital markets. More information is available at the CSA website, www.csa-acvm.ca.

For Media Inquiries:

Joni Delaurier
Alberta Securities Commission
403-297-4481
www.albertasecurities.com

Andrew Poon
B.C. Securities Commission
604-899-6880
1-800-373-6393 (B.C. & Alberta only)
www.bcsc.bc.ca

Eric Pelletier
Ontario Securities Commission
416-595-8913
www.osc.gov.on.ca

Barbara Timmins
Commission des valeurs mobilières du Québec
514-940-2176
1-800-361-5072 (Québec only)
www.cvmq.com

1.3.2 Knowledge is Your Best Investment for April

**FOR IMMEDIATE RELEASE
March 31, 2004**

KNOWLEDGE IS YOUR BEST INVESTMENT FOR APRIL

Toronto – Recent studies indicate that Canadians are taking on more debt and spending more money, but saving less. Meanwhile, other studies show that we're extremely concerned about running out of money in retirement. April is Investor Education Month, a perfect time for Canadians to take advantage of the tools and resources available to help them manage their personal finances.

Throughout April, industry groups and regulators are encouraging the public to get involved in their financial affairs. The Ontario Securities Commission (OSC), is pleased to be participating in the seventh annual campaign as part of the Council for Investor Education, a forum of industry organizations and securities regulators interested in empowering Canadians with the knowledge to make informed financial decisions.

Council members will offer a variety of free public seminars and events throughout the month. In addition, the Council has sent out a call to action to Members of Provincial Parliament, Members of the Legislative Assemblies and the financial services industry to help promote informed investing.

Visit www.cfp-ca.org/investor_education_event_calendar_.html for a calendar of Investor Education Month 2004 events. For more information please contact Perry Quinton, Chair of the Council for Investor Education, at (416) 593-2348.

Additional Media Contacts:

Advocis

Melanie Minos
416-444-5251

Canadian Bankers Association

Anne Wettlaufer
416-362-6093

Canadian Foundation for Investor Education

Mark Gidwani
416-947-4486

Canadian Investor Protection Fund

Zain Khan
416-643-7110

Canadian Securities Administrators

Perry Quinton
416-593-2348

Centre for the Financial Services OmbudsNetwork

Anna Larson
416-777-2509

Financial Consumer Agency of Canada

Frank Fowlie
613-941-1527

Financial Planners Standards Council

Reed Hilton
416-593-8587

Investment Dealers Association of Canada

Chris Mace
416-943-5858

Investor Education Fund

Terri Williams
416-593-2350

Investment Funds Institute of Canada

John Murray
416-363-2150

Mutual Fund Dealers Association of Canada

Laurie Gillett
416-943-5827

TSX Group

Mark Gidwani
416-947-4486

This page intentionally left blank

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 AIC Limited - MRRS Decision

Headnote

Exemption from the requirement to deliver comparative annual financial statements to registered securityholders of certain mutual funds.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c. S.5, as am., ss. 79 and 80(b)(iii).

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, ONTARIO AND NOVA SCOTIA**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
THE FUNDS LISTED IN SCHEDULE "A"
(the "Funds")**

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of Alberta, Ontario and Nova Scotia (the "Jurisdictions") has received an application (the "Application") from AIC Limited (the "Manager") and the Funds for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") for relief from the requirement to deliver comparative annual financial statements of the Funds to those securityholders of the Funds requesting not to receive them;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions;

AND WHEREAS it has been represented by the Manager to the Decision Makers that:

- (a) The Funds are either open-ended mutual fund trusts or separate classes of a mutual fund corporation governed by the laws of Ontario.
- (b) The Manager acts as manager of the Funds set out in Schedule "A" and, in the case of its Funds which are trusts, it is the trustee of such Funds.
- (c) The Funds are reporting issuers in each of the Jurisdictions.
- (d) Securities of the Funds are presently offered for sale on a continuous basis in each of the provinces and territories of Canada pursuant to a simplified prospectus.

- (e) Each of the Funds is required to deliver annually, within 140 days of its financial year-end, to each holder of its securities ("Securityholders"), comparative financial statements in the prescribed form pursuant to the Legislation. The Funds' financial year-end is December 31.
- (f) The Manager will send to Securityholders who hold securities of the Funds in client name (whether or not the Manager is the dealer) (the "Direct Securityholders") in each year, a notice advising them that they will not receive the annual financial statements of the Funds for the year then ended if they request not to receive same, and providing them with a request form to send back, by fax or prepaid mail, if they do not wish to receive the annual financial statements. The notice will advise the Direct Securityholders where the annual financial statements can be found on the websites listed in Schedule "A" (including on the SEDAR website) and downloaded. The Manager would not send such annual financial statements to any Direct Securityholder who requests not to receive them in response to such notice unless such Direct Securityholder subsequently requests them.
- (g) Securityholders who hold their securities in the Funds through a nominee will be dealt with pursuant to National Instrument 54-101.
- (h) Securityholders will be able to access annual financial statements of the Funds either on the SEDAR website or on the Manager's website or by calling the Manager's toll-free phone line listed in Schedule "A". Top ten holdings, which are updated on a periodic basis, will also be accessible to Securityholders on the Manager's website or by calling the Manager's toll-free line.
- (i) There would be substantial cost savings if the Funds are not required to print and mail annual financial statements to those Direct Securityholders who do not want them.
- (j) The Canadian Securities Administrators ("CSA") have published for comment proposed National Instrument 81-106 ("NI 81-106") which, among other things, would permit a Fund not to deliver annual financial statements to those of its Securityholders who do not request them, if the Funds provide each Securityholder with a request form under which the Securityholder may request, at no cost to the Securityholder, to receive the mutual fund's annual financial statements for that financial year.
- (k) NI 81-106 would also require a Fund to have a toll-free telephone number for or accept collect calls from persons or companies that want to receive a copy of, among other things, the annual financial statements of the Fund.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers are satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

AND WHEREAS the Decision Makers are satisfied that making the Decision will not adversely affect the rule-making process with respect to proposed National Instrument 81-106 and is consistent with National Instrument 54-101;

THE DECISION of the Decision Makers pursuant to the Legislation is that is that until NI 81-106 comes into force, the Funds shall not be required to deliver their comparative annual financial statements to their Direct Securityholders who have requested not to receive them provided that:

- (a) the Manager shall file on SEDAR, under the annual financial statements category, confirmation of mailing of the request forms that have been sent to the Direct Securityholders as described in clause (f) of the representations within 90 days of mailing the request forms;
- (b) the Manager shall file on SEDAR, under the annual financial statements category, information regarding the number and percentage of requests to not receive annual financial statements made by the return of the request forms, on a province-by-province basis within 30 days after the end of each quarterly period beginning from the date of mailing the request forms and ending 12 months from the date of mailing;
- (c) the Manager shall record the number and summary of complaints received from Direct Securityholders about not receiving the annual financial statements and shall file on SEDAR, under the annual financial statements category, this information within 30 days after the end of each quarterly period beginning from the date of mailing the request forms and ending 12 months from the date of mailing;

- (d) the Manager shall, if possible, measure the number of “hits” on the annual financial statements of the Funds on the Manager’s website and shall file on SEDAR, under the annual financial statements category, this information within 30 days after the end of each quarterly period beginning from the date of mailing the request forms and ending 12 months from the date of mailing; and
- (e) the Manager shall file on SEDAR, under the annual financial statements category, estimates of the cost savings resulting from the granting of this Decision within 90 days of mailing the request forms.
- (f) this decision shall terminate upon NI 81-106 coming into force.

March 23, 2004.

“Paul M. Moore”

“Wendell S. Wigle”

SCHEDULE "A" to MRRS DECISION DOCUMENT

LIST of FUNDS

TRUST FUNDS

AIC Advantage Fund	AIC Canadian Focused Fund
AIC Advantage Fund II	AIC American Focused Fund
AIC American Advantage Fund	AIC RSP American Focused Fund
AIC RSP American Advantage Fund	AIC Canadian Balanced Fund
AIC Global Advantage Fund	AIC American Balanced Fund
AIC RSP Global Advantage Fund	AIC RSP American Balanced Fund
AIC Diversified Canada Fund	AIC Global Balanced Fund
AIC Value Fund	AIC RSP Global Balanced Fund
AIC RSP Value Fund	AIC Bond Fund
AIC World Equity Fund	AIC Global Bond Fund
AIC RSP World Equity Fund	AIC Money Market Fund
AIC Global Diversified Fund	AIC U.S. Money Market Fund
AIC RSP Global Diversified Fund	
AIC Diversified Science & Technology Fund	
AIC RSP Diversified Science & Technology Fund	

CORPORATE FUNDS

AIC Advantage II Corporate Class	AIC Canadian Focused Corporate Class
AIC American Advantage Corporate Class	AIC American Focused Corporate Class
AIC Global Advantage Corporate Class	AIC Canadian Balanced Corporate Class
AIC Diversified Canada Corporate Class	AIC American Balanced Corporate Class
AIC Value Corporate Class	AIC Total Yield Corporate Class
AIC World Equity Corporate Class	AIC Money Market Corporate Class
AIC Global Diversified Corporate Class	
AIC Diversified Science & Technology Corporate Class	

Toll Free Number: 1-888-710-4242 Website: www.aic.com

**2.1.2 Mawer Investment Management
- MRRS Decision**

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Variation order varying a prior order of a mutual fund to permit exemption from the requirement to deliver comparative annual financial statements of the mutual fund to securityholders unless requested by the securityholder, until proposed National Instrument 81-106 is in force.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c. S.5, as am., s. 144.

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, ONTARIO AND NOVA SCOTIA**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
THE MRRS DECISION DOCUMENT
LISTED IN SCHEDULE 'A'**

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of Alberta, Ontario and Nova Scotia (the "Jurisdictions") has received an application from the Executive Director of the Alberta Securities Commission, Ontario Securities Commission and Nova Scotia Securities Commission for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") for a variation of the decision listed in Schedule 'A' (the "Prior Decision") until proposed National Instrument 81-106 – Investment Fund Continuous Disclosure comes into force, to continue the relief from the requirement to deliver annual reports, where applicable, and comparative annual financial statements of the various mutual funds to securityholders of the mutual funds who hold units of the mutual funds in client name (the "Direct Securityholders") unless the Direct Securityholders have requested to receive them;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions;

AND WHEREAS it has been represented by the Executive Director to the Decision Makers that:

- (a) In September 2002, the Canadian Securities Administrators (the "CSA") published for first comment proposed National Instrument 81-106 ("NI 81-106") which, among other things, would permit mutual funds not to deliver annual financial statements to those securityholders who do not request them, if the funds provide each securityholder with a request form under which the securityholder may request, at no cost to the securityholder, to receive the mutual fund's annual financial statements for that financial year.
- (b) NI 81-106 would also require a mutual fund to have a toll-free telephone number for, or accept collect calls from, persons or companies that want to receive a copy of, among other things, the annual financial statements of the mutual fund.
- (c) The Prior Decision gave exemptive relief from the requirement to deliver comparative annual financial statements of the various mutual funds to the Direct Securityholders unless the Direct Securityholders requested to receive them. The relief was only given for one annual reporting period based upon the assumption that NI 81-106 would be in force by the end of 2003.
- (d) NI 81-106 will be published for further comment and therefore it was not in force at the end of 2003.
- (e) As a result of NI 81-106 not being in force, the mutual funds that received prior relief under the Prior Decision require the relief to be extended until NI 81-106 comes into force to permit the mutual funds affected by the Prior Decision to not have to deliver their comparative annual financial statements to the Direct Securityholders unless the Direct Securityholders requested to receive them.
- (f) Extending the prior relief given in the Prior Decision would not be prejudicial to the public interest since it would be consistent with the proposed requirements under NI 81-106.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers are satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

AND WHEREAS the Decision Makers are satisfied that making the Decision will not adversely affect the rule-making process with respect to proposed National Instrument 81-106;

THE DECISION of the Decision Makers pursuant to the Legislation is that:

1. the Prior Decision is hereby varied such that the mutual funds affected by the Prior Decision shall not be required to deliver their annual reports, where applicable, and comparative annual financial statements to the Direct Securityholders other than those Direct Securityholders who have requested to receive the financial statements until NI 81-106 comes into force provided that the same terms and conditions as in the Prior Decision shall continue to apply;
2. this Decision shall terminate upon NI 81-106 coming into force.

March 9, 2004.

“Agnes Lau”

Schedule ‘A’

No.	Mutual Fund Manager	Date of Decision
1.	Mawer Investment Management	April 15, 2003

**2.1.3 Assante Asset Management Ltd.
- MRRS Decision**

Province of Ontario or under the laws of the Province of Manitoba.

Headnote

Exemption from the requirement to deliver comparative annual financial statements to registered securityholders of certain mutual funds.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c. S.5, as am., ss. 79 and 80(b)(iii).

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, ONTARIO AND NOVA SCOTIA**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
ASSANTE ASSET MANAGEMENT LTD.
AND
THE FUNDS LISTED IN SCHEDULE "A"
(the "Funds")**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Ontario and Nova Scotia (the "Jurisdictions") has received an application (the "Application") from Assante Asset Management Ltd. (the "Manager"), the manager of the Funds (as defined herein), for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement to deliver comparative annual financial statements to the securityholders of the mutual funds listed in Schedule "A" and the mutual funds hereinafter established and/or managed by the Manager (the "Funds") shall not apply unless securityholders have requested to receive them;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions;

AND WHEREAS the Manager has represented to the Decision Makers that:

- (a) The Funds are mutual fund trusts established under the laws of the

- (b) The Manager is the manager of the Funds set out in Schedule "A". The Manager is registered as an investment counsel and portfolio manager or their equivalent in the provinces of Ontario and Manitoba.
- (c) The Funds are reporting issuers in each Jurisdiction and are not in default of any requirements of Legislation.
- (d) Securities of the Funds listed in Schedule "A" are presently offered for sale on a continuous basis in provinces and territories of Canada pursuant to a simplified prospectus.
- (e) Each of the Funds is required to deliver annually to each holder of its securities ("Securityholders"), comparative financial statements, in the prescribed form pursuant to the Legislation, within 140 days of its financial year-end, being December 31.
- (f) The Manager will send to Securityholders who hold securities of the Funds in client name (the "Direct Securityholders") in each year, a notice advising them that they will not receive the annual financial statements of the Funds for the year then ended unless they request same, and providing them with a request form to send back, by fax or prepaid mail, if they wish to receive the annual financial statements. The notice will advise the Direct Securityholders where the annual financial statements can be found on the Internet (including on the SEDAR website) and downloaded. The Manager will send such financial statements to any Direct Securityholder who requests them in response to such notice or who subsequently requests them.
- (g) Securityholders who hold their securities in the Funds through a nominee will be dealt with pursuant to National Instrument 54-101.
- (h) Securityholders will be able to access annual financial statements of the Funds either on the SEDAR website or on the website of the Manager: www.assante.com. or by calling the Manager's toll-free line.
- (i) There would be substantial cost savings if the Funds are not required to print and mail annual financial statements to those

Direct Securityholders who do not want them.

- (j) The Canadian Securities Administrators ("CSA") have published for comment proposed National Instrument 81-106 ("NI 81-106") which, among other things, would permit a Fund not to deliver annual financial statements to those of its Securityholders who do not request them, if the Funds provide each Securityholder with a request form under which the Securityholder may request, at no cost to the Securityholder, to receive the mutual fund's annual financial statements for that financial year.
- (k) NI 81-106 would also require a Fund to have a toll-free telephone number for or accept collect calls from persons or companies that want to receive a copy of, among other things, the annual financial statements of the Fund.

AND WHEREAS under the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each Decision Maker is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

AND WHEREAS the Decision Makers are satisfied that making the Decision will not adversely affect the rule-making process with respect to proposed National Instrument 81-106 and is consistent with National Instrument 54-101;

THE DECISION of the Decision Makers pursuant to the Legislation is that until NI 81-106 comes into force, the Funds shall not be required to deliver their comparative annual financial statements to their Direct Securityholders other than those Direct Securityholders who have requested to receive them provided that:

- (a) the Manager shall file on SEDAR, under the annual financial statements category, confirmation of mailing of the request forms that have been sent to the Direct Securityholders within 90 days of mailing the request forms;
- (b) the Manager shall file on SEDAR, under the annual financial statements category, information regarding the number and percentage of requests for annual financial statements made by the return of the request forms, on a province-by-province basis within 30 days after the end of each quarterly period beginning from the date of mailing

the request forms and ending 12 months from the date of mailing;

- (c) the Manager shall record the number and summary of complaints received from Direct Securityholders about not receiving the annual financial statements and shall file on SEDAR, under the annual financial statements category, this information within 30 days after the end of each quarterly period beginning from the date of mailing the request forms and ending 12 months from the date of mailing;
- (d) the Manager shall, if possible, measure the number of "hits" on the annual financial statements of the Funds on the www.assante.com website and shall file on SEDAR, under the annual financial statements category, this information within 30 days after the end of each quarterly period beginning from the date of mailing the request forms and ending 12 months from the date of mailing; and
- (e) the Manager shall file on SEDAR, under the annual financial statements category, estimates of the cost savings resulting from the granting of this Decision within 90 days of mailing the request forms.
- (f) this decision shall terminate upon NI 81-106 coming into force.

February 25, 2004.

"Robert L. Shirriff"

"Robert W. Davis"

SCHEDULE "A"

THE FUNDS

THE ASSANTE OPTIMA STRATEGY POOLS

INCOME POOLS

- OPTIMA STRATEGY CASH MANAGEMENT POOL
- OPTIMA STRATEGY SHORT TERM INCOME POOL
- OPTIMA STRATEGY CANADIAN FIXED INCOME POOL
- OPTIMA STRATEGY GLOBAL FIXED INCOME POOL
- OPTIMA STRATEGY RSP GLOBAL FIXED INCOME POOL

CANADIAN EQUITY POOLS

- OPTIMA STRATEGY CANADIAN EQUITY VALUE POOL
- OPTIMA STRATEGY CANADIAN EQUITY DIVERSIFIED POOL
- OPTIMA STRATEGY CANADIAN EQUITY GROWTH POOL
- OPTIMA STRATEGY CANADIAN EQUITY SMALL CAP POOL

US EQUITY POOLS

- OPTIMA STRATEGY US EQUITY VALUE POOL
- OPTIMA STRATEGY US EQUITY DIVERSIFIED POOL
- OPTIMA STRATEGY US EQUITY GROWTH POOL
- OPTIMA STRATEGY RSP US EQUITY DIVERSIFIED POOL

INTERNATIONAL EQUITY POOLS

- OPTIMA STRATEGY INTERNATIONAL EQUITY VALUE POOL
- OPTIMA STRATEGY INTERNATIONAL EQUITY DIVERSIFIED POOL
- OPTIMA STRATEGY INTERNATIONAL EQUITY GROWTH POOL
- OPTIMA STRATEGY RSP INTERNATIONAL EQUITY DIVERSIFIED POOL

SPECIALTY POOL

- OPTIMA STRATEGY REAL ESTATE INVESTMENT POOL

ASSANTE ARTISAN PORTFOLIOS

ARTISAN CANADIAN T-BILL PORTFOLIO
ARTISAN MOST CONSERVATIVE PORTFOLIO
ARTISAN CONSERVATIVE PORTFOLIO
ARTISAN MODERATE PORTFOLIO
ARTISAN RSP MODERATE PORTFOLIO
ARTISAN GLOBAL ADVANTAGE PORTFOLIO
ARTISAN RSP GLOBAL ADVANTAGE PORTFOLIO
ARTISAN GROWTH PORTFOLIO

ARTISAN RSP GROWTH PORTFOLIO
ARTISAN HIGH GROWTH PORTFOLIO
ARTISAN RSP HIGH GROWTH PORTFOLIO
ARTISAN MAXIMUM GROWTH PORTFOLIO
ARTISAN RSP MAXIMUM GROWTH PORTFOLIO
ARTISAN NEW ECONOMY PORTFOLIO

**2.1.4 CDC Software Acquisitionco II SRL
- MRRS Decision**

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer has only one security holder - issuer deemed to have ceased being a reporting issuer.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am. s. 83.

March 25, 2004

TORYS LLP

3000-79 Wellington Street West
Box 270, TD Centre
Toronto, ON M5K 1N2

Attention: Gavin Sinclair

Dear Mr. Sinclair:

**Re: CDC Software Acquisitionco II SRL (the
"Applicant") - Application to Cease to be a
Reporting Issuer under the securities
legislation of Alberta, Saskatchewan, Ontario,
Nova Scotia and Newfoundland and Labrador
(the "Jurisdictions")**

The Applicant has applied to the local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions for a decision under the securities legislation (the "Legislation") of the Jurisdictions to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that,

1. the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;
2. no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation;
3. the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and
4. the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is deemed to have ceased to be a reporting issuer.

"Charlie MacCready"

2.1.5 ENMAX Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from requirement that issuer must be a reporting issuer for at least 12 months to permit issuer to distribute non-convertible debt securities under National Instrument 44-101 Short Form Prospectus Distributions or National Instrument 44-102 Shelf Distributions.

Applicable National Instruments

National Instrument 44-101 Short Form Prospectus Distributions.

National Instrument 44-102 Shelf Distributions.

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, NEW BRUNSWICK,
NEWFOUNDLAND AND LABRADOR, NOVA SCOTIA
AND PRINCE EDWARD ISLAND**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
ENMAX CORPORATION**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “**Decision Maker**”) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island (the “**Jurisdictions**”) have received an application from ENMAX Corporation (the “**Filer**”) for a decision under the securities legislation of the Jurisdictions (the “**Legislation**”) that the requirement contained in the Legislation that an issuer shall have been a reporting issuer or equivalent in the Jurisdictions for the 12 calendar months preceding the date of filing of its Initial AIF (the “**Eligibility Requirement**”) to permit offerings of Approved Rating Non-Convertible securities in the Jurisdictions under National Instrument 44-101 Short Form Prospectus Distributions (“**NI 44-101**”) and National Instrument 44-102 Shelf Distributions (“**NI 44-102**”) shall not apply to the Filer;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the “**System**”), the Alberta Securities Commission is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning given to them in National

Instrument 14-101 Definitions or Quebec Commission Notice 14-101;

AND WHEREAS the Filer has represented to the Decision Makers that:

1. The Filer was incorporated under the *Business Corporations Act* (Alberta) on July 29, 1997. Its head office and registered office are located at 141 – 50th Avenue S.E., Calgary, Alberta, T2G 4S7.
2. The Filer is an electricity transmission, distribution and energy supply and services company that conducts substantially all of its business through wholly owned operating subsidiaries.
3. As at September 30, 2003, the Filer and its subsidiaries had approximately \$1.4 billion of assets and approximately \$1.1 billion of shareholders’ equity.
4. The City of Calgary is the sole shareholder of the Filer.
5. The Filer became a reporting issuer (or equivalent) under the applicable securities laws, regulations, rules and policies of the securities regulatory authority of each of the Jurisdictions (collectively, the “**Legislation**”) on July 29, 2003, upon the issuance of a MRRS Decision Document evidencing the final receipts in the Jurisdictions for the (final) non-offering long form prospective of the Filer dated July 28, 2003. To the best of its knowledge, the Filer is not in default of any of the requirements of the Legislation.
6. The Filer’s primary sources of liquidity and capital resources are from cash provided by operations, debt capital market borrowings and bank financing.
7. The Filer, as at September 30, 2003, had debentures in the aggregate principal amount of approximately \$171.8 million with interest rates ranging from 5.25% to 12% outstanding; (collectively, the “**Indebtedness**”).
8. Indebtedness of the Filer has been assigned a rating of “A” by Dominion Bond Rating Service Limited.
9. The Filer:
 - (a) does not believe that equity contributions from The City of Calgary, its sole shareholder, will constitute a source of capital;
 - (b) is not aware of any plan or decision by The City of Calgary to permit the Filer to sell common equity to the public or other investors; and

- (c) wishes to establish a medium term note program, among other things, to provide flexibility in the repayment of Indebtedness and further borrowing of amounts from time to time.
10. The Filer proposes to file an Initial AIF (as defined in NI 44-101) pursuant to NI 44-101 in respect of its financial year ended December 31, 2003; and
11. Assuming that the Initial AIF is accepted by the securities regulatory authorities in the Jurisdictions, the Filer would be qualified to file a prospectus for Approved Rating Non-Convertible securities (as such terms are defined in NI 44-101) pursuant to section 2.4 of NI 44-101 and section 2.4 of NI 44-102, but for the fact that it has not been a reporting issuer for 12 months.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each of the Decision Makers (collectively, the **"Decision"**);

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decisions Makers with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that the Eligibility Requirement shall not apply to the Filer in connection with the issuance of Approved Rating Non-Convertible securities under NI 44-101 and NI 44-102, provided that the Filer complies with the other requirements and procedures and each of the other eligibility requirements of NI 44-101 and NI 44-102.

March 24, 2004.

"Agnes Lau"

2.1.6 Cinar Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Issuer deemed to have ceased to be reporting issuer under the Act.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 83.

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUÉBEC, NOVA SCOTIA
AND NEWFOUNDLAND & LABRADOR**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
CINAR CORPORATION
(the company formed by the amalgamation of
CINAR CORPORATION and 4113683 Canada Inc.)**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the **"Decision Maker"** and collectively, the **"Decision Makers"**) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland & Labrador (the **"Jurisdictions"**) has received an application from Cinar Corporation (the **"Applicant"** or **"Amalco"**), the corporation formed by the amalgamation of CINAR Corporation (**"CINAR"**) and 4113683 Canada Inc., for a decision under the securities legislation of the Jurisdictions (the **"Legislation"**) that Amalco be deemed to have ceased to be a reporting issuer or the equivalent under the Legislation;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the **"System"**), the Agence nationale d'encadrement du secteur financier (the **"Autorité"**) is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions*;

AND WHEREAS the Applicant has represented to the Decision Makers that:

1. CINAR was incorporated under the *Canada Business Corporations Act* (**"CBCA"**) on December 10, 1976.

2. The head office of the Applicant is located at 1055 René Levesque Blvd. East, Montreal, Québec.
3. On March 15, 2004, CINAR completed a transaction by way of an arrangement pursuant to section 192 of the CBCA (the "**Arrangement**"). Under the terms of the Arrangement, all of the outstanding shares of CINAR were acquired by 4113683 Canada Inc. (the "**Purchaser**"). As part of the Arrangement CINAR amalgamated with the Purchaser to form Amalco (the "**Amalgamation**").
4. Prior to the Amalgamation, CINAR was a reporting issuer in each of the Jurisdictions. The Variable Multiple Voting Shares and the Limited Voting Shares of CINAR were listed for trading on the Toronto Stock Exchange and the Nasdaq National Market, but were delisted due to CINAR's failure to meet listing requirements. In addition, the Securities Regulatory Authorities in each of Québec, Ontario, Manitoba, Alberta and British Columbia issued cease-trade orders in respect of the securities of CINAR in 2001. These Securities Regulatory Authorities varied or partially lifted these cease-trade orders to allow the completion of the Arrangement, and fully revoked these cease trade orders as of the effective time of the completion of the Arrangement.
5. As a result of the Amalgamation, Amalco is a reporting issuer or the equivalent in each of the Jurisdictions.
6. Amalco is seeking a decision from the Decision Makers that it cease to be a reporting issuer.
7. Amalco is authorized to issue an unlimited number of common shares and an unlimited number of non-voting common shares. Upon the Amalgamation, 3918203 Canada Inc. of which the Purchaser was a wholly-owned subsidiary, became the sole shareholder of Amalco. The common shares held by 3918203 Canada Inc. are the only issued and outstanding shares of the Applicant. 3918203 Canada Inc. is a private company with a small number of indirect investors including Michael Hirsh, Toper Taylor and TD Capital Canadian Private Equity Partners Fund.
8. Amalco has fewer than 15 beneficial holders of its securities, including debt securities, resident in any one Jurisdiction and fewer than 51 beneficial holders of securities, including debt securities, in total in Canada, in each case without regard to any provision of securities legislation deeming any person or company to beneficially own securities owned by a company controlled by it or its affiliates.
9. No securities of Amalco are traded on a marketplace (as defined in National Instrument 21-101 *Marketplace Operation*).

10. Amalco is not in default of any of its obligations under the Legislation as a reporting issuer. Immediately prior to the Amalgamation, CINAR was not in default of any of its continuous disclosure obligations under the Legislation except as follows: (i) CINAR has had to restate its financial statements for the year ended November 30, 1998, which restated statements have not been audited; (ii) CINAR has not issued consolidated audited financial statements for the years ended November 30, 1999 and November 30, 2000; (iii) CINAR has not fully complied with applicable requirements regarding the preparation, filing and delivery of Management's Discussion and Analysis of Financial Condition and Results of Operations; (iv) CINAR has not filed an Annual Information Form for the fiscal years ended November 30, 2002 and November 30, 2001; and (v) CINAR has not filed and sent to its securityholders the quarterly financial statements for the fiscal years ended November 30, 2000 and November 30, 2001.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "**Decision**").

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that Amalco is deemed to have ceased to be a reporting issuer or the equivalent under the Legislation.

March 24, 2004.

"Stéphanie Lachance"

2.1.7 Alcan Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – securities of issuer registered under section 12 of the 1934 Act – issuer not required to register under United States Investment Company Act of 1940 – relief granted from requirement to file annual and interim financial statements prepared in accordance with Canadian GAAP and audited in accordance with Canadian GAAS – relief conditional upon issuer preparing annual and interim financial statements in accordance with US GAAP and audited in accordance with US GAAS.

Applicable Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 80(b)(iii).

Applicable Ontario Regulations

R.R.O. 1990, Reg. 1015, as am., s. 2.

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
QUÉBEC, ONTARIO, ALBERTA, MANITOBA,
NOVA SCOTIA AND NEWFOUNDLAND AND
LABRADOR**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
ALCAN INC.**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Québec, Ontario, Alberta, Manitoba, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application from Alcan Inc. (the "Issuer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation (the "CD GAAP & GAAS Requirements") which require the Issuer:

- a) to file annual and interim financial statements prepared in accordance with the Canadian generally accepted accounting principles ("Canadian GAAP"); and
- b) to file annual financial statements with an auditor's report prepared in accordance with Canadian generally accepted auditing standards ("Canadian GAAS")

will not apply to the Issuer;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Agence nationale d'encadrement du secteur financier (also known as "Autorité des marchés financiers") is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions*;

AND WHEREAS the Issuer has represented to the Decision Makers that:

1. The head office of the Issuer is located in Montreal, Quebec.
2. The Issuer is a company incorporated under the laws of Canada.
3. The Issuer is a reporting issuer in all Provinces and Territories of Canada and is not in default of any requirement under the Legislation.
4. The common shares of the Issuer are listed on the New York Stock Exchange, the Toronto Stock Exchange, the London Stock Exchange, the SWX Swiss Exchange and the Euronext Paris stock exchange.
5. The common shares of the Issuer are registered under section 12 of the *Securities Act of 1934* (the "1934 Act"). The Issuer 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 (the "1940 Act").
6. The Issuer's year end for fiscal 2004 is December 31, 2004 and its first quarter for fiscal 2004 will end on March 31, 2004.
7. The Issuer is a "SEC issuer" according to the definition given to this term in National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* ("NI 52-107") published on January 16, 2004. NI 52-107 sets out the accounting principles that issuers and registrants may use to prepare their financial statements and the auditing standards that may be applied to audit those financial statements.
8. Under NI 52-107, SEC issuer may file financial statements prepared in accordance with 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 and S-B under the 1934 Act ("US GAAP") and audited in accordance with generally accepted auditing standards in the United States, as supplemented

by the SEC's rules on auditor independence ("US GAAS") if certain requirements are complied with.

statement required to be filed under the Legislation, provided that:

9. The Issuer currently prepares its annual and interim financial statements in accordance with Canadian GAAP. The annual financial statements of the Issuer are currently audited in accordance with Canadian GAAS and US GAAS.
10. The Issuer has, since 1975, produced and filed with the securities regulatory authorities in each of the Jurisdictions and with the SEC, interim and annual financial statements prepared in accordance with Canadian GAAP, with reconciliation to US GAAP.
11. The Issuer proposes to file interim and annual financial statements prepared in accordance with US GAAP and, in the case of annual statements, audited in accordance with US GAAS, to satisfy its continuous disclosure requirements with respect to financial statements in each of the Jurisdictions.
12. The Issuer will continue to comply with the requirements of its jurisdiction of incorporation (Canada) as they relate to the preparation and audit of annual financial statements in accordance with Canadian GAAP and Canadian GAAS, respectively (and the delivery thereof), which requirements are prescribed by the *Canada Business Corporations Act*.
13. The Issuer is satisfied that it has obtained and that it applies the necessary level of expertise in US GAAP to support the preparation of its interim and annual financial statements under US GAAP.
14. The Issuer's audit committee has access to the necessary expertise in relation to US GAAP and management has put in place systems to ensure that the appropriate levels and numbers of staff have and will maintain the level of expertise in US GAAP necessary to prepare reliable, high-quality financial statements.
15. The Issuer's audit committee is satisfied as to the adequacy of the expertise of the audit engagement team and the audit firm in relation to the application of US GAAP and US GAAS.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decisions");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Makers with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that the CD GAAP & GAAS Requirements will not apply to the Issuer's annual and interim financial

- a) the Issuer has a class of securities registered under section 12 of 1934 Act and the Issuer is not registered or required to be registered under the 1940 Act;
- b) the Issuer's annual and interim financial statements that are required to be filed under the Legislation are prepared in accordance with US GAAP and, in the case of annual financial statements, audited in accordance with US GAAS;
- c) the notes to the first two sets of the Issuer's annual comparative financial statements filed after the date of this Decision and the notes to the interim financial statements for interim periods during those two years:
 - (i) explain the material differences between Canadian GAAP and US GAAP that relate to recognition, measurement and presentation;
 - (ii) quantify the effect of material differences between Canadian GAAP and US 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, and
 - (iii) provide disclosure consistent with disclosure requirements of Canadian GAAP to the extent not already reflected in the financial statements;
- d) any comparative financial information contained in the financial statements referred to in paragraph (c) above, are presented in accordance with US GAAP and supported by an accompanying note that:
 - (i) explains the material differences between Canadian GAAP and US GAAP that relate to the recognition, measurement and presentation; and
 - (ii) quantifies the effect of material differences between Canadian GAAP and US 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 and net income as restated and presented in accordance with US GAAP;
- e) the notes to the Issuer's financial statements identify the accounting principles used to prepare the financial statements;
- f) the Issuer files a supplement to the Management Discussion and Analysis ("MD&A") relating to each of the financial statements referred to in paragraph (c) above that will restate, based on financial information of the Issuer prepared in accordance with or reconciled to Canadian GAAP, those parts of the MD&A that:
- (i) are based on financial statements of the Issuer prepared in accordance with US GAAP, and
 - (ii) would contain material differences if they were based on financial statements of the Issuer prepared in accordance with Canadian GAAP;
- g) the Issuer uses US GAAP generally on a going-forward basis for all of its financial statements filed under its continuous disclosure requirements in the Jurisdictions;
- h) the Issuer files an auditor's report on the annual financial statements filed under paragraph (c) above that is prepared in accordance with US GAAS and it:
- (i) contains an unqualified opinion;
 - (ii) identifies all financial periods presented for which the auditor has issued an auditor's report; if the Issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by a different auditor's report must refer to any former auditor's report(s) on the comparative periods; and
 - (iii) identifies the accounting standards used to conduct the
- audit and the accounting principles used to prepare the financial statements; and
- i) this Decision, as it relates to the Jurisdiction of a Decision Maker, will terminate upon the coming into force of any legislation or rule of that Decision Maker dealing with acceptable accounting principles and auditing standards that conflicts with any provision of this Decision (other than the implementation in each of the Jurisdictions of National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*).

March 24, 2004.

"Daniel Laurion"

**2.1.8 Nanogen, Inc. and SynX Pharma Inc.
- MRRS Decision**

Headnote

Mutual Reliance Review System for Exemptive Relief Application - relief granted from the requirement to reconcile to Canadian GAAP certain financial statements included in an information circular that were prepared in accordance with U.S. GAAP.

Ontario Rule Cited

OSC Rule 54-501 - Prospectus Disclosure, s. 3.1.

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, ALBERTA, BRITISH COLUMBIA,
NEWFOUNDLAND AND LABRADOR, QUÉBEC AND
SASKATCHEWAN**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
NANOGEN, INC.
AND
SYNX PHARMA INC.**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the Decision Makers") in each of Ontario, Alberta, British Columbia, Newfoundland and Labrador, Québec and Saskatchewan (the "Jurisdictions") has received an application from Nanogen, Inc. ("Nanogen") and SynX Pharma Inc. ("SynX") (collectively the "Applicants") for a decision (the "Decision") under the securities legislation of the Jurisdictions (the "Legislation") that the Applicants be exempt from the following requirements in the management information circular (the "Circular") to be sent to SynX shareholders:

- (a) the requirement that historical and *pro forma* financial statements of Nanogen prepared in accordance with United States ("US") generally accepted accounting principles ("US GAAP") be accompanied by a note to explain and quantify the effect of material differences between Canadian generally accepted accounting principles ("Canadian GAAP") and US GAAP that relate to measurements and provide a reconciliation of such financial statements to Canadian GAAP;

(b) the requirement that the Nanogen auditor's report disclose any material differences in the form and content of its auditor's report as compared to a Canadian auditor's report and confirming that the auditing standards applied are substantially equivalent to Canadian generally accepted auditing standards; and

(c) the requirement that Nanogen's management's discussion and analysis (the "Nanogen MD&A") provide a restatement of those parts of the Nanogen MD&A that would read differently if the Nanogen MD&A were based on statements prepared in accordance with Canadian GAAP and the requirement that the Nanogen MD&A provide a cross-reference to the notes in the financial statements that reconcile the differences between US GAAP and Canadian GAAP.

(collectively, the "GAAP Reconciliation Requirements")

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions or in Québec Commission Notice 14-101;

AND WHEREAS the Applicants have represented to the Decision Makers that:

1. Pursuant to a combination agreement dated February 9, 2004 between Nanogen and SynX, Nanogen intends to acquire all of the outstanding common shares of SynX (the "SynX Common Shares") and all of the outstanding subordinated secured debentures (the "SynX Debentures") in a transaction (the "Transaction") to be effected pursuant to a plan of arrangement (the "Arrangement"). The Arrangement will be carried out under section 182 of the *Business Corporations Act* (Ontario) (the "OBCA").
2. SynX is a company incorporated under the OBCA and is a reporting issuer in Alberta, British Columbia and Ontario. The SynX Common Shares are listed on the Toronto Stock Exchange (the "TSX"), under the symbol "SYX". SynX is not in default of any of the requirements of the securities legislation in any of the Jurisdictions.
3. Nanogen is a Delaware company based in California, the common stock of which is listed for trading on the Nasdaq National Market

("Nasdaq"), under the symbol "NGEN". Nanogen is currently subject to the *United States Securities Exchange Act of 1934*, as amended.

4. SynX's authorized share capital consists of an unlimited number of SynX Common Shares and unlimited number of non-voting preference shares, issuable in series. As of February 9, 2004, the issued and outstanding share capital of SynX consisted of 10,267,389 SynX Common Shares and no preference shares. As of February 9, 2004, 1,958,168 options to purchase SynX Common Shares (the "SynX Options"), 1,725,000 warrants to purchase SynX Common Shares (the "SynX Warrants"), SynX Debentures in the aggregate principal amount of \$3,450,000 and no other securities of SynX were issued and outstanding.
5. The effect of the Arrangement will be to provide holders of SynX Common Shares (except dissenting shareholders) and holders of SynX Debentures with shares of Nanogen common stock ("Nanogen Common Shares"). Upon completion of the Transaction, Nanogen will own all of the SynX Common Shares and the SynX Debentures.
6. The exchange ratio will be determined by dividing the United States dollar equivalent of \$16,287,500 by the product of Full Share Equivalents (as defined below) multiplied by the average closing price for a Nanogen Common Share on the Nasdaq Stock Market for the fifteen trading days ending on the trading day that is three days prior to the effective date of the Arrangement (the "Exchange Ratio").
7. Under the Combination Agreement, Full Share Equivalents is defined to include SynX Common Shares and also takes into account the value of SynX Options and SynX Warrants that are in the money (i.e. with an exercise price of less than \$1.45). Full Share Equivalents is defined as the sum, without duplication, of (A) the aggregate number of SynX Common Shares that are issued and outstanding immediately prior to the effective time of the Arrangement (the "Effective Time"); (B) the aggregate number of SynX Common Shares that are issuable upon the exercise of the SynX Options with a per share exercise price less than \$1.45 that are issued and outstanding immediately prior to the Effective Time (whether or not then vested or exercisable) less the number of shares equal to the quotient determined by dividing (I) the sum of the products of (a) the number of shares exercisable under each SynX Option with a per share exercise price less than \$1.45 and (b) the corresponding exercise price applicable to each SynX Option with a per share exercise price less than \$1.45 by (II) \$1.45; and (C) the aggregate number of SynX Common Shares issuable upon the exercise of SynX Warrants or other direct or

indirect rights to acquire SynX Common Shares that are issued and outstanding immediately prior to the Effective Time (whether or not then vested or exercisable) less the number of shares equal to the quotient determined by dividing (I) the product of (a) the number of shares exercisable under each SynX Warrant with a per share exercise price less than \$1.45 and (b) the corresponding exercise price applicable to each SynX Warrant with a per share exercise price less than \$1.45 by (II) \$1.45.

8. Subject to the terms of an interim order (the "Interim Order") to be sought from the Ontario Superior Court of Justice (the "Court"), it is anticipated that the required approval for the Arrangement will be (i) not less than 66 2/3% of the votes cast in person or by proxy by the SynX Shareholders, and (ii) SynX Debentureholders holding more than 80% of the unpaid principal amount of the then outstanding SynX Debentures, in each case, voting separately as a class at the joint meeting of SynX Shareholders and SynX Debentureholders (the "Meeting") called to consider the Arrangement.
9. Under the Arrangement, each SynX Option will represent an option to purchase the number of Nanogen Common Shares determined by multiplying the number of SynX Common Shares subject to such SynX Option by the Exchange Ratio, subject to rounding. The exercise price of the SynX Option will be determined by dividing the exercise price per SynX Common Share of the SynX Option immediately prior to the Effective Time by the Exchange Ratio, subject to rounding, expressed in US dollars.
10. Under the Arrangement, each SynX Warrant will represent a warrant to purchase the number of Nanogen Common Shares determined by multiplying the number of SynX Common Shares subject to such SynX Warrant by the Exchange Ratio, subject to rounding. The exercise price of the SynX Warrant will be determined by dividing the exercise price per SynX Common Share of the SynX Warrant immediately prior to the Effective Time by the Exchange Ratio, subject to rounding, expressed in US dollars.
11. In connection with the Meeting, SynX will mail to each holder of SynX Common Shares and to each holder of SynX Debentures (i) a notice of special meeting, (ii) a form of proxy, (iii) the Circular, and (iv) a letter of transmittal by which SynX Shareholders exchange their SynX Common Shares. It is anticipated that the Circular will be mailed in early March 2004. The Circular will be prepared in accordance with Rule 54-501, except with respect to any relief granted in this decision document, and will contain disclosure of the Transaction and the business and affairs of each of Nanogen and SynX.

12. The Meeting is anticipated to be held on April 5, 2004, at which SynX will, among other things, seek the requisite SynX Shareholder and SynX Debentureholder approval of the Arrangement.
13. The Circular will contain the following financial statements:
 - (a) unaudited *pro forma* combined balance sheet of Nanogen as of September 30, 2003 and unaudited *pro forma* combined statements of operations for the year ended December 31, 2002 and for the nine months ended September 30, 2003 and the compilation reports thereon, all in accordance with US GAAP;
 - (b) audited annual financial statements of Nanogen for each of the three fiscal years ended December 31, 2000, December 31, 2001 and December 31, 2002, together with balance sheets as at the end of such periods and the auditor's reports thereon, and unaudited interim financial statements for the nine months ended September 30, 2003 all in accordance with US GAAP;
 - (c) audited annual financial statements of SynX for the fiscal years ended December 31, 2000 and December 31, 2001, and December 31, 2002, together with balance sheets as at the end of such periods and the auditor's reports thereon, and unaudited interim financial statements for the period ended September 30, 2003 all in accordance with Canadian GAAP and section 6.1(4) of National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*, and with a reconciliation to US GAAP; and
 - (d) if the Circular is mailed after March 30, 2004, audited annual financial statements of Nanogen for the fiscal year ended December 31, 2003.
14. It is expected that the SynX Common Shares will be delisted from the TSX on or after the completion of the Arrangement.
15. Nanogen will apply to Nasdaq to list the Nanogen Common Shares to be issued pursuant to the Arrangement and issuable upon exercise of the SynX Options and SynX Warrants.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of the Decision Makers; (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that

provides the Decision Makers with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that the GAAP Reconciliation Requirements shall not apply to the Applicants in connection with the disclosure relating to Nanogen in the Circular.

March 26, 2004.

"John Hughes"

2.1.9 Cartier Mutual Funds Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Extension of lapse date for mutual fund prospectus to allow new management additional time to review business and affairs of the Funds further to a change of control of the Manager of the Funds.

Statutes Cited

Securities Act, R.S.O. 1990 c. S.5, as amended, ss. 62(1), 62(2) and 62(5).

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUEBEC, NEW BRUNSWICK,
NOVA SCOTIA AND PRINCE EDWARD ISLAND**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
CARTIER MUTUAL FUNDS INC.
AND
CARTIER MONEY MARKET FUND, CARTIER BOND
FUND, CARTIER CDN. EQUITY FUND, CARTIER SMALL
CAP CDN. EQUITY FUND, CARTIER U.S. EQUITY
FUND, CARTIER GLOBAL EQUITY FUND, CARTIER
GLOBAL LEADERS RSP FUND AND CARTIER
MULTIMANAGEMENT PORTFOLIO
(collectively, the “Funds”)**

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the “Decision Maker”) in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island (the “Jurisdictions”) has received an application (the “Application”) from Cartier Mutual Funds Inc. (the “Manager”) and the Funds for a decision pursuant to the securities legislation of the Jurisdictions (the “Legislation”) that the lapse date for the renewal of the simplified prospectus and annual information form of the Funds dated March 5, 2003 (the “Prospectus”) be extended to those time limits that would be applicable if the lapse date of the Prospectus was April 5, 2004.

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the Autorité de marchés financiers du Québec is the principal regulator for this application;

AND WHEREAS it has been represented by the Manager to the Decision Makers that:

- (a) The Manager is a corporation established under the laws of Canada and is the manager of the Funds.
- (b) The Funds are open-ended investment trusts established under the laws of Quebec.
- (c) The Funds are currently qualified for distribution in all of the provinces and territories of Canada under the simplified prospectus of the Funds dated March 5, 2003, as amended (the “Prospectus”).
- (d) The Funds have filed a pro forma simplified prospectus and annual information form on February 4, 2004 (the “Pro Forma Prospectus”) under SEDAR Project #610800.
- (e) In each province in Canada other than New Brunswick, provided the Pro Forma Prospectus is filed 30 days prior to March 5, 2004, final versions of the Prospectus are filed by March 15, 2004, and a final receipt for the Prospectus is issued by the securities regulatory authorities by March 25, 2004, the units of the Funds may be distributed continuously without interruption throughout this prospectus renewal period.
- (f) In New Brunswick, an exemption order dated March 10, 2004 was obtained to extend the expiry date of the certificate for the Prospectus to March 25, 2004.
- (g) The Funds are reporting issuers under the Legislation. None of the Funds is in default of any of the requirements of the Legislation.
- (h) On December 30, 2003, Dundee Wealth Management Inc. (“DWMI”) indirectly acquired control of the Manager.
- (i) As a result of this acquisition, DWMI has decided to merge the back office of Goodman & Company Investment Counsel Ltd. (formerly, Dynamic Mutual Funds Ltd.) (“Goodman”) with the back office of the Manager.
- (j) As stated in the cover letter to the Pro Forma Prospectus filing, many of the changes in the Pro Forma Prospectus are a result of the continuing harmonization of the back offices of Goodman and the Manager.
- (k) Effective the date of this application, the Manager has been informed that the third-party administrator to its back office,

may require an additional 6 weeks to complete its testing of the changes to be made to the Manager's back office.

- (l) The changes to the Manager's back office include items such as changes to the redemption charge schedules of the Funds, which, if not made correctly, could adversely affect the accuracy of unitholder accounts and thereby have a detrimental impact upon unitholders of the Funds.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers are satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the time limits provided by Legislation as they apply to a distribution of securities under a prospectus are hereby extended to the time limits that would be applicable if the lapse date for the distribution of securities under the Prospectus of the Funds was April 5, 2004 and that the offering of securities of the Funds may continue provided a final simplified prospectus and annual information form is filed no later than 10 days after April 5, 2004 and receipts for the simplified prospectus and annual information form are obtained no later than 20 days after April 5, 2004.

March 15, 2004.

"Daniel Laurion"

2.1.10 National Bank Securities Inc. - MRRS Decision

Headnote

Mutual Reliance Review System – Mortgage mutual fund approval to change in the fund's method of acquisition of mortgages from the lender's rate to the modified lender's rate.

Rules & Policies Cited

National Policy Statement No. 29.

March 18, 2004

National Bank Securities Inc.

Attention : Frédéric Bombardier

**Re : National Bank Securities Inc.
National Bank Mortgage Fund (the "Fund")
MRRS application for approval of the change
in the method of acquisition of mortgages for
the Fund pursuant to Part III of National Policy
29 ("National Policy 29")**

By letter dated February 25, 2004, (the "Application"), you requested, on behalf of the Fund, the approval of the regulator or regulatory authority in each of the provinces and territories of Canada (the "Decision Makers"), pursuant to part III of National Policy 29, to permit a change in the Fund's method of acquisition of mortgages from National Bank of Canada by using in future the modified lender's rate rather than the lender's rate (the "Change") as such terms are defined under part III of National Policy 29.

This letter confirms that based on the information and representations contained in the Application and for the purposes described in the Application, the Decision Makers hereby approve the Change.

"Daniel Laurion"

**2.1.11 Polar Hedge Enhanced Income Trust
- MRRS Decision**

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - issuer deemed to be no longer a reporting issuer under securities legislation (for MRRS Decisions).

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 83.

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, SASKATCHEWAN, ONTARIO,
QUÉBEC, NOVA SCOTIA AND NEWFOUNDLAND
AND LABRADOR**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
POLAR HEDGE ENHANCED INCOME TRUST**

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Ontario, Québec, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application from Polar Hedge Enhanced Income Trust ("Polar") for a decision under the securities legislation of the Jurisdictions (the "Legislation") deeming Polar to have ceased to be a reporting issuer in the Jurisdictions;

2. AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;

3. AND WHEREAS unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions;

4. AND WHEREAS Polar has represented to the Decision Makers that:

4.1 Polar is a closed-end investment trust established under the laws of Ontario pursuant to a Declaration of Trust dated April 18, 1997, as amended (the "Trust Indenture");

4.2 Polar is authorized to issue an unlimited number of trust units ("Trust Units")

pursuant to its Trust Indenture, of which there are currently 761,218 Trust Units issued and outstanding;

4.3 Polar is a reporting issuer in each of the Jurisdictions;

4.4 Other than failing to file financial statements subsequent to the closing of the offer to purchase described herein for the third quarter ending September 30, 2003, Polar is not in default of any of its obligations as a reporting issuer under the Legislation;

4.5 Pursuant to an offer to purchase dated August 19, 2003, as amended on September 24, 2003 and a subsequent compulsory acquisition under the provisions of the Trust Indenture, Genesis Land Development Corp. ("Genesis") became the holder of all of the issued and outstanding Trust Units;

4.6 Genesis is the sole registered security holder of Polar and there are no securities, including public debt obligations, currently issued and outstanding other than the Trust Units;

4.7 The Toronto Stock Exchange has effective October 15, 2003 delisted the Trust Units from trading and there are no securities of Polar listed on any stock exchange or traded over the counter in Canada or elsewhere; and

4.8 Polar does not intend to seek public financing by way of an offering of securities.

5. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

6. AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

7. THE DECISION of the Decision Makers under the Legislation is that Polar is deemed to no longer be a reporting issuer under the Legislation.

March 24, 2004.

"Patricia M. Johnston"

2.1.12 Arcis Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer deemed to have ceased to be a reporting issuer.

Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 83.

March 24, 2004

Bennett Jones LLP

4500 Bankers Hall East
855 - 2nd Street S. W.
Calgary, AB T2P 4K7

Attention: David W. Dorrans

Dear Sir:

Re: Arcis Corporation (the "Applicant") - Application to Cease to be a Reporting Issuer under the securities legislation of – Alberta, Saskatchewan, Manitoba and Ontario (the "Jurisdictions")

The Applicant has applied to the local securities regulatory authority or regulator (Decision Maker) in each of the Jurisdictions for a decision under the securities legislation (Legislation) of the Jurisdictions to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that,

1. the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;
2. no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;
3. the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and
4. the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer in the Jurisdictions,

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is deemed to have ceased to be a reporting issuer in the Jurisdictions.

"Patricia M. Johnston"

2.1.13 Norrep Fund and Norrep II Fund Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Application for an extension of lapse date for a mutual fund prospectus for a specified period of time.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s. 62(5).

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, BRITISH COLUMBIA, SASKATCHEWAN,
MANITOBA AND ONTARIO**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
NORREP FUND AND
NORREP II FUND INC.
(COLLECTIVELY, THE "FUNDS")**

MRRS DECISION DOCUMENT

1. WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Manitoba and Ontario (the "Jurisdictions") has received an application (the "Application") from the Funds (the "Applicant"), for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the lapse date for the renewal of the simplified prospectus and annual information form of the Funds dated February 24, 2003 (the "Renewal Prospectus") be extended to the time periods that would be applicable if the lapse date of the Renewal Prospectus was March 25, 2004.
2. AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this Application;
3. AND WHEREAS it was represented by the Applicant to the Commission that:
 - 3.1 Norrep Fund ("Norrep") is an open-ended mutual fund which was established by way of a Trust Agreement dated June 3, 1997, as amended, under the laws of Alberta and has Computershare Trust Company of Canada as trustee.

3.2 Norrep II ("Norrep II") is an open-ended mutual fund corporation incorporated pursuant to the *Business Corporations Act* (Alberta) on August 30, 2001.

3.3 Norrep Inc., (the "**Manager**") a corporation having an office in Calgary, Alberta, and is the manager of the Funds.

3.4 The Funds are each a reporting issuer in each of the Jurisdictions.

3.5 Units of Norrep ("**Units**") and mutual fund shares of Norrep II ("**Shares**") are currently qualified for distribution in each of the Jurisdictions pursuant to a simplified prospectus and annual information form dated February 24, 2003 (the "**Current Prospectus**"). The MRRS decision document evidencing final receipts of the securities regulatory authorities in each of the Jurisdictions in respect of the Current Prospectus was issued on February 24, 2003. The lapse date under the legislation of the Jurisdictions (the "**Legislation**") for distribution of Units and Shares under the Current Prospectus is February 24, 2004.

3.6 There have been no material changes in the affairs of the Funds since the date of the Current Prospectus.

3.7 The Manager has decided to establish a new Fund ("**New Fund**") prior to February 29, 2004. Accordingly, the Manager would like to qualify the New Fund in each of the Jurisdictions by including the New Fund in the final renewal prospectus and annual information form (the "**Renewal Prospectus**") of the Funds to avoid having two sets of disclosure documents or alternatively filing a preliminary and amended and restated simplified prospectus and annual information form to incorporate the New Fund and the Funds in one document, paying the costs of preparing, printing and distributing the prospectuses twice.

4. AND WHEREAS pursuant to the System, this Decision Document evidences the decision of each Decision Maker (collectively, the "Decision").

5. AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the time limits provided by the Legislation as they apply to the distribution of securities

under a prospectus are hereby extended to the time periods that would be applicable if the lapse date for the distribution of securities under the Renewal Prospectus of the Funds was March 25, 2004, provided:

- (i) the Renewal Prospectus of the Funds is filed in Final form no later than April 4, 2004, and
- (ii) a final receipt is issued for the Renewal Prospectus no later than April 14, 2004.

February 13, 2004.

"Mavis Legg"

2.2 Orders

2.2.1 CINAR Corporation - s. 144

Headnote

Section 144 – conditional revocation of cease trade order to be effective only if issuer completes an arrangement under section 192 of the CBCA.

Applicable Ontario Statutory Provision

Securities Act, R.S.O., c. S.5, as am., ss. 127 and 144.

**IN THE MATTER OF
THE SECURITIES ACT, R.S.O. 1990, C. S.5,
AS AMENDED (the ACT)**

AND

**IN THE MATTER OF
CINAR CORPORATION**

**ORDER
(Section 144)**

WHEREAS the securities of CINAR Corporation (**CINAR**) are subject to a temporary order issued by the Director, Corporate Finance on behalf of the Ontario Securities Commission (the **Commission**) pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, dated June 20, 2000 and as extended by a further order issued by the Director, Corporate Finance dated June 30, 2000 pursuant to subsection 127(8) of the Act (collectively referred to as the **Cease Trade Order**) directing that all trading in the securities of CINAR cease until the Cease Trade Order is revoked by a further order of revocation;

AND WHEREAS CINAR has applied to the Commission pursuant to section 144 of the Act (the **Application**) for a revocation of the Cease Trade Order;

AND UPON CINAR having represented to the Commission as follows:

1. CINAR is a corporation incorporated under the Canada Business Corporation Act (the **CBCA**) and a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (the **Reporting Jurisdictions**). CINAR is not a reporting issuer in any Canadian Jurisdiction other than the Reporting Jurisdictions. CINAR's head office is located at 1055 René-Lévesque Blvd East, Montreal, Québec.
2. CINAR is an integrated entertainment and education company that develops, produces, markets and distributes high-quality, non-violent programming and supplemental education products for children, families and educators world-wide.

3. The authorized share capital of CINAR consists of an unlimited number of Variable Multiple Voting Shares (the **Multiple Voting Shares**), an unlimited number of Limited Voting Shares (the **Limited Voting Shares**) and an unlimited number of Preferred Shares, of which 5,233,402 Multiple Voting Shares and 34,735,998 Limited Voting Shares and no Preferred Shares were issued and outstanding as of January 14, 2004, (such outstanding shares collectively referred to as the **CINAR Shares**).
4. The CINAR Shares were listed on the Toronto Stock Exchange (**TSX**) and quoted on the Nasdaq National Market (**Nasdaq**). The TSX and Nasdaq halted trading in the CINAR Shares in March 2000. As at the close of business on August 30, 2001, the TSX de-listed the CINAR Shares as a result of CINAR's failure to meet its listing requirements. Nasdaq also de-listed the CINAR Shares effective on August 2, 2000.
5. In the United States, the CINAR Shares trade only on the over-the-counter Pink Sheets Market. No securities of CINAR are traded on a marketplace (as defined in National Instrument 21-101 *Marketplace Operation*) in Canada.
6. The Cease Trade Order was issued due to the failure of CINAR to file current financial statements under Part XVIII of the Act.
7. Securities of CINAR are currently also subject to cease trade orders issued by the securities regulatory authorities in the provinces of Quebec, Manitoba, Saskatchewan, Alberta and British Columbia. Applications have been made to each of these securities regulatory authorities for the revocation of such cease trade orders.
8. CINAR remains in default of certain continuous disclosure obligations under Ontario securities law in addition to the failure to file comparative audited annual financial statements for the financial years ended November 30, 1999 and November 30, 2000. Specifically, pursuant to Ontario Securities Commission Rule 51-501, CINAR is required to send its annual MD&A (as such term is defined in such Rule) to all its securityholders to whom it sends its annual audited financial statements and is required to file interim MD&A concurrently with the filing of its interim financial statements and to send interim MD&A to all its securityholders to whom it sends its interim financial statements. Such annual MD&A must be prepared in accordance with Form 44-101F2 as prescribed by National Instrument 44-101. The MD&A included in CINAR's annual report for the fiscal year ended November 30, 2002 does not comply with the requirements of Form 44-101F2. CINAR has not filed or sent to its securityholders interim MD&A since Ontario Securities Commission Rule 51-501 came into force on January 1, 2001. Furthermore,

CINAR has not filed an Annual Information Form for the fiscal years ended November 30, 2002 and November 30, 2001.

9. On October 30, 2003, CINAR and 4113683 Canada Inc. (**Newco**) entered into an agreement (the **Arrangement Agreement**) setting out the terms of an arrangement (the **Arrangement**) pursuant to section 192 of the CBCA involving the purchase by Newco of all of the issued and outstanding shares of CINAR followed by the amalgamation of Newco and CINAR subject to receiving all required approvals and the satisfaction of certain other conditions. Newco is a private company beneficially owned by a small group of investors including Michael Hirsh, Toper Taylor and TD Capital Canadian Private Equity Partners Fund.
10. On January 9, 2004, the Commission made an order (the **Partial Revocation Order**) pursuant to section 144 of the Act varying the Cease Trade Order to permit the trades of CINAR Shares that would occur as part of the Arrangement. The securities regulatory authorities in each of Quebec, Manitoba, Alberta, Saskatchewan and British Columbia also partially revoked the cease trade orders they had made in respect of the CINAR Shares to permit the completion of the Arrangement.
11. On February 17, 2004, the Arrangement received the approval (by way of special resolutions) of the holders of each of the Multiple Voting Shares and the Limited Voting Shares, and on February 24, 2004 the Arrangement received final court approval (**Final Court Approval**).
12. On 12:01 a.m. on the date (expected to be on or about March 1, 2004), on which a Certificate of Arrangement is issued by the Director pursuant to section 192(7) of the CBCA giving effect to the Arrangement (the **Effective Time**) all of the CINAR Shares will be acquired by Newco, and Newco and CINAR will be amalgamated. The amalgamation will result in the cancellation of all of the CINAR Shares and the conversion of all of the common shares of Newco, all of which are held by 3918203 Canada Inc., into common shares of the amalgamated corporation (**Amalco**).
13. Following the completion of the Arrangement, all of the outstanding securities of Amalco will be beneficially owned by 3918203 Canada Inc. Immediately following the completion of the Arrangement, no securities of Amalco will be traded on a marketplace (as defined in National Instrument 21-101 *Marketplace Operation*).
14. Upon the completion of the Arrangement, Amalco will be a reporting issuer within the meaning set out in section 1(1) of the Act. CINAR has made an application (the **MRRS Application**) for an

order that Amalco be deemed to no longer be a reporting issuer in each province in which it becomes a reporting issuer with a view to obtaining such order as soon as practicable following the Effective Time. 3918203 Canada Inc. has undertaken, if the Arrangement is completed, to cause Amalco not to withdraw the MRRS Application and to diligently pursue an MRRS decision deeming Amalco to have ceased to be a reporting issuer as soon as practicable following the completion of the Arrangement based on the representations included in the MRRS Application and on the conditions set out in the draft decision document accompanying the MRRS Application (as supplemented by the written responses to the comments of the Securities Regulatory Authorities on the MRRS Application up to the date of the Final Court Approval) with no additional representations, conditions or requirements being added thereto.

15. Pursuant to section 186 of the CBCA and the terms of the Arrangement, an order against an amalgamating corporation may be enforced against the amalgamated corporation. Therefore, the Commission may have the power to enforce the Cease Trade Order to prevent trading in securities of Amalco.
16. The Partial Revocation Order varied the Cease Trade Order solely to permit trades in securities of CINAR that occurred as part of the Arrangement. A full revocation of the Cease Trade Order is required in order for 3918203 Canada Inc. to deal with its interest in Amalco including, without limitation, to use the shares of Amalco as security for loans obtained to finance the Arrangement.

AND UPON considering the Application and the recommendation of the staff of the Commission;

AND UPON the Director, Corporate Finance being satisfied that to do so would not be prejudicial to the public interest;

IT IS ORDERED pursuant to section 144 of the Act, that the Cease Trade Order will be revoked at the Effective Time.

February 24, 2004.

"Charlie MacCready"

2.2.2 Windsor Auto Trust - s. 6.1 of OSC Rule 13-502

Headnote

Calculation of participation fees payable by special purpose trust — only outstanding securities of the trust are asset backed securities in the form of “pass-through notes” and “pay-through notes” — only one holder of the pass-through notes and there is no intention to transfer such notes — order exempting trust from including pass-through notes when calculation of the capitalization of the trust.

Applicable Ontario Rules

Ontario Securities Commission Rule 13-502 Fees.

**IN THE MATTER OF
THE SECURITIES ACT R.S.O. 1990,
c. S.5, AS AMENDED (THE “ACT”)**

AND

**ONTARIO SECURITIES COMMISSION
RULE 13-502 FEES (“RULE 13-502”)**

AND

**IN THE MATTER OF
WINDSOR AUTO TRUST**

**ORDER
(Section 6.1 of Rule 13-502)**

WHEREAS the Ontario Securities Commission (the “Commission”) has received an application from Windsor Auto Trust (the “Trust”), pursuant to section 6.1 of Rule 13-502 *Fees*, for an order exempting, in part, the Trust from the requirement to pay participation fees calculated in the manner prescribed by Part 2 of Rule 13-502.

AND WHEREAS, unless otherwise defined, the terms herein have the meanings set out in National Instrument 14-101 *Definitions*;

AND WHEREAS the Trust has represented to the Commission that:

1. The Trust was established by The Canada Trust Company (“Canada Trust”), pursuant to an amended and restated declaration of trust made as of October 14, 2003, under the laws of the Province of Ontario. Canada Trust is the issuer trustee of the Trust.
2. The Trust is a special purpose trust whose business is specifically limited to, (a) purchasing or otherwise acquiring from time to time from DaimlerChrysler Services Canada Inc. (“DCSCI”) receivables arising under contracts for the purchase of automobiles and light-duty trucks (“Financed Vehicles”) sold by dealerships located within Canada that meet certain eligibility

requirements of DCSCI (“Receivables”), all related security, including the interest of DCSCI in the Financed Vehicles and all guarantees or other security interests or liens and property subject thereto from time to time, if any, purporting to secure payment of the Receivables (“Related Security”), all collections with respect thereto, and all proceeds of the foregoing (collectively, “Purchased Assets”), (b) holding, servicing, enforcing and disposing Purchased Assets, and (c) engaging in incidental or ancillary activities.

3. For each securitization transaction, a pool of Purchased Assets will be identified. Each purchase or other acquisition by the Trust from DCSCI of Purchased Assets will be funded wholly or partially with borrowed funds or by issuing securities, including asset-backed securities, pursuant to a trust indenture dated October 14, 2003 (the “Trust Indenture”), between the Trust and BNY Trust Company of Canada (the “Indenture Trustee”) and a supplement to the Trust Indenture that creates and issues one or more asset-backed securities of any series (collectively, the “Notes”).
4. On October 29, 2003, the Trust purchased from DCSCI a pool of Receivables, all Related Security and collections with respect thereto and all proceeds of the foregoing, pursuant to a receivables purchase agreement made as of October 29, 2003, between DCSCI, as seller, and the Trust, and funded that purchase through the issuance of \$150,000,000, 2.996% Auto Loan Receivables-Backed Class A-1 Pay-Through Notes, Series 2003-A (the “Class A-1 Pay-Through Notes”), \$250,000,000, 3.938% Auto Loan Receivables-Backed Class A-2 Pay-Through Notes, Series 2003-A (together with the Class A-1 Pay-Through Notes, the “Series 2003-A Pay-Through Notes”) and \$164,894,888, 3.593% Auto Loan Receivables-Backed Class A-3 Pass-Through Notes (the “Class A-3 Pass-Through Notes” and together with the Series 2003-A Pay-Through Notes, the “Series 2003-A Notes”), pursuant to the Trust Indenture and a supplement to the Trust Indenture made as of October 29, 2003, between the Trust and the Indenture Trustee.
5. The Series 2003-A Pay-Through Notes were distributed to the public pursuant to a short form prospectus dated October 22, 2003 filed with and receipted by the local securities regulatory authority or regulator in each of the provinces of Canada on October 23, 2003.
6. The Class A-3 Pass-Through Notes were distributed to Computershare Trust Company of Canada in its capacity as trustee of King Street Funding Trust (the “Purchaser”), pursuant to an exemption from the “registration requirement” and

the "prospectus requirement" of the *Securities Act* (Ontario).

7. The Series 2003-A Pay-Through Notes are monthly-pay amortizing notes. The Class A-3 Pass-Through Notes were issued to support the controlled amortization of the Series 2003-A Pay-Through Notes for the benefit of the holders of the Series 2003-A Pay-Through Notes.
8. The Trust currently has no securities issued and outstanding other than the Series 2003-A Notes. None of the Series 2003-A Notes is traded on, and there is no current intention to have any of the Series 2003-A Notes or the Notes of any other series traded on, any exchange or quotation system.
9. The Trust is a reporting issuer in, among other provinces, Ontario and is not in default of any of the requirements of the securities legislation of Ontario.
10. Pursuant to section 2.2 of Rule 13-502, a reporting issuer in Ontario must pay, for each of its financial years, the participation fee shown in Appendix A to Rule 13-502 that applies to the reporting issuer according to the capitalization of the reporting issuer, as determined as at the end of its previous financial year.
11. The Trust is a "Class 2 reporting issuer" within the meaning of Rule 13-502. The capitalization of the Trust for each of its financial years will include the Pass-Through Notes, unless this order is made.

AND UPON considering the application and the recommendation of staff;

IT IS ORDERED, pursuant to section 6.1 of Rule 13-502, that for purposes of calculating the capitalization of the Trust pursuant to Part 2 of Rule 13-502, the Class A-3 Pass-Through Notes shall not be included in any such calculation, provided that the Class A-3 Pass-Through Notes continue to be held by the Purchaser or any person or company over which the Purchaser provides, directly or indirectly, the principal direction or influence over the business and affairs of such person or company by virtue of being the Purchaser.

March 25, 2004.

"Erez Blumberger"

2.2.3 Buckingham Securities Corporation - s. 127

**IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, As Amended**

AND

**IN THE MATTER OF
BUCKINGHAM SECURITIES CORPORATION,
LLOYD BRUCE,
DAVID BROMBERG,
HAROLD SEIDEL,
RAMPART SECURITIES INC.,
W.D. LATIMER CO. LIMITED,
CANACCORD CAPITAL CORPORATION,
BMO NESBITT BURNS INC.,
BEAR, STEARNS & CO. INC.,
DUNDEE SECURITIES CORPORATION
CALDWELL SECURITIES LIMITED, AND
LAURENTIAN SECURITIES BANK**

**ORDER
(Section 127)**

WHEREAS on the 6th day of July, 2001, the Ontario Securities Commission (the "Commission") ordered, pursuant to clause 2 of subsection 127(1) of the *Securities Act*, R.S.O.1990, C.S.5, as amended (the "Act"), that trading in any securities by Buckingham Securities Corporation ("Buckingham"), Lloyd Bruce ("Bruce"), David Bromberg ("Bromberg") and Harold Seidel ("Seidel") cease;

AND WHEREAS the Commission further ordered that pursuant to clause 2 of subsection 127(1) of the Act that trading in securities by Rampart Securities Inc., W.D. Latimer Co. Limited ("Latimer") Canaccord Capital Corporation, BMO Nesbitt Burns Inc., Bear Stearns & Co. Inc., Dundee Securities Corporation, Caldwell Securities Limited and B2B Trust (collectively, referred to as the "Brokers") cease, on the term that trading cease by the Brokers only in respect of securities held in an account or accounts in the name of Buckingham with each of the Brokers (collectively referred to in this paragraph and the aforementioned paragraphs as the "Temporary Order")

AND WHEREAS on July 20, 2001, the Commission varied the provisions of the Temporary Order so as to substitute the name Laurentian Bank Securities for B2B Trust, and extend the term of the Temporary Order (collectively, the "Extension Order");

AND WHEREAS the Commission has been advised that the application by the Commission (through its Staff) to the Ontario Superior Court of Justice for the appointment of BDO Dunwoody Limited as Receiver and Manager of the property, assets and undertaking of Buckingham was granted on July 26, 2001 pursuant to an order of the Ontario Superior Court of Justice ("the Appointment Order");

AND WHEREAS pursuant to the Appointment Order, the Receiver has the power to take possession and control of the securities held in any account in the name of Buckingham, and complete a sale thereof;

AND WHEREAS pursuant to an order dated February 27, 2004 the Ontario Superior Court of Justice has authorized and directed the Receiver to enter into an agreement with Latimer for the purpose of liquidating the securities held by the Receiver;

AND WHEREAS the Commission considers it to be in the public interest to make this Order;

IT IS HEREBY ORDERED pursuant to section 144(1) of the Act that the Temporary Order made by the Commission on July 6, 2001, as varied and extended by the Extension Order, shall cease to apply only as against the Brokers and the Receiver, effective immediately, to the extent necessary to permit trading to be conducted by, on behalf of or with the consent of the Receiver, in any securities held in an account or accounts in the name of Buckingham.

March 30, 2004.

"Paul M. Moore"

"Paul K. Bates"

2.2.4 Guinor Gold Corporation - cl. 104(2)(c) and ss. 74(1)

Headnote

Securities exchange take-over bid made in Ontario - Bid made in accordance with the laws of Norway - *De minimis* exemption unavailable because Norway is not a jurisdiction recognized for the purposes of clause 93(1)(e) of the Securities Act (Ontario). Transaction is, in substance, a continuance of a foreign company into Canada. Bid exempted from the requirements of Part XX, subject to certain conditions. Relief from the seasoning period hold also granted. Absent such relief *de minimis* shareholders in Ontario will lose their liquidity.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 53, 93(1)(e), 95-100 and 104(2)(c).

Recognition Orders Cited

In the Matter of the Recognition of Certain Jurisdictions Recognition Order (Clauses 93(1)(e) and 93(3)(h) of Act) (1997), 20 OSCB 1035.

Multilateral Instruments Cited

Multilateral Instrument 45-102 Resale of Securities 24 OSCB 7029.

IN THE MATTER OF THE SECURITIES ACT, R.S.O. 1990, CHAPTER S.5, AS AMENDED (the "Act")

AND

IN THE MATTER OF GUINOR GOLD CORPORATION

ORDER (Clause 104(2)(c) and subsection 74(1) of the Act)

UPON the application of Guinor Gold Corporation (the "Corporation") to the Ontario Securities Commission (the "Commission") for an order pursuant to clause 104(2)(c) of the Act exempting the Corporation from the requirements of sections 95 to 100 of the Act (the "Take-over Bid Requirements") in respect of the offer (the "Offer") by the Corporation to acquire all of the outstanding shares of Kenor ASA ("Kenor") and for a ruling pursuant to subsection 74(1) of the Act that the first trade in common shares of the Corporation (the "Guinor Shares") received by shareholders of Kenor resident in Ontario pursuant to the Offer shall not be subject to section 53 of the Act, subject to certain conditions;

AND UPON considering the application and the recommendation of the staff of the Commission;

AND UPON the Corporation having represented to the Commission as follows:

1. The Corporation was incorporated under the *Business Corporations Act* (Yukon) on February 12, 2004. The Corporation is not a reporting issuer in any province or territory of Canada.
2. As at the date hereof, the Corporation has 1 common share outstanding (held by Kenor) and no material assets.
3. The Corporation was created to carry out the re-domiciliation of Kenor to Canada by making a securities exchange take-over bid for all of the outstanding shares of Kenor, such that upon completion of the bid, Kenor will become a wholly-owned subsidiary of the Corporation.
4. The board of directors of the Corporation and of Kenor are identical. The officers of the Corporation and of Kenor consist of the same individuals, although certain titles have been modified.
5. Kenor is organized under the laws of Norway and was founded in 1983. Kenor is not a reporting issuer in any province or territory of Canada.
6. Kenor is a fully integrated mining company and independent gold producer. Kenor's main asset is its indirect 85% ownership interest in the Léro/Karta and Fayalala gold mines within the Dinguiraye Concession in the Republic of Guinea.
7. Since 1994, the common shares of Kenor (the "Kenor Shares") have been listed on the Oslo Stock Exchange (the "OSX"). As of March 15, 2004, Kenor had approximately 142,544,729 shares outstanding and market capitalization of approximately Cdn.\$152.4 million (using the closing price of the Kenor Shares on the OSX on March 15, 2004 of NOK5.60 (Cdn.\$1.07)).
8. As of March 15, 2004, approximately 42% of the Kenor Shares were held by residents of the United States and approximately 28% of the Kenor Shares were held by residents of Norway. The balance is held by residents of a variety of jurisdictions world-wide (including in Ontario).
9. In November, 2003, after consultation with its Norwegian legal and tax advisors, and its Canadian legal advisors, the board of directors of Kenor resolved to re-domicile the company to a North American jurisdiction so as to better position it to access the North American capital markets required for its continued growth.
10. Norwegian corporate law applicable to Kenor does not permit the continuance or "export" of a company governed thereby to any other jurisdiction. After a review of the legal alternatives and tax implications, it was determined by the board of directors of Kenor that the corporate domicile of Kenor would be changed through the completion of a securities exchange take-over bid of Kenor by a newly incorporated Canadian corporation.
11. The Offer has been made to all shareholders of Kenor (except where prohibited by law) pursuant to an offering document prepared in accordance with Norwegian law and the rules of the OSX (the "Offering Document"). The Offering Document also contains financial statements of Kenor prepared in accordance with International Financial Reporting Standards ("IFRS"), and disclosure with respect to Kenor's material mining properties similar to that required in a long-form prospectus under Commission Rule 41-501.
12. The consideration under the Offer is 1 Guinor Share for each 1 Kenor Share tendered to the Offer or, in the case of shareholders holding less than 2000 Kenor Shares, NOK 5.60 (CDN \$1.07) per Kenor Share (as permitted under Norwegian law).
13. The Offer is open for 20 business days commencing on February 27, 2004 such that the Offer is open for acceptance until March 26, 2004 (unless extended).
14. The Offer is subject to two principal conditions: (1) that the Guinor Shares be conditionally approved for listing on the Toronto Stock Exchange (the "TSX") on completion of the Offer; and (2) that at least 90% of the outstanding Kenor Shares are tendered to the Offer (and not withdrawn).
15. On March 25, 2004, the TSX conditionally approved the Guinor Shares for listing.
16. Assuming the conditions to the Offer are satisfied, the Corporation will distribute Guinor Shares to former Kenor shareholders on or about April 1, 2004 (the "Take-up Date"). Upon successful completion of the Offer, the Corporation will, on the Take-up Date, own in excess of 90% of the Kenor Shares. Following the Take-up Date, the Corporation intends to exercise its rights under Norwegian corporate law to acquire the remaining Kenor Shares which were not tendered. This procedure is fundamentally the same as the compulsory acquisition provisions of the *Business Corporations Act* (Ontario), and provides fair value appraisal rights to shareholders.
17. The Corporation will become a reporting issuer in Ontario as a result of the listing of the Guinor Shares on the TSX.
18. At the time the Offer was commenced, the Corporation believed that there were no registered or beneficial shareholders of Kenor in Canada. Subsequently, it was determined by the Corporation that there were 6 beneficial shareholders of Kenor in Ontario holding, in the

aggregate, 5,790,022 shares (or approximately 4.06% of the outstanding Kenor Shares). No beneficial shareholders are resident in any other province or territory of Canada.

19. The Offer does not comply with certain provisions of Part XX of the Act, including that the Offer be kept open for 35 days and, absent the requested relief, cannot be made to shareholders of Kenor resident in Ontario.
20. There is no exemption available to permit the Corporation to make the Offer in Ontario. In particular, the exemption set out in clause 93(1)(e) of the Act is not available because Norway is not a jurisdiction recognized by the Commission for purposes of the exemption.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS ORDERED pursuant to clause 104(2)(c) of the Act that the Corporation is exempt from the Take-over Bid Requirements in connection with the Offer, provided that:

- (a) the Corporation files copies of the Offering Document and any amendments thereto with the Commission,
- (b) the Offer and any amendments thereto comply with the laws of Norway, and
- (c) a public announcement of the Offer is made in a national Canadian newspaper, prior to the expiry of the Offer, that specifies how shareholders of Kenor may obtain a copy of the Offer Document and information relating to the Offer.

AND IT IS RULED pursuant to subsection 74(1) of the Act that section 53 of the Act shall not apply to the proposed distribution of Guinor Shares to beneficial shareholders of Kenor in Ontario pursuant to the Offer provided the first trades in such securities shall be deemed a distribution unless the conditions in subsection (3) of section 2.6 of MI 45-102, except item 1, are satisfied.

March 25, 2004.

“Paul M. Moore”

“Susan Wolburgh-Jenah”

2.3 Rulings

2.3.1 Brompton Equity Split Corp. - ss. 74(1)

Headnote

Subsection 74(1) - Exemption from sections 25 and 53 of the Act in connection with the writing of over-the-counter covered call options and cash covered put options by the issuer, subject to certain conditions.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am. 25, 53 and 74(1).

**IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, CHAPTER S.5, AS AMENDED (the "Act")**

AND

**IN THE MATTER OF
BROMPTON EQUITY SPLIT CORP.**

**RULING AND EXEMPTION
(Subsection 74(1) of the Act)**

UPON the application of Brompton Equity Split Corp. (the "Company"), to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act that the writing of certain over-the-counter covered call options and cash covered put options (collectively, the "OTC Options") by the Company is not subject to sections 25 and 53 of the Act;

AND UPON considering the application and the recommendation of the staff of the Commission;

AND UPON the Company having represented to the Commission as follows:

1. The Company is a mutual fund corporation established under the laws of the Province of Ontario.
2. The authorized capital of the Company will consist of an unlimited number of preferred shares (the "Preferred Shares"), class A shares (the "Class A Shares") and class J shares.
3. The Company is considered a "mutual fund" within the meaning of the Act and other applicable securities legislation.
4. The Company is not a reporting issuer under the Act but has filed a preliminary prospectus dated February 20, 2004 under Sedar Project No. 614945 and will file a (final) prospectus (the "Prospectus") with the Commission and with the securities regulatory authority in each of the other Provinces and Territories of Canada with respect

to proposed offering of Preferred Shares and the Class A Shares.

5. Highstreet Asset Management Inc. ("Highstreet") will act as investment manager of the Company.
6. Highstreet is registered under the Act in the categories of investment counsel and portfolio manager, limited market dealer and commodity trading manager.
7. The Company's investment objectives are: (i) to provide holders of Preferred Shares with fixed cumulative preferential quarterly cash distributions in the amounts of \$0.13125 per Preferred Share representing a yield on the issue price of the Preferred Shares of 5.25% per annum; (ii) to provide holders of Class A Shares with regular quarterly cash distributions targeted to be \$0.10 per Class A Share representing a yield on the issue price of the Class A Shares of 8.0% per annum; (iii) to return the original issue price to holders of Preferred Shares at the time of redemption of such shares; and (iv) to return at least the original issue price to holders of Class A Shares at the time of redemption of such shares.
8. The net proceeds from the offering will be invested by Highstreet in a portfolio consisting primarily of Canadian common shares listed on the TSX with market capitalizations at the time of investment of at least \$500 million.
9. In addition, up to 10% of the net asset value of the Company's portfolio may be invested in common shares of companies included in the S&P 500 Index with market capitalizations at the time of investment of at least U.S. \$5 billion.
10. The Company will, from time to time, write covered call options in respect of all or part of the securities in its portfolio. As call options will be written only in respect of equity securities that are in the Company's portfolio and the investment restrictions of the Company will prohibit the sale of equity securities subject to an outstanding option, the call options will be "covered" at all times.
11. The Company may, from time to time, hold a portion of its assets in "cash equivalents" (as that term is defined in the Prospectus). The Company may utilize such cash equivalents to provide cover in respect of the writing of cash covered put options. Such cash covered put options will only be written in respect of securities in which the Company is permitted to invest.
12. The Company has disclosed in the Prospectus that it intends to write OTC Options.
13. The purchasers of OTC Options written by the Company will generally be major Canadian financial institutions and all purchasers of OTC

Options will be persons or entities described in Appendix A to this ruling.

14. The writing of OTC Options by the Company will not be used as a means for the Company to raise new capital.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS RULED, pursuant to subsection 74(1) of the Act, that the writing of OTC Options by the Company, as contemplated by this ruling, shall not be subject to sections 25 and 53 of the Act provided that:

- (a) the portfolio adviser advising the Company with respect to such activities is registered as an adviser under the Act and meets the proficiency requirements in Ontario for advising with respect to options;
- (b) each purchaser of an OTC Option written by the Company is a person or entity described in Appendix A to this ruling; and
- (c) a receipt for the Prospectus has been issued by the Director under the Act in the principal jurisdiction in Canada in which the portfolio adviser carries on its business;

March 23, 2004.

"Paul M. Moore"

"Suresh Thakrar"

APPENDIX A

QUALIFIED PARTIES

Interpretation

- (1) The terms "subsidiary" and "holding body corporate" used in paragraphs (w), (x) and (y) of subsection (3) of this Appendix have the same meaning as they have in the *Business Corporations Act* (Ontario).
- (2) All requirements contained in this Appendix that are based on the amounts shown on the balance sheet of an entity apply to the consolidated balance sheet of the entity.

Qualified Parties Acting as Principal

- (3) The following are qualified parties for all OTC derivatives transactions, if acting as principal:

Banks

- (a) A bank listed in Schedule I, II or III to the *Bank Act* (Canada).
- (b) The Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada).
- (c) A bank subject to the regulatory regime of a country that is a member of the Basel Accord, or that has adopted the banking and supervisory rules set out in the Basel Accord, if the bank has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of \$25 million or its equivalent in another currency.

Credit Unions and Caisses Populaires

- (d) A credit union central, federation of caisses populaires, credit union or regional caisse populaire, located, in each case, in Canada.

Loan and Trust Companies

- (e) A loan corporation or trust corporation registered under the *Loan and Trust Corporations Act* (Ontario) or under the *Trust and Loan Companies Act* (Canada), or under comparable legislation in any other province or territory of Canada.
- (f) A loan company or trust company subject to the regulatory regime of a country that is a member of the Basel Accord, or that has adopted the banking and supervisory

rules set out in the Basel Accord, if the loan company or trust company has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of \$25 million or its equivalent in another currency.

Insurance Companies

- (g) An insurance company licensed to do business in Canada or a province or territory of Canada.
- (h) An insurance company subject to the regulatory regime of a country that is a member of the Basel Accord, or that has adopted the banking and supervisory rules set out in the Basel Accord, if the insurance company has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of \$25 million or its equivalent in another currency.

Sophisticated Entities

- (i) A person or company that, together with its affiliates
 - (i) has entered into one or more transactions involving OTC derivatives with counterparties that are not its affiliates, if
 - (A) the transactions had a total gross dollar value of or equivalent to at least \$1 billion in notional principal amount; and
 - (B) any of the contracts relating to one of these transactions was outstanding on any day during the previous 15-month period, or
 - (ii) had total gross marked-to-market positions of or equivalent to at least \$100 million aggregated across counterparties, with counterparties that are not its affiliates in one or more transactions involving OTC derivatives on any day during the previous 15-month period.

Individuals

- (j) An individual who, either alone or jointly with the individual's spouse, has a net

worth of at least \$5 million, or its equivalent in another currency, excluding the value of his or her principal residence.

Governments/Agencies

- (k) Her Majesty in right of Canada or any province or territory of Canada and each crown corporation, instrumentality and agency of a Canadian federal, provincial or territorial government.
- (l) A national government of a country that is a member of the Basel Accord, or that has adopted the banking and supervisory rules of the Basel Accord, and each instrumentality and agency of that government or corporation wholly-owned by that government.

Municipalities

- (m) Any Canadian municipality with a population in excess of 50,000 and any Canadian provincial or territorial capital city.

Corporations and other Entities

- (n) A company, partnership, unincorporated association or organization or trust, other than an entity referred to in paragraph (a), (b), (c), (d), (e), (f), (g) or (h), with total revenue or assets, in excess of \$25 million or its equivalent in another currency, as shown on its last financial statement, to be audited only if otherwise required.

Pension Plan or Fund

- (o) A pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a provincial pension commission, if the pension fund has total net assets, as shown on its last audited balance sheet, in excess of \$25 million, provided that, in determining net assets, the liability of a fund for future pension payments shall not be included.

Mutual Funds and Investment Funds

- (p) A mutual fund or non-redeemable investment fund if each investor in the fund is a qualified party.
- (q) A mutual fund that distributes securities in Ontario, if the portfolio manager of the fund is registered as an adviser, other than a securities adviser, under the Act

or securities legislation elsewhere in Canada.

- (r) A non-redeemable investment fund that distributes its securities in Ontario if the portfolio manager is registered as an adviser, other than a securities adviser, under the Act or securities legislation elsewhere in Canada.

Brokers/Investment Dealers

- (s) A person or company registered under the Act or securities legislation elsewhere in Canada as a broker or an investment dealer or both.
- (t) A person or company registered under the Act as an international dealer if the person or company has total assets, as shown on its last audited balance sheet, in excess of \$25 million or its equivalent in another currency.

Futures Commission Merchants

- (u) A person or company registered under the CFA as a dealer in the category of futures commission merchant, or in an equivalent capacity elsewhere in Canada.

Charities

- (v) A registered charity under the *Income Tax Act* (Canada) with assets not used directly in charitable activities or administration, as shown on its last audited balance sheet, of at least \$5 million or its equivalent in another currency.

Affiliates

- (w) A wholly-owned subsidiary of any of the organizations described in paragraph (a), (b), (c), (d), (e), (f), (g), (h), (j), (n), (o), (s), (t) or (u).
- (x) A holding body corporate of which any of the organizations described in paragraph (w) is a wholly-owned subsidiary.
- (y) A wholly-owned subsidiary of a holding body corporate described in paragraph (x).
- (z) A firm, partnership, joint venture or other form of unincorporated association in which one or more of the organizations described in paragraph (w), (x) or (y) have a direct or indirect controlling interest.

Guaranteed Party

- (aa) A party whose obligations in respect of the OTC derivatives transaction for which the determination is made is fully guaranteed by another qualified party.

Qualified Party Not Acting as Principal

- (4) The following are qualified parties, in respect of all OTC derivative transactions:

Managed Accounts

1. Accounts of a person, company, pension fund or pooled fund trust that are fully managed by a portfolio manager or financial intermediary referred to in paragraphs (a), (d), (e), (g), (s), (t), (u) or (w) of subsection (3) or a broker or investment dealer acting as a trustee or agent for the person, company, pension fund or pooled fund trust under section 148 of the Regulation.

Subsequent Failure to Qualify

- (5) A party is a qualified party for the purpose of any OTC derivatives transaction if it, he or she is a qualified party at the time it, he or she enters into the transaction.

This page intentionally left blank

Chapter 4

Cease Trading Orders

4.1.1 Temporary, Extending & Rescinding Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/Revoke
Genoray Advanced Technologies Ltd.	23 Mar 04	02 Apr 04		
Intelpro Media Group Inc.	24 Mar 04	05 Apr 04		

4.2.1 Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Atlas Cold Storage Income Trust	02 Dec 03	15 Dec 03	15 Dec 03		

This page intentionally left blank

Chapter 5

Rules and Policies

5.1.1 National Instrument 51-102 Continuous Disclosure Obligations

NATIONAL INSTRUMENT 51-102 CONTINUOUS DISCLOSURE OBLIGATIONS

PART 1	DEFINITIONS AND INTERPRETATION
1.1	Definitions and Interpretation
PART 2	APPLICATION
2.1	Application
PART 3	LANGUAGE OF DOCUMENTS
3.1	French or English
PART 4	FINANCIAL STATEMENTS
4.1	Comparative Annual Financial Statements and Auditor's Report
4.2	Filing Deadline for Annual Financial Statements
4.3	Interim Financial Statements
4.4	Filing Deadline for Interim Financial Statements
4.5	Approval of Financial Statements
4.6	Delivery of Financial Statements
4.7	Filing of Financial Statements After Becoming A Reporting Issuer
4.8	Change in Year-End
4.9	Change in Corporate Structure
4.10	Reverse Takeovers
4.11	Change of Auditor
PART 5	MANAGEMENT'S DISCUSSION & ANALYSIS
5.1	Filing of MD&A
5.2	Filing of MD&A and Supplement for SEC Issuers
5.3	Additional Disclosure for Venture Issuers Without Significant Revenue
5.4	Disclosure of Outstanding Share Data
5.5	Approval of MD&A
5.6	Delivery of MD&A
PART 6	ANNUAL INFORMATION FORM
6.1	Requirement to File an AIF
6.2	Filing Deadline for an AIF
6.3	Incorporated Documents to be Filed
PART 7	MATERIAL CHANGE REPORTS
7.1	Publication of Material Change
PART 8	BUSINESS ACQUISITION REPORT
8.1	Interpretation and Application
8.2	Obligation to File a Business Acquisition Report
8.3	Determination of Significance
8.4	Financial Statement Disclosure for Significant Acquisitions
8.5	Reporting Periods
8.6	Exemption for Significant Acquisitions Accounted for Using the Equity Method
8.7	Exemptions for Significant Acquisitions if More Recent Statements Included
8.8	Exemption for Significant Acquisitions if Financial Year End Changed
8.9	Exemption from Comparatives if Financial Statements Not Previously Prepared
8.10	Exemption for Acquisition of an Interest in an Oil and Gas Property
8.11	Exemption for Step-by-Step Acquisitions

PART 9 PROXY SOLICITATION AND INFORMATION CIRCULARS

- 9.1 Sending of Proxies and Information Circulars
- 9.2 Exemptions from Sending Information Circular
- 9.3 Filing of Information Circulars and Proxy-Related Material
- 9.4 Content of Form of Proxy
- 9.5 Exemption from Part 9

PART 10 RESTRICTED SECURITY DISCLOSURE

- 10.1 Restricted Security Disclosure
- 10.2 Dissemination of Disclosure Documents to Holder of Restricted Securities
- 10.3 Exemptions for Certain Reporting Issuers

PART 11 ADDITIONAL FILING REQUIREMENTS

- 11.1 Additional Filing Requirements
- 11.2 Change of Status Report
- 11.3 Voting Results
- 11.4 Financial Information

PART 12 FILING OF CERTAIN DOCUMENTS

- 12.1 Filing of Documents Affecting the Rights of Securityholders
- 12.2 Filing of Other Material Contracts
- 12.3 Time for Filing of Documents

PART 13 EXEMPTIONS

- 13.1 Exemptions from this Instrument
- 13.2 Existing Exemptions
- 13.3 Exemption for Certain Exchangeable Security Issuers
- 13.4 Exemption for Certain Credit Support Issuers

PART 14 EFFECTIVE DATE AND TRANSITION

- 14.1 Effective Date
- 14.2 Transition

NATIONAL INSTRUMENT 51-102
CONTINUOUS DISCLOSURE OBLIGATIONS

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions and Interpretation

In this Instrument:

“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, Form 10-KSB or Form 20-F;

“approved rating” means, for a security, a rating at or above one of the following rating categories issued by an approved rating organization for the security or a rating category that replaces a category listed below:

Approved Rating Organization	Long Term Debt	Short Term Debt	Preferred Shares
Dominion Bond Rating Service Limited	BBB	R-2	Pfd-3
Fitch Ratings Ltd.	BBB	F3	BBB
Moody's Investors Service	Baa	Prime-3	“baaa”
Standard & Poor's	BBB	A-3	P-3

“approved rating organization” means each of Dominion Bond Rating Service 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 acquisition” means the date of acquisition required for accounting purposes;

“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” of a reporting issuer means an individual who is

- (a) a chair of the reporting issuer;
- (b) a vice-chair of the reporting issuer;
- (c) the president of the reporting issuer;
- (d) a vice-president of the reporting issuer in charge of a principal business unit, division or function including sales, finance or production;
- (e) an officer of the reporting issuer or any of its subsidiaries who performed a policy-making function in respect of the reporting issuer; or
- (f) any other individual who performed a policy-making function in respect of the reporting issuer;

“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;

“income from continuing operations” means income or loss, adjusted to exclude discontinued operations, extraordinary items and income taxes;

“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, directly or indirectly, voting securities of a reporting issuer or who exercises control or direction over 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 Dealers Association under its By-Law No. 36 *Inter-Dealer Bond Brokerage Systems*, as amended, and is subject to its By-law No. 36 and its Regulation 2100 *Inter-Dealer Bond Brokerage Systems*, as amended;

“interim period” means,

- (a) in the case of a year other than 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; 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;

“investment fund” means a mutual fund or a non-redeemable investment fund;

“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 or item 303 of Regulation S-B 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;

“mineral project” means any exploration, development or production activity in respect of natural, solid, inorganic or fossilized organic material including base and precious metals, coal and industrial minerals;

“new financial year” means the financial year of a reporting issuer that immediately follows a transition year;

“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;

“non-redeemable investment fund” means any issuer

- (a) where contributions of securityholders are pooled for investment;
- (b) where securityholders do not have day-to-day control over the management and investment decisions of the issuer, whether or not they have the right to be consulted or to give directions; and
- (c) whose securities do not entitle the securityholder to receive on demand, or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets of the issuer;

“old financial year” means the financial year of a reporting issuer that immediately precedes a transition year;

“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;

“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;

“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; 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 vote per security relative to the equity security;
- (b) the conditions of the class of equity securities, the conditions of 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 a second class of equity securities that, to a reasonable person, appears to entitle the owners of securities of that second 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;

"reverse takeover" means a transaction by which an enterprise obtains ownership of the securities of another enterprise but, as part of the transaction, issues enough voting securities as consideration that control of the combined enterprise passes to the securityholders of the acquired enterprise;

"reverse takeover acquiree" means the legal parent, as that term is used in the Handbook, in a reverse takeover;

"reverse takeover acquirer" means the legal subsidiary, as that term is used in the Handbook, whose securityholders control the combined enterprise as a result of a reverse takeover;

"SEC issuer" means a reporting 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; or
- (f) performing ministerial acts or professional services on behalf of a person or company soliciting a proxy;

"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 in which the issuer changes its financial year-end;

“U.S. GAAP” means generally accepted accounting principles in the United States of America that the SEC has identified as having substantial authoritative support and as supplemented by Regulation S-X and Regulation S-B under the 1934 Act;

“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; 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; 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 date of acquisition; and
- (d) section 11.3 of this Instrument, is the date of the meeting of the securityholders.

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.

PART 4 FINANCIAL STATEMENTS

4.1 Comparative Annual Financial Statements and Auditor's Report

- (1) Subject to subsection 4.8(6), a reporting issuer must file annual financial statements that include
 - (a) an income statement, a statement of retained earnings, and a cash flow statement 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 balance sheet as at the end of each of the periods referred to in paragraph (a); and
 - (c) notes to the financial statements.
- (2) Annual financial statements filed under subsection (1) must be accompanied by an auditor's report.

4.2 Filing Deadline for Annual Financial Statements

The annual financial statements and auditor's report 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 Statements

- (1) A reporting issuer must file,
 - (a) if it has not completed its first financial year, interim financial statements for the interim periods of the reporting issuer's current financial year other than a period that is less than three months in length; or
 - (b) if it has completed its first financial year, interim financial statements for the interim periods of the reporting issuer's current financial year.
- (2) Subject to subsections 4.7(4), 4.8(7) and 4.8(8), the interim financial statements required to be filed under subsection (1) 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;
 - (c) for interim periods other than the first interim period in a reporting issuer's financial year, an income statement and cash flow statement for the three month period ending on the last day of the interim period and comparative financial information for the corresponding period in the preceding financial year, if any; and
 - (d) notes to the financial statements.
- (3) **Disclosure of Auditor Review of Interim Financial Statements**
 - (a) If an auditor has not performed a review of the interim financial statements required to be filed under subsection (1), the interim financial statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.
 - (b) If a reporting issuer engaged an auditor to perform a review of the interim financial statements required to be filed under subsection (1) and the auditor was unable to complete the review, the interim financial statements must be accompanied by a notice indicating that the auditor was unable to complete a review of the interim financial statements and the reasons why the auditor was unable to complete the review.
 - (c) If an auditor has performed a review of the interim financial statements required to be filed under subsection (1) and the auditor has expressed a reservation in the auditor's interim review report, the interim financial statements must be accompanied by a written review report from the auditor.
- (4) **SEC Issuer - Restatement of Interim Financial Statements**

If an SEC issuer

 - (a) has filed interim financial statements prepared in accordance with Canadian GAAP for one or more interim periods since its most recently completed financial year for which financial statements have been filed; and
 - (b) prepares its annual or interim financial statements 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 statements for the periods referred to in paragraph (a) in accordance with U.S. GAAP and comply with the reconciliation requirements set out in Part 4 of National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*; and
- (d) file the restated financial statements referred to in paragraph (c) by the filing deadline for the financial statements referred to in paragraph (b).

4.4 Filing Deadline for Interim Financial Statements

The interim financial statements 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, interim financial statements 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, interim financial statements for a period ending on the last day of the interim period.

4.5 Approval of Financial Statements

- (1) The 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 financial statements a reporting issuer is required to file under section 4.3 must be approved by the board of directors before the statements are filed.
- (3) In fulfilling the requirement in subsection (2), the board of directors may delegate the approval of the financial statements 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 statements and MD&A for the interim financial statements, or both.
- (2) For the purposes of subsection (1), the reporting issuer must, applying the procedures set out in National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, 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 requests the reporting issuer's annual or interim financial statements, 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) the filing deadline for the financial statements requested; and
 - (b) 10 calendar days after the issuer receives the request.
- (4) A reporting issuer is not required to send copies of annual or interim financial statements 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 all its securityholders, other than holders of debt instruments.
- (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 and interim financial statements 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 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 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 interim financial statements for an interim period that ended before the issuer became a reporting issuer, those financial statements 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 statements 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** – This section does not apply to an SEC issuer 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 the interim and 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 interim and annual financial statements 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 paragraph 4.3(1)(b), a reporting issuer is not required to file interim financial statements for any period in its transition year that ends within 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 financial statements for its new financial year
- (a) a balance sheet and income statement, a statement of retained earnings and a cash flow statement for its transition year; and
 - (b) a balance sheet and income statement, a statement of retained earnings and a cash flow statement for its old financial year.
- (7) **Comparative Financial Information in Interim Financial Statements 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 its interim financial statements 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 balance sheet and income statement, statement of retained earnings and cash flow statement for the 12 month period that constitutes its old financial year; and
 - (b) as comparative financial information in its interim financial statements during its new financial year
 - (i) a balance sheet as at the end of its transition year; and
 - (ii) the income statement, statement of retained earnings and cash flow statement 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.
- (8) **Comparative Financial Information in Interim Financial Statements 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 its interim financial statements during its transition year

- (i) a balance sheet as at the end of its old financial year; and
 - (ii) the income statement, statement of retained earnings and cash flow statement 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; and
- (b) as comparative financial information in its interim financial statements during its new financial year
 - (i) a balance sheet as at the end of its transition year; and
 - (ii) the income statement, statement of retained earnings and cash flow statement 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.

4.9 Change in Corporate Structure

If a reporting issuer is party to an amalgamation, arrangement, merger, winding-up, reverse takeover, reorganization or other transaction that will result in

- (a) the reporting issuer ceasing to be a reporting issuer;
- (b) another entity becoming a reporting issuer;
- (c) a change in the reporting issuer's financial year end; or
- (d) 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

- (e) the names of the parties to the transaction;
- (f) a description of the transaction;
- (g) the effective date of the transaction;
- (h) the names of each party, if any, that ceased to be a reporting issuer subsequent to the transaction and of each continuing entity;
- (i) the date of the reporting issuer's first financial year-end subsequent to the transaction; and
- (j) the periods, including the comparative periods, if any, of the interim and annual financial statements required to be filed for the reporting issuer's first financial year subsequent to the transaction.

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 financial statements for the reverse takeover acquirer for all annual and interim periods ending
 - (i) after the date of the financial statements included in an information circular filed in connection with the transaction; and
 - (ii) before the date of the reverse takeover,

- unless the financial statements have already been filed;
- (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 the interim financial statements 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; and
 - (iii) the 60th day after the end of the interim period if the reporting issuer is a venture issuer.

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 former 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 former 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 former 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 statements, if the difference of opinion

- (a) resulted in a reservation in the former auditor’s audit report on the reporting issuer’s financial statements for any period during the relevant period;
- (b) would have resulted in a reservation in the former 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 former auditor’s satisfaction, not including a difference of opinion based on incomplete or preliminary information that was resolved to the satisfaction of the former auditor upon the receipt of further information;
- (c) resulted in a qualified or adverse communication or denial of assurance in respect of the former auditor’s review of the reporting issuer’s interim financial statements 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 former auditor’s review of the reporting issuer’s interim financial statements for any interim period during the relevant period if the difference of opinion had not been resolved to the former auditor’s satisfaction, not including a difference of opinion based on incomplete or preliminary information that was resolved to the satisfaction of the former auditor upon the receipt of further information;

“former 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 commencing at the beginning of the reporting issuer’s two most recently completed financial years and ending on the date of termination or resignation;

“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 former 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 former 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 former auditor has advised the reporting issuer if

- (a) the former 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 former auditor's satisfaction before the date of termination or resignation; or
 - (c) the former 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 Handbook.
- (3) **Exemption from Change of Auditor Requirements** - This section does not apply if
 - (a)
 - (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** - This section does not apply to an SEC issuer 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 former auditor; and
 - (ii) request the former auditor to
 - (A) review the reporting issuer's change of auditor notice;
 - (B) prepare a letter, addressed to the applicable 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 former 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 former auditor;
 - (ii) request the successor auditor to
 - (A) review the reporting issuer's change of auditor notice;
 - (B) prepare a letter addressed to the applicable 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 former 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 former 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 former auditor
 - (i) resigned on the former 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 former 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 former 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 former auditor's report on any of the reporting issuer's financial statements relating to the relevant period contained any reservation and, if so, a description of each reservation;
 - (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 former auditor; and
 - (C) whether the reporting issuer authorized the former 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 former auditor concerning the issue and, if so, a summary of the former 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 former auditor; and
 - (C) whether the reporting issuer authorized the former 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** - Except in British Columbia, Alberta and Manitoba, 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 applicable regulator or securities regulatory authority.

PART 5 MANAGEMENT'S DISCUSSION & ANALYSIS

5.1 Filing of MD&A

- (1) A reporting issuer must file MD&A relating to its annual and interim financial statements required under Part 4.
- (2) Subject to section 5.2, the MD&A required to be filed under subsection (1) must be filed by the earlier of
 - (a) the filing deadlines for the annual and interim financial statements set out in sections 4.2, 4.4 and 4.7, as applicable; and
 - (b) the date the reporting issuer files the financial statements under subsections 4.1(1), 4.3(1) or 4.7(1), as applicable.

5.2 Filing of MD&A and Supplement for SEC Issuers

- (1) If an SEC issuer is filing its annual or interim MD&A prepared in accordance with Item 303 of Regulation S-K or Item 303 of Regulation S-B under the 1934 Act, then the SEC issuer must file
 - (a) that document on or before the earlier of
 - (i) the date the SEC issuer would be required to file that document under section 5.1; and
 - (ii) the date the SEC issuer files that document with the SEC; and
 - (b) at the same time, a supplement prepared in accordance with subsection (2) if the SEC issuer
 - (i) has based the discussion in the MD&A on financial statements prepared in accordance with U.S. GAAP; and
 - (ii) is required by subsection 4.1(1) of National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* to provide a reconciliation to Canadian GAAP.
- (2) A supplement required under subsection (1) must restate, based on financial information of the reporting issuer prepared in accordance with or reconciled to Canadian GAAP, those parts of the MD&A that
 - (a) are based on financial statements of the reporting issuer prepared in accordance with U.S. GAAP; and
 - (b) would contain material differences if they were based on financial statements of the reporting issuer prepared in accordance with Canadian GAAP.

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 or in its MD&A supplement if one is required under section 5.2, for each period referred to in subsection (2), a breakdown of material components of
 - (a) capitalized or expensed exploration and development costs;
 - (b) expensed research and development costs;
 - (c) deferred development costs;
 - (d) general and administration expenses; and
 - (e) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (a) through (d);and if the venture issuer's business primarily involves mining exploration and development, the analysis of capitalized or expensed exploration and development costs 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 period presented in the interim financial statements.
- (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 or MD&A supplement relates.

5.4 Disclosure of Outstanding Share Data

- (1) A reporting issuer must disclose in its MD&A, or in its MD&A supplement if one is required under section 5.2, 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 and any annual MD&A supplement 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 and any interim MD&A supplement 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 and any MD&A supplement 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 requests the reporting issuer's annual or interim MD&A, the reporting issuer must send a copy of the requested MD&A and any MD&A supplement required under section 5.2 to the person or company that made the request, without charge, by the later of
 - (a) the filing deadline for the MD&A requested; and
 - (b) 10 calendar days after the issuer receives the request.
- (2) A reporting issuer is not required to send copies of any MD&A or MD&A supplement under subsection (1) that was filed more than two years before the issuer receives the request.
- (3) The requirement to send annual MD&A and any related MD&A supplement under subsection (1) does not apply to a reporting issuer that sends its annual MD&A and any related MD&A supplement to all its securityholders, other than holders of debt instruments.
- (4) If a reporting issuer sends MD&A under this section, the reporting issuer must also send, at the same time, the annual or interim financial statements to which the MD&A relates.

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 in Form 10-K, Form 10-KSB 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, Form 10-KSB or Form 20-F with the SEC.

6.3 Incorporated Documents to be Filed

A reporting issuer that files an AIF must at the same time file copies of all material incorporated by reference in the AIF and not previously filed.

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 a senior 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) In Québec, subsection (1) does not apply to a reporting issuer in Québec if
 - (a) senior management of the reporting issuer has reasonable grounds to believe that disclosure required by subsection (1) would be seriously prejudicial to the interests of the reporting issuer and that no trade in the securities of the reporting issuer has been or will be carried out on the basis of the information not generally known; and
 - (b) 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.
- (4) If a reporting issuer relies on subsection (3), the reporting issuer must comply with subsection (1) when the circumstances that justify non-disclosure have ceased to exist.

- (5) If a report has been filed under subsection (2) or (3), 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) or (3), the reporting issuer must promptly generally disclose the material change in the manner referred to in paragraph (1)(a) 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; and

“business” includes an interest in an oil and gas property.
- (2) This Part does not apply to an acquisition made by a reporting issuer if the reporting issuer files its own information circular or that of another person or company, or a filing statement prepared in accordance with the policies and requirements of the TSX Venture Exchange, and
 - (a) the information circular or filing statement either
 - (i) contains the information and financial statements that would be required by section 14.2 of Form 51-102F5 concerning the acquisition of the business or related businesses; or
 - (ii) is an information circular or filing statement prepared in connection with a Qualifying Transaction for an issuer that is a capital pool company under the TSX Venture Exchange’s policy on Capital Pool Companies, and the reporting issuer complies with the policies and requirements of the TSX Venture Exchange in respect of the Qualifying Transaction;
 - (b) the date of the acquisition is within nine months of the date of the information circular or filing statement; and
 - (c) between the date of the information circular or filing statement and the date of acquisition there has been no material change in the terms of the significant acquisition from those disclosed in the information circular or filing statement.

8.2 Obligation to File a Business Acquisition Report

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 date of acquisition.

8.3 Determination of Significance

- (1) **Significant Acquisitions** - Subject to subsection (3), 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), 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 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 date of the acquisition.
 - (b) **The Investment Test.** The reporting issuer's consolidated investments in and advances to the business or related businesses as at the date of the acquisition 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 date of the acquisition, excluding any investments in or advances to the business or related businesses as at that date.
 - (c) **The Income Test.** The reporting issuer's proportionate share of the consolidated income from continuing operations of the business or related businesses exceeds 20 percent of the consolidated income from continuing operations of the reporting issuer calculated using the audited 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 date of acquisition.
- (3) **Optional Significance Tests** - Despite subsection (1), 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), 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, as at the last day of the reporting issuer's most recently completed interim period, exceeds 20 percent of the consolidated assets of the reporting issuer, as at the last day of the reporting issuer's most recently completed interim period, 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 date of the acquisition exceeds 20 percent of the consolidated assets of the reporting issuer as at the last day of the most recently completed interim period of the reporting issuer ended before the date of the acquisition, excluding any investments in or advances to the business or related businesses as at that date.
 - (c) **The Income Test.** The income from continuing operations calculated under the following item 1. exceeds 20 percent of the income from continuing operations calculated under the following item 2.:
 - 1. The reporting issuer's proportionate share of the consolidated income from continuing operations 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.
 - 2. The reporting issuer's consolidated income from continuing operations 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.
- (5) If a reporting issuer re-calculates the significance of an acquisition of a business or of related businesses under subsection (4) and none of the significance tests in that subsection is met, the acquisition is not a significant acquisition for purposes of this Instrument.
- (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 date of acquisition only if, after the date of acquisition, 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 Income 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.
- (8) **Application of the Income Test if Lower Than Average Income for the Most Recent Year** - For the purposes of paragraph (2)(c) and clause (4)(c)2.(A), if the reporting issuer's consolidated income from continuing operations for the most recently completed financial year was
- (a) positive; and
- (b) lower by 20 percent or more than the average consolidated income from continuing operations of the reporting issuer for the three most recently completed financial years,
- then the average consolidated income from continuing operations for the three most recently completed financial years may, subject to subsection (10), be substituted in determining whether the significance test set out in paragraph (2)(c) or (4)(c) is satisfied.
- (9) **Application of the Optional Income Test if Lower Than Average Income for the Most Recent Year** - For the purpose of clause (4)(c)2.(B) if the reporting issuer's consolidated income from continuing operations for the most recently completed 12-month period was
- (a) positive; and
- (b) lower by 20 percent or more than the average consolidated income from continuing operations of the reporting issuer for the three most recently completed 12-month periods,
- then the average consolidated income for the three most recently completed 12-month periods may, subject to subsection (10), be substituted in determining whether the significance test set out in paragraph (4)(c) is satisfied.
- (10) **Lower than Average Income of the Issuer if a Loss Occurred** - If the reporting issuer's consolidated income from continuing operations for either of the two earlier financial periods referred to in subsections (8) and (9) is a loss, the reporting issuer's income from continuing operations for that period is considered to be zero for the purposes of calculating the average consolidated income for the three financial periods.
- (11) **Application of Significance Tests – Step-By-Step Acquisitions** - If a reporting issuer has made a "step-by-step" purchase as described in the Handbook, 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 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.

- (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 annual audited 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 the significance tests in subsections (2) and (4), financial statements of the business or related businesses must be reconciled to the accounting principles used to prepare the reporting issuer's financial statements and translated into the same reporting currency as that used in the reporting issuer's financial statements.
- (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 subsection 6.1(1) of National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* if the financial statements of the business or related businesses for the most recently completed financial year have not been audited.

8.4 Financial Statement Disclosure for Significant Acquisitions

- (1) **Annual Financial Statements** - If an acquisition of a business or related businesses is a significant acquisition under subsection 8.3(1) or 8.3(3), subject to sections 8.6 through 8.11, a business acquisition report must include the following financial statements of each business or related businesses:
 - (a) an income statement, a statement of retained earnings and a cash flow statement for the periods specified in section 8.5;
 - (b) a balance sheet as at the date on which each of the periods specified in section 8.5 ended;
 - (c) notes to the financial statements; and
 - (d) an auditor's report on the financial statements for each of the periods specified in section 8.5.
- (2) **Interim Financial Statements** - Subject to sections 8.6 through 8.11, if a reporting issuer must include financial statements in a business acquisition report under subsection (1), the business acquisition report must include interim financial statements for
 - (a) either
 - (i) the most recently completed interim period of the business that started the day after the balance sheet date specified in paragraph (1)(b) and ended before the date of acquisition; or
 - (ii) the period that started the day after the balance sheet date specified in paragraph (1)(b) and ended on a day that is more recent than the ending date of the period in subparagraph (i) and is not later than the date of acquisition; and
 - (b) the comparable period in the preceding financial year of the business.
- (3) **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 (2), the business acquisition report must include
 - (a) a pro forma balance sheet of the reporting issuer as at the date of the reporting issuer's most recent balance sheet filed that gives effect, as if they had taken place as at the date of the pro forma balance sheet, to significant acquisitions that have been completed, but are not reflected in the reporting issuer's most recent annual or interim balance sheet;
 - (b) a pro forma income statement of the reporting issuer that gives effect to significant acquisitions completed after the ending date 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 following financial periods:
 - (i) the reporting issuer's most recently completed financial year for which financial statements are required to have been filed; and

- (ii) the reporting issuer's most recently completed interim period that ended after the period in subparagraph (i) for which financial statements are required to have been filed;
 - (c) pro forma earnings per share based on the pro forma financial statements referred to in paragraph (b); and
 - (d) a compilation report accompanying the pro forma financial statements required under paragraphs (a) and (b) signed by the reporting issuer's auditor and prepared in accordance with the Handbook.
- (4) **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 (3),
 - (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 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 subparagraph (3)(b)(ii), 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, gross profit and income from continuing operations included in each pro forma income statement for the overlapping period; and
 - (f) an audit report is not required for a constructed period referred to in paragraph (c).
- (5) **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 Reporting Periods

- (1) **Reporting Issuers that are not Venture Issuers** - The periods for which the financial statements are required under subsection 8.4(1) for a reporting issuer that is not a venture issuer as at the date of acquisition must be determined by reference to the significance tests set out in subsections 8.3(2) and 8.3(4) as follows:
 - 1. **Acquisitions significant between 20 percent and 40 percent** - If none of the significance tests is satisfied if "20 percent" is read as "40 percent", financial statements must be included for
 - (A) the most recently completed financial year of the business ended more than 45 days before the date of acquisition; or
 - (B) if the business has not completed one financial year, or the business has completed its first financial year that ended 45 or fewer days before the date of acquisition, the financial period commencing on the date of formation and ending on a date not more than 45 days before the date of acquisition.

2. **Acquisitions significant over 40 percent** - If any of the significance tests are satisfied if "20 percent" is read as "40 percent", financial statements must be included for
- (A) each of the two most recently completed financial years of the business ended more than 45 days before the date of acquisition;
 - (B) if the business has not completed two financial years, any completed financial year ended more than 45 days before the date of acquisition; or
 - (C) if the business has not completed one financial year, or the business has completed its first financial year that ended 45 or fewer days before the date of acquisition, a financial period commencing on the date of formation and ending on a date not more than 45 days before the date of acquisition.
- (2) **Venture Issuers** - The period for which the financial statements are required under subsection 8.4(1) for a reporting issuer that is a venture issuer as at the date of acquisition is
- (a) the most recently completed financial year of the business ended more than 45 days before the date of acquisition; or
 - (b) if the business has not completed one financial year, or the business has completed its first financial year that ended 45 or fewer days before the date of acquisition, the financial period commencing on the date of formation and ending on a date not more than 45 days before the date of acquisition.

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, an investment accounted for using the equity method;
- (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 information as to the assets, liabilities and results of operations of the business; and
 - (ii) describes the reporting issuer's proportionate interest in the business and any contingent issuance of securities by the business that might significantly affect the reporting issuer's share of earnings;
- (c) the financial information provided under paragraph (b) for any completed financial year
 - (i) has been derived from audited financial statements of the business; 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 audit opinion with respect to the financial statements referred to in subparagraph (i), or the financial information referred to in subparagraph (ii), was issued without a reservation.

8.7 Exemptions for Significant Acquisitions if More Recent Statements Included

- (1) If under item 8.5(1)2. a reporting issuer is required to provide financial statements of a business for two completed financial years, the reporting issuer may omit the financial statements for the oldest financial year, if
- (a) audited financial statements of the business are included for a financial year ended 45 days or less before the date of acquisition; or

- (b)
 - (i) audited financial statements are included in the business acquisition report 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 item 8.5(1)2.;
 - (ii) the business is not seasonal; and
 - (iii) the reporting issuer has not included audited financial statements in the business acquisition report for a period of less than 12 months using the exemption set out in section 8.8.
- (2) A reporting issuer is exempt from the requirement in subsection 8.4(2) to provide interim financial statements if the reporting issuer includes annual audited or unaudited financial statements of the business for a financial year ended 45 days or less before the date of acquisition.

8.8 Exemption for Significant Acquisitions if Financial Year End Changed

If under section 8.5 a reporting issuer is required to provide financial statements for two completed financial years 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 interim financial statements required under subsection 8.4(2) 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 statements 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 Exemption for Acquisition of an Interest in an Oil and Gas Property

A reporting issuer is exempt from the requirements in section 8.4 if

- (a) the significant acquisition is
 - (i) an acquisition of a business that is an interest in an oil and gas property; or
 - (ii) an acquisition of related businesses that are interests in oil and gas properties;
- (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) the business or related businesses did not, immediately before the time of completion of the acquisition, constitute a "reportable segment" of the vendor, as defined in the Handbook;
- (e) in respect of the business or related businesses, for each of the financial years for which financial statements would, but for this section, be required under section 8.4, the business acquisition report includes
 - (i) an operating statement, accompanied by a report of an auditor, presenting for the business or related businesses at least the following:
 - (A) gross revenue;
 - (B) royalty expenses;
 - (C) production costs; and

- (D) operating income;
- (ii) a description of the property or properties and the interest acquired by the reporting issuer; and
- (iii) disclosure of the annual oil and gas production volumes from the business or related businesses; and
- (f) 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 (f)(i).

8.11 Exemption for Step-By-Step Acquisitions

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(3), in a business acquisition report if the reporting issuer has made a “step-by-step” purchase as described in the Handbook 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) In Québec, subsections (1) and (2) apply, adapted as required, to a meeting of holders of debt securities of an issuer that is a reporting issuer in Québec, whether called by management of the reporting issuer or by the trustee of the debt securities.

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.

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.

9.4 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

- (b) at any meeting other than the meeting specified in the notice of meeting or any adjournment of that meeting.

9.5 Exemption from Part 9

This Part does not apply to a reporting issuer that complies with the requirements of the laws of the jurisdiction in which it is incorporated, organized or continued, if the requirements are substantially similar to the requirements of this Part.

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, interim financial statements 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 Filing Requirements

- (1) A reporting issuer must file a copy of any disclosure material
- (a) that it sends to its securityholders; or
 - (b) in the case of an SEC issuer, that it files with or furnishes to the SEC, 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.
- (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; and
 - (b) the date on which the reporting issuer files or furnishes the material to the SEC.

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 results of operations or financial condition for a financial year or interim period.

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 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 under National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*.

12.2 Filing of Other Material Contracts

- (1) Unless previously filed, a reporting issuer must file a copy of any contract that it or any of its subsidiaries is a party to, other than a contract entered into in the ordinary course of business, that is material to the issuer and was entered into within the last financial year, or before the last financial year but is still in effect.
- (2) If an executive officer of the reporting issuer has reasonable grounds to believe that disclosure of certain provisions of a contract required by subsection (1) to be filed would be seriously prejudicial to the interests of the reporting issuer, or would violate confidentiality provisions, the reporting issuer may file the contract with those certain provisions omitted or marked so as to be unreadable.
- (3) Despite subsection (1), a reporting issuer is not required to file a 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.

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 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.
- (2) Except as provided in this subsection, this Instrument does not apply to an exchangeable security issuer if
 - (a) the parent issuer is the direct or indirect beneficial owner of all the issued and outstanding voting securities of the exchangeable security issuer;
 - (b) the parent issuer is an SEC issuer with a class of securities listed or quoted on a U.S. marketplace;
 - (c) the exchangeable security issuer does not issue any securities, other than
 - (i) designated exchangeable securities;
 - (ii) securities issued to the parent issuer; or
 - (iii) debt securities issued to banks, loan corporations, trust corporations, treasury branches, credit unions, insurance companies or other financial institutions;
 - (d) the exchangeable security issuer files copies of all documents the parent issuer is required to file with the SEC, at the same time as, or as soon as practicable after, the filing by the parent issuer of those documents with the SEC;
 - (e) the exchangeable security issuer concurrently sends to all holders of designated exchangeable securities, in the manner and at the time required by U.S. laws and the requirements of any U.S. marketplace on which securities of the parent issuer are listed or quoted, all disclosure materials that are sent to holders of the underlying securities;
 - (f) the parent issuer is in compliance with U.S. laws and the requirements of any U.S. marketplace on which the securities of the parent issuer are listed or quoted in respect of making public disclosure of material information on a timely basis, and 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) 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;
 - (b) 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;
 - (c) the parent issuer is the direct or indirect beneficial owner of all of the issued and outstanding voting securities of the exchangeable security issuer;
 - (d) the parent issuer is an SEC issuer; and
 - (e) the exchangeable security issuer has not issued any securities, other than
 - (i) designated exchangeable securities;
 - (ii) securities issued to the parent issuer; or
 - (iii) debt securities issued to the parent issuer or to banks, loan corporations, trust corporations, treasury branches, credit unions, insurance companies or other financial institutions.

13.4 Exemption for Certain Credit Support Issuers

- (1) In this section:

“credit support issuer” means an issuer of securities for which a credit supporter has provided a guarantee;

“credit supporter” means a person or company that provides a guarantee 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 credit support securities” means

- (a) non-convertible debt that has an approved rating; or
- (b) non-convertible preferred shares that have an approved rating,

in respect of which a credit supporter has provided 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;

“SEC MJDS issuer” means an issuer that

- (a) 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;

- (b) either
 - (i) has a class of securities registered under section 12(b) or 12(g) of the 1934 Act, or
 - (ii) is required to file reports under section 15(d) of the 1934 Act;
 - (c) has filed with the SEC all 1934 Act filings for a period of 12 calendar months immediately before the date on which the person or company seeks to rely on the exemptions in subsections (2) or (3);
 - (d) 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; and
 - (e) is not an issuer formed and operated for the purpose of investing in commodity futures contracts, commodity futures, related products, or a combination of them.
- (2) Except as provided in this subsection, this Instrument does not apply to a credit support issuer if,
- (a) the credit supporter is the direct or indirect beneficial owner of all the issued and outstanding voting securities of the credit support issuer;
 - (b) the credit supporter is an SEC MJDS issuer;
 - (c) the credit support issuer does not issue any securities, other than
 - (i) designated credit support securities;
 - (ii) securities issued to the credit supporter or an affiliate of the credit supporter; or
 - (iii) debt securities issued to banks, loan corporations, trust corporations, treasury branches, credit unions, insurance companies or other financial institutions;
 - (d) the credit support issuer files copies of all documents the credit supporter is required to file with the SEC, at the same time or as soon as practicable after the filing by the credit supporter of those documents with the SEC;
 - (e) the credit supporter is in compliance with the requirements of U.S. laws and any U.S. marketplace on which securities of the credit supporter are listed or quoted in respect of making public disclosure of material information on a timely basis and 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 of this Instrument 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 credit supporter;
 - (g) in the case of a credit support issuer that has operations, other than minimal operations, that are independent of the credit supporter, the credit support issuer files, in electronic format,
 - (i) annual comparative financial information, derived from the credit support issuer's audited consolidated financial statements for its most recently completed financial year, that is accompanied by a specified procedures report of the auditors to the credit support issuer and that includes the following line items for the most recently completed financial year and the financial year immediately preceding the most recently completed financial year:
 - (A) sales/revenues;
 - (B) net earnings from continuing operations before extraordinary items;
 - (C) net earnings;
 - (D) current assets;
 - (E) non-current assets;

- (F) current liabilities; and
 - (G) non-current liabilities; and
 - (ii) interim comparative financial information, derived from the credit support issuer's unaudited consolidated financial statements for its most recently completed interim period, that includes the following line items for the most recently completed interim period and, for items (A), (B) and (C), the corresponding interim period in the immediately preceding completed financial year, and for items (D), (E), (F) and (G), as at the end of the immediately preceding financial year:
 - (A) sales/revenues;
 - (B) net earnings or loss from continuing operations before extraordinary items;
 - (C) net earnings or loss;
 - (D) current assets;
 - (E) non-current assets;
 - (F) current liabilities; and
 - (G) non-current liabilities;
 - (h) in the case of designated credit support securities that include debt, the credit support issuer concurrently sends to all holders of such securities, in the manner and at the time required by U.S. laws and any U.S. marketplace on which securities of the credit supporter are listed or quoted, all disclosure materials that are sent to holders of non-convertible debt of the credit supporter that has an approved rating; and
 - (i) in the case of designated credit support securities that include preferred shares, the credit support issuer concurrently sends to all holders of such securities, in the manner and at the time required by U.S. laws and any U.S. marketplace on which securities of the credit supporter are listed or quoted, all disclosure materials that are sent to holders of non-convertible preferred shares of the credit supporter that have an approved rating.
- (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 insider does not receive, in the ordinary course, information as to material facts or material changes concerning the credit supporter before the material facts or material changes are generally disclosed;
 - (b) the insider is not an insider of the credit supporter in any capacity other than by virtue of being an insider of the credit support issuer;
 - (c) the credit supporter is the direct or indirect beneficial owner of all the issued and outstanding voting securities of the credit support issuer;
 - (d) the credit supporter is an SEC MJDS issuer; and
 - (e) the credit support issuer has not issued any securities, other than
 - (i) designated credit support securities;
 - (ii) securities issued to the credit supporter or an affiliate of the credit supporter; or
 - (iii) debt securities issued to banks, loan corporations, trust corporations, treasury branches, credit unions, insurance companies or other financial institutions.

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, the provisions of this Instrument, including Part 10, concerning

- (a) annual financial statements or MD&A relating to those financial statements, except sections 4.8 to 4.11, apply for financial years beginning on or after January 1, 2004;
- (b) interim financial statements or MD&A relating to those financial statements, except sections 4.8 to 4.11, apply for interim periods in financial years beginning on or after January 1, 2004;
- (c) AIFs apply in respect of financial years beginning on or after January 1, 2004;
- (d) business acquisition reports apply to significant acquisitions if the initial legally binding agreement relating to the acquisition was entered into on or after March 30, 2004;
- (e) proxy solicitation and information circulars apply from and after June 1, 2004; and
- (f) filing of documents under Part 12 apply in respect of financial years beginning on or after January 1, 2004.

**COMPANION POLICY 51-102CP
CONTINUOUS DISCLOSURE OBLIGATIONS**

TABLE OF CONTENTS

PART 1	INTRODUCTION AND DEFINITIONS
1.1	Introduction and Purpose
1.2	Filing Obligations
1.3	Corporate Law Requirements
1.4	Definitions
1.5	Plain Language Principles
1.6	Signature and Certificates
1.7	Audit Committees
1.8	Acceptable Accounting Principles, Auditing Standards and Reporting Currency
1.9	Ordinary Course of Business
PART 2	FOREIGN ISSUERS AND INVESTMENT FUNDS
2.1	Foreign Issuers
2.2	Investment Funds
PART 3	FINANCIAL STATEMENTS
3.1	Length of Financial Year
3.2	Audit of Comparative Annual Financial Statements
3.3	Filing Deadline for Annual Financial Statements and Auditor's Report
3.4	Auditor Involvement with Interim Financial Statements
3.5	Delivery of Financial Statements
3.6	Comparative Interim Financial Information After Becoming a Reporting Issuer
3.7	Change in Year-End
3.8	Reverse Takeovers
3.9	Change in Corporate Structure
3.10	Change of Auditor
PART 4	DISCLOSURE OF FINANCIAL INFORMATION
4.1	Disclosure of Financial Results
4.2	Non-GAAP Financial Measures
PART 5	MD&A
5.1	Delivery of MD&A
5.2	Additional Information for Venture Issuers Without Significant Revenue
5.3	Disclosure of Outstanding Share Data
PART 6	AIF
6.1	Additional and Supporting Documentation
6.2	AIF Disclosure of Asset-backed Securities
PART 7	MATERIAL CHANGE REPORTS
7.1	Publication of News Release
PART 8	BUSINESS ACQUISITION REPORTS
8.1	Obligations to File a Business Acquisition Report
8.2	Significance Tests
8.3	Optional Significance Tests
8.4	Financial Statements of Related Businesses
8.5	Application of the Significance Tests for Step-By-Step Acquisitions
8.6	Preparation of Divisional and Carve-out Financial Statements
8.7	Preparation of Pro Forma Financial Statements Giving Effect to Significant Acquisitions
8.8	Relief from the Requirement to Audit Operating Statements of an Oil and Gas Property
8.9	Exemptions From Requirement for Financial Statements in a Business Acquisition Report
8.10	Unaudited Comparatives in Annual Financial Statements of an Acquired Business
PART 9	PROXY SOLICITATION AND INFORMATION CIRCULARS
9.1	Beneficial Owners of Securities

PART 10 ELECTRONIC DELIVERY OF DOCUMENTS

10.1 Electronic Delivery of Documents

PART 11 ADDITIONAL FILING REQUIREMENTS

11.1 Additional Filing Requirements

PART 12 FILING OF CERTAIN DOCUMENTS

12.1 Statutory or Regulatory Instruments

12.2 Contracts that Affect the Rights or Obligations of Securityholders

12.3 Filing of Other Material Contracts

PART 13 EXEMPTIONS

13.1 Prior Exemptions and Waivers

APPENDIX A

EXAMPLES OF FILING REQUIREMENTS FOR CHANGES IN THE YEAR END

APPENDIX B

FINANCIAL STATEMENTS REQUIRED IN A BUSINESS ACQUISITION REPORT

COMPANION POLICY 51-102CP
CONTINUOUS DISCLOSURE OBLIGATIONS

PART 1 INTRODUCTION AND DEFINITIONS

1.1 Introduction and Purpose

- (1) National Instrument 51-102 *Continuous Disclosure Obligations* (the “Instrument”) sets out disclosure requirements for all issuers, other than investment funds, that are reporting issuers in one or more jurisdictions in Canada.
- (2) The purpose of this Companion Policy (the “Policy”) is to help you understand how the provincial and territorial regulatory authorities interpret or apply certain provisions of the Instrument. This Policy includes explanations, discussion and examples of various parts of the Instrument.

1.2 Filing Obligations

Reporting issuers must file continuous disclosure documents under the Instrument only in the local jurisdictions in which they are a reporting issuer.

1.3 Corporate Law Requirements

Reporting issuers are reminded that they may be subject to requirements of corporate law that address matters similar to those addressed by the Instrument, and which may impose additional or more onerous requirements. For example, applicable corporate law may require the delivery of annual financial statements to shareholders or may require the board of directors to approve interim financial statements.

1.4 Definitions

- (1) **General** – Many of the terms for which the Instrument or Forms prescribed by the Instrument provide definitions are defined somewhat differently in the applicable securities legislation of several local jurisdictions. A term used in the Instrument and defined in the securities statute of a local jurisdiction has the meaning given to it in the statute unless:
(a) the definition in that statute is restricted to a specific portion of the statute that does not govern continuous disclosure; or
(b) the context otherwise requires.

For instance, the terms “form of proxy”, “material change”, “proxy”, “published market”, “recognized quotation and trade reporting system” and “solicit” are defined in local securities legislation of most jurisdictions. The provincial and territorial regulatory authorities consider the meanings given to these terms in securities legislation to be substantially similar to the definitions set out in the Instrument.

- (2) **Asset-backed security** – Section 1.7 of Companion Policy 44-101CP provides guidance for the definitions of “asset-backed securities” and “principal obligor”.
- (3) **Directors and Executive Officers** – Where the Instrument or any of the Forms use the term “directors” or “executive officers”, a reporting issuer that is not a corporation must refer to the definitions in securities legislation of “director” and “officer”. The definition of “officer” may include any individual acting in a capacity similar to that of an officer of a company. Similarly, the definition of “director” typically includes a person acting in a capacity similar to that of a director of a company. Therefore, non-corporate issuers must determine in light of the particular circumstances which individuals or persons are acting in such capacities for the purposes of complying with the Instrument and the Forms. Further, in considering paragraph (f) of the definition of “executive officer”, we would consider an individual that is employed by an entity separate from the reporting issuer, but that performs a policy-making function in respect of the reporting issuer through that separate entity or otherwise, to fit within this definition.
- (4) **Investment Fund** - Generally, the definition of “investment fund” would not include a trust or other entity that issues securities which entitle the holder to substantially all of the net cash flows generated by: (i) an underlying business owned by the trust or other entity, or (ii) the income-producing properties owned by the trust or other entity. Examples of trusts or other entities that are not included in the definition are business income trusts, real estate investment trusts and royalty trusts.
- (5) **Reverse Takeover** – The definition of reverse takeover is based upon the definition in the Handbook. The Handbook adds further clarification that, although legally the enterprise (the legal parent) that issued the securities is regarded as the parent or continuing enterprise, the enterprise (the legal subsidiary) whose former securityholders now control (as that term is used in the Handbook) the combined enterprise is treated as the acquirer for accounting purposes. As a result, for accounting purposes, the issuing enterprise (the legal parent) is deemed to be a continuation of the acquirer

and the acquirer is deemed to have acquired control of the assets and business of the issuing enterprise in consideration for the issue of capital.

1.5 Plain Language Principles

We believe that plain language will help investors understand your disclosure so that they can make informed investment decisions. You can achieve this by

- using short sentences
- using definite everyday language
- using the active voice
- avoiding superfluous words
- organizing the document in clear, concise sections, paragraphs and sentences
- avoiding jargon
- using personal pronouns to speak directly to the reader
- avoiding reliance on glossaries and defined terms unless it facilitates understanding of the disclosure
- not relying on boilerplate wording
- avoiding abstract terms by using more concrete terms or examples
- avoiding multiple negatives
- using technical terms only when necessary and explaining those terms
- using charts, tables and examples where it makes disclosure easier to understand.

1.6 Signature and Certificates

Reporting issuers are not required by the Instrument to sign or certify documents filed under the Instrument. In certain jurisdictions, certification requirements may apply under Multilateral Instrument 52-109 *Certification of Disclosure in Companies' Annual and Interim Filings*. Whether or not a document is signed or certified, it is an offence under securities legislation to make a false or misleading statement in any required document.

1.7 Audit Committees

Reporting issuers are reminded that their audit committees must fulfill their responsibilities set out in other securities legislation. For example, in certain jurisdictions, the responsibilities of audit committees are set out in Multilateral Instrument 52-110 *Audit Committees*.

1.8 Acceptable Accounting Principles, Auditing Standards and Reporting Currency

An issuer filing any of the following items under the Instrument must comply with National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* ("NI 52-107"):

- (a) financial statements;
- (b) an operating statement for an oil and gas property as referred to in section 8.10 of the Instrument;
- (c) financial information as to the assets, liabilities and results of operations of a business as referred to in section 8.6 of the Instrument; or
- (d) financial information derived from a credit support issuer's financial statements as referred to in section 13.4 of the Instrument.

NI 52-107 sets out, among other things, when issuers can use accounting principles and auditing standards other than Canadian accounting principles and auditing standards in preparing financial statements.

1.9 Ordinary Course of Business

Whether a contract has been entered into in the ordinary course of business is a question of fact. It must be considered in the context of the reporting issuer's business and the industry in which it operates.

PART 2 FOREIGN ISSUERS AND INVESTMENT FUNDS

2.1 Foreign Issuers

National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* provides relief for foreign reporting issuers from certain continuous disclosure and other obligations, including certain obligations contained in the Instrument.

2.2 Investment Funds

Section 2.1 of the Instrument states that the Instrument does not apply to an investment fund. Investment funds should look to securities legislation of the local jurisdiction including, when implemented, National Instrument 81-106 *Investment Fund Continuous Disclosure* to find the continuous disclosure requirements applicable to them.

PART 3 FINANCIAL STATEMENTS

3.1 Length of Financial Year

For the purposes of the Instrument, unless otherwise expressly provided, references to a financial year apply irrespective of the length of that year. The first financial year of a reporting issuer commences on the date of its incorporation or organization and ends at the close of that year.

3.2 Audit of Comparative Annual Financial Statements

Section 4.1 of the Instrument requires a reporting issuer to file annual financial statements that include comparative information for the immediately preceding financial year and that are accompanied by an auditor's report. The auditor's report must cover both the most recently completed financial year and the comparative period, except if the issuer changed its auditor during the periods presented in the financial statements and the new auditor has not audited the comparative period. In this situation, the auditor's report would normally refer to the former auditor's report on the comparative period and the former auditor's report would not be re-filed. This is consistent with Assurance and Related Services Guideline AuG-8 *Auditor's Report on Comparative Financial Statements* in the Handbook.

3.3 Filing Deadline for Annual Financial Statements and Auditor's Report

Section 4.2 of the Instrument sets out filing deadlines for annual financial statements. While section 4.2 of the Instrument does not address the auditor's report date, reporting issuers are encouraged to file their annual financial statements as soon as practicable after the date of the auditor's report. The delivery obligations set out in section 4.6 of the Instrument are not tied to the filing of the financial statements.

3.4 Auditor Involvement with Interim Financial Statements

- (1) The board of directors of a reporting issuer, in discharging its responsibilities for ensuring the reliability of interim financial statements, should consider engaging an external auditor to carry out a review of the interim financial statements.
- (2) Subsection 4.3(3) of the Instrument requires a reporting issuer to disclose if an auditor has not performed a review of the interim financial statements, to disclose if an auditor was unable to complete a review and why, and to file a written report from the auditor if the auditor has performed a review and expressed a reservation in the auditor's interim review report. No positive statement is required when an auditor has performed a review and provided an unqualified communication. If an auditor was engaged to perform a review on interim financial statements applying review standards set out in the Handbook, and the auditor was unable to complete the review, the issuer's disclosure of the reasons why the auditor was unable to complete the review would normally include a discussion of
 - (a) inadequate internal control;

- (b) a limitation on the scope of the auditor's work; or
 - (c) the failure of management to provide the auditor with the written representations the auditor believes are necessary.
- (3) If a reporting issuer's annual financial statements are audited in accordance with Canadian GAAS, the terms "review" and "interim review report" used in subsection 4.3(3) of the Instrument refer to the auditor's review of, and report on, interim financial statements applying standards for a review of interim financial statements by the auditor as set out in the Handbook. However, if the reporting issuer's financial statements are audited in accordance with auditing standards other than Canadian GAAS, the corresponding review standards should be applied.

3.5 Delivery of Financial Statements

Section 4.6 of the Instrument requires reporting issuers to send a request form to the registered holders and beneficial owners of their securities. The registered holders and beneficial owners may use the request form to request a copy of the reporting issuer's annual financial statements and related MD&A, interim financial statements and related MD&A, or both. Reporting issuers are only required to deliver financial statements and MD&A to the person or company that requests them. As a result, if a beneficial owner requests financial statements and MD&A through its intermediary, the issuer is only required to deliver the requested documents to the intermediary.

Failing to return the request form or otherwise specifically request a copy of the financial statements or MD&A from the reporting issuer will override the beneficial owner's standing instructions under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101") in respect of the financial statements.

The Instrument does not prescribe when the request form must be sent, or how it must be returned to the reporting issuer.

3.6 Comparative Interim Financial Information After Becoming a Reporting Issuer

Section 4.7(4) of the Instrument provides that a reporting issuer does not have to provide comparative financial information when it first becomes a reporting issuer if it complies with specific requirements. This exemption may, for example, apply to an issuer that was, before becoming a reporting issuer, a private entity and that is unable to prepare the comparative financial information because it is impracticable to do so.

3.7 Change in Year-End

Appendix A to this Policy is a chart outlining the financial statement filing requirements under section 4.8 of the Instrument if a reporting issuer changes its financial year-end.

3.8 Reverse Takeovers

- (1) Following a reverse takeover, although the reverse takeover acquiree is the reporting issuer, from an accounting perspective, the financial statements will be those of the reverse takeover acquirer. Those financial statements must be prepared and filed as if the reverse takeover acquirer had always been the reporting issuer.
- (2) The reverse takeover acquiree must file its own financial statements required by sections 4.1 and 4.3 for all interim and annual periods ending before the date of the reverse takeover, even if the filing deadline for those financial statements is after the date of the reverse takeover.

3.9 Change in Corporate Structure

Section 4.9 of the Instrument requires a reporting issuer to file a notice if the issuer has been party to certain restructuring transactions. The reporting issuer may satisfy this requirement by filing a copy of its material change report or news release, provided that

- (a) the material change report or news release contains all the information required in the notice; and
- (b) the reporting issuer files the material change report or news release with the securities regulatory authority or regulator
 - (i) under the Change in Corporate Structure category on SEDAR, or

- (ii) if the issuer is not an electronic filer, as a notice under section 4.9.

3.10 Change of Auditor

The term “disagreement” defined in subsection 4.11(1) should be interpreted broadly. A disagreement may not involve an argument, but rather, a mere difference of opinion. Also, where a difference of opinion occurs that meets the criteria in item (b) of the definition of “disagreement”, and the issuer reluctantly accepts the auditor’s position in order to obtain an unqualified report, a reportable disagreement may still exist. The subsequent rendering of an unqualified report does not, by itself, remove the necessity for reporting a disagreement.

Subsection 4.11(5) of the Instrument requires a reporting issuer, upon a termination or resignation of its auditor, to prepare a change of auditor notice, have the audit committee or board of directors approve the notice, file the reporting package with the applicable regulator or securities regulatory authority in each jurisdiction where it is a reporting issuer, and if there are any reportable events, issue and file a news release describing the information in the reporting package. Subsection 4.11(6) of the Instrument requires the reporting issuer to perform these procedures upon an appointment of a successor auditor. If a termination or resignation of a former auditor and appointment of a successor auditor occur within a short period of time, it may be possible for a reporting issuer to perform the procedures described above required by both subsections 4.11(5) and 4.11(6) concurrently and meet the timing requirements set out in those subsections. In other words, the reporting issuer would prepare only one comprehensive notice and reporting package.

PART 4 DISCLOSURE OF FINANCIAL INFORMATION

4.1 Disclosure of Financial Results

- (1) Subsection 4.5(1) of the Instrument requires that annual financial statements be reviewed by a company’s audit committee (if any) and approved by the board of directors before filing. Subsection 4.5(2) of the Instrument requires that interim financial statements be reviewed by a company’s audit committee (if any) and approved by the board of directors or by the company’s audit committee before filing. We believe that extracting information from financial statements that have not been approved as required by those provisions and releasing that information to the marketplace in a news release is inconsistent with the prior approval requirement. Also see National Policy 51-201 *Disclosure Standards*.
- (2) Reporting issuers that intend to disclose financial information to the marketplace in a news release should consult NI 52-107. We believe that disclosing financial information in a news release without disclosing the accounting principles used is inconsistent with the requirement in NI 52-107 to identify the accounting principles used in the financial statements.

4.2 Non-GAAP Financial Measures

Reporting issuers that intend to publish financial measures other than those prescribed by GAAP should refer to CSA Staff Notice 52-306 *Non-GAAP Financial Measures* for a discussion of staff expectations concerning the use of non-GAAP measures.

PART 5 MD&A

5.1 Delivery of MD&A

Reporting issuers are not required to send a request form to their securityholders under Part 5 of the Instrument. This is because the request form that must be delivered under section 4.6 of the Instrument relates to both a reporting issuer’s financial statements, and the MD&A applicable to those financial statements.

5.2 Additional Information for Venture Issuers Without Significant Revenue

Section 5.3 of the Instrument requires certain venture issuers to provide in their annual or interim MD&A or MD&A supplement (unless the information is included in their interim and annual financial statements), a breakdown of material costs whether capitalized, deferred or expensed. A component of cost is generally considered to be a material component if it exceeds the greater of

- (a) 20% of the total amount of the class; and
- (b) \$25,000.

5.3 Disclosure of Outstanding Share Data

Section 5.4 of the Instrument requires disclosure of information relating to the outstanding securities of the reporting issuer as of the latest practicable date. The "latest practicable date" should be current, as close as possible, to the date of filing of the MD&A. Disclosing the number of securities outstanding at the period end is generally not sufficient to meet this requirement.

PART 6 AIF

6.1 Additional and Supporting Documentation

Any material incorporated by reference in an AIF is required under section 6.3 of the Instrument to be filed with the AIF unless the material has been previously filed. When a reporting issuer using SEDAR files a previously unfiled document with its AIF, the reporting issuer should ensure that the document is filed under the appropriate SEDAR filing type and document type specifically applicable to the document, rather than generic type "Documents Incorporated by Reference". For example, a reporting issuer that has incorporated by reference an information circular in its AIF and has not previously filed the circular should file the circular under the "Management Proxy Materials" filing subtype and the "Management proxy/information circular" document type.

6.2 AIF Disclosure of Asset-backed Securities

- (1) **Factors to consider** - Issuers that have distributed asset-backed securities under a prospectus are required to provide disclosure in their AIF under section 5.3 of Form 51-102F2. Issuers of asset-backed securities must determine which other prescribed disclosure is applicable and ought to be included in the AIF. Applicable disclosure for a special purpose issuer of asset-backed securities generally pertains to the nature, performance and servicing of the pool of financial assets servicing the asset-backed security. The nature and extent of required disclosure may vary depending on the type and attributes of the underlying pool.

An issuer of asset-backed securities should consider the following factors in preparing its AIF:

1. The extent of disclosure respecting the issuer will depend on the extent of the issuer's on-going involvement in the conversion of the assets comprising the pool to cash, and the distribution of cash to securityholders; this involvement may, in turn, vary dramatically depending on the type, quality and attributes of the assets comprising the pool and on the overall structure of the transaction.
 2. Requested disclosure respecting the business and affairs of the issuer should be interpreted to apply to the financial assets underlying the asset-backed securities.
 3. Financial information respecting the pool of assets to be described and analyzed in the AIF will consist of information commonly set out in servicing reports prepared to describe the performance of the pool and the specific allocations of income, loss and cash flows applicable to outstanding asset-backed securities made during the relevant period.
- (2) **Underlying pool of assets** - Paragraph 5.3(2)(a) of Form 51-102F2 requires issuers of asset-backed securities that were distributed by way of prospectus to include information relating to the composition of the underlying pool of financial assets, the cash flows from which service the asset-backed securities. Disclosure respecting the composition of the pool will vary depending upon the nature and number of the underlying financial assets. For example, in a geographically dispersed pool of financial assets, it may be appropriate to provide a summary disclosure based on the location of obligors. In the context of a revolving pool, it may be appropriate to provide details relating to aggregate outstanding balances during a year to illustrate historical fluctuations in asset origination due, for example, to seasonality. In pools of consumer debt obligations, it may be appropriate to provide a breakdown within ranges of amounts owing by obligors in order to illustrate limits on available credit extended.

PART 7 MATERIAL CHANGE REPORTS

7.1 Publication of News Release

Section 7.1 of the Instrument requires reporting issuers to immediately issue and file a news release disclosing the nature of a material change. This requirement is substantively the same as the material change reporting requirements in some securities legislation for the news release to be issued forthwith.

PART 8 BUSINESS ACQUISITION REPORTS**8.1 Obligations to File a Business Acquisition Report**

- (1) **Filing of a Material Change Report** - The requirement in the Instrument for a reporting issuer to file a business acquisition report is in addition to the reporting issuer's obligation to file a material change report, if the significant acquisition constitutes a material change.
- (2) **Filing of a Business Acquisition Report by SEC Issuers** - If a document or a series of documents that an SEC issuer files with or furnishes to the SEC in connection with a business acquisition contains all of the information, including financial statements, required to be included in a business acquisition report under the Instrument, the SEC issuer may file a copy of the documents as its business acquisition report.
- (3) **Financial Statement Disclosure of Significant Acquisitions** – Appendix B to this Policy is a chart outlining the key obligations for financial statement disclosure of significant acquisitions in a business acquisition report. Reporting issuers are reminded that NI 52-107 prescribes the accounting principles, auditing standards and reporting currency that must be used to prepare and audit the financial statements required by Part 8 of the Instrument.
- (4) **Acquisition of a Business** – A reporting issuer that has made a significant acquisition must include in its business acquisition report certain financial statements of each business acquired. The term “business” should be evaluated in light of the facts and circumstances involved. We generally consider that a separate entity, a subsidiary or a division is a business and that in certain circumstances a smaller component of a company may also be a business, whether or not the business previously prepared financial statements. In determining whether an acquisition constitutes the acquisition of a business, a reporting issuer should consider the continuity of business operations, including the following factors:
 - (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 reporting issuer instead of remaining with the vendor after the acquisition.

8.2 Significance Tests

- (1) **Nature of Significance Tests** – Subsection 8.3(2) of the Instrument sets out the required significance tests for determining whether an acquisition of a business by a reporting issuer is a “significant acquisition”. The first test measures the assets of the acquired business against the assets of the reporting issuer. The second test measures the reporting issuer's investments in and advances to the acquired business against the assets of the reporting issuer. The third test measures the income from continuing operations of the acquired business against the income from continuing operations of the reporting issuer. If any one of these three tests is satisfied at the prescribed level, the acquisition is considered “significant” to the reporting issuer. The test must be applied as at the time of the acquisition using the most recent annual audited financial statements of the reporting issuer and the business. These tests are similar to requirements of the SEC and provide issuers with certainty that if an acquisition is not significant at the time of the acquisition, then no business acquisition or report will be required to be filed.
- (2) **Business Using Accounting Principles Other Than Those Used by the Reporting Issuer** – Subsection 8.3(13) of the Instrument provides that where the financial statements of the business or related businesses are prepared in accordance with accounting principles other than those used in reporting issuer's financial statements, for purposes of applying the significance tests, the relevant financial statements for the business or related businesses must be reconciled. It is unnecessary for the reconciliation to be audited for the purpose of the tests.
- (3) **Acquisition of a Previously Unaudited Business** – Subsections 8.3(2) and 8.3(4) of the Instrument require the significance of an acquisition to be determined using the most recent audited financial statements of the reporting issuer and the business acquired. However, if the financial statements of the business or related businesses for the most recently completed financial year were not audited, subsection 8.3(14) of the Instrument permits use of the unaudited financial statements for the purpose of applying the significance tests. If the acquisition is determined to be significant, then the annual financial statements required by subsection 8.4(1) of the Instrument must be audited.
- (4) **Application of Investment Test for Significance of an Acquisition** – One of the significance tests set out in subsections 8.3(2) and (4) of the Instrument is whether the reporting issuer's consolidated investments in and advances to the business or related businesses exceed a specified percentage of the consolidated assets of the reporting issuer. In applying this test, the “investments in” the business should be determined using the total cost of the

purchase, as determined by generally accepted accounting principles, including consideration paid or payable and the costs of the acquisition. If the acquisition agreement includes a provision for contingent consideration, for the purpose of applying the test, the contingent consideration should be included in the total cost of the purchase unless the likelihood of payment is considered remote at the date of the acquisition. In addition, any payments made in connection with the acquisition which would not constitute purchase consideration but which would not have been paid unless the acquisition had occurred, should be considered part of investments in and advances to the business for the purpose of applying the significance tests. Examples of such payments include loans, royalty agreements, lease agreements and agreements to provide a pre-determined amount of future services.

- (5) **Application of the Significance Tests When the Financial Year Ends are Non-Coterminous** – Subsection 8.3(2) of the Instrument requires the significance of a business acquisition to be determined using the most recent audited financial statements of both the reporting issuer and the acquired business. For the purpose of applying the tests under this subsection, the year-ends of the reporting issuer and the acquired business need not be coterminous. Accordingly, neither the audited financial statements of the reporting issuer nor those of the business should be adjusted for the purposes of applying the significance tests. However, if the acquisition of a business is determined to be significant and pro forma income statements are required by subsection 8.4(3) of the Instrument and, if the business' year-end is more than 93 days before the reporting issuer's year-end, the business' reporting period required under paragraph 8.4(4)(c) of the Instrument should be adjusted to reduce the gap to 93 days or less. Refer to subsection 8.7(3) of this Policy for further guidance.

8.3 Optional Significance Tests

- (1) **Optional Significance Tests – Decrease in Significance** – The optional significance tests under subsections 8.3(3) and (4) of the Instrument have been included to recognize the possible growth of a reporting issuer between the date of its most recently completed year-end and the date of acquisition and the corresponding potential decline in significance of the acquisition to the reporting issuer. If the significance of an acquisition increases at the second date under subsection 8.3(4), only the financial statements required for the level of significance calculated by the required significance tests under subsection 8.3(2) of the Instrument must be included in the business acquisition report. Applying the optional significance tests at the second date is not intended to increase the level of significance of an acquisition and thereby the number of years of financial statements included in a business acquisition report.
- (2) **Availability of the Optional Significance Tests** – The optional significance tests at the second date are available to all reporting issuers. However, depending on how or when a reporting issuer integrates the acquired business into its existing operations and the nature of post-acquisition financial records it maintains for the acquired business, it may not be possible for a reporting issuer to apply the optional significance test at the second date.
- (3) **Optional Investment Test** – If an acquisition is determined under subsection 8.3(2) of the Instrument to be significant, a reporting issuer has the option under subsections 8.3(3) and (4) of the Instrument of applying optional significance tests using more recent financial statements than those used for the required significance tests in subsection 8.3(2). For the purpose of applying the optional investment test under paragraph 8.3(4)(b) of the Instrument, the reporting issuer's investments in and advances to the business should be as at the date of the acquisition and not as at the date of the reporting issuer's financial statements used to determine its consolidated assets for the optional investment test.

8.4 Financial Statements of Related Businesses

Subsection 8.4(5) of the Instrument requires that if a reporting issuer includes in its business acquisition report financial statements for more than one related business, separate financial statements must be presented for each business except for the periods during which the businesses were under common control or management, in which case the reporting issuer may present the financial statements on a combined basis. Although one or more of the related businesses may be insignificant relative to the others, separate financial statements of each business for the same number of periods required must be presented. Relief from the requirement to include financial statements of the least significant related business or businesses may be granted depending on the facts and circumstances.

8.5 Application of the Significance Tests for Step-By-Step Acquisitions

Subsection 8.3(11) of the Instrument explains how the significance test should be applied when the reporting issuer increases its investment in a business by way of a step-by-step purchase as described in the Handbook. If the reporting issuer acquired an interest in the business in a previous year and that interest is reflected in the most recent audited financial statements of the reporting issuer filed, then the issuer should determine the significance of only the incremental investment in the business which is not reflected in the reporting issuer's most recent audited financial statements filed.

8.6 Preparation of Divisional and Carve-out Financial Statements

- (1) **Interpretations** – In this section of this Policy, unless otherwise stated,
 - (a) a reference to “a business” includes a division or some lesser component of another business acquired by a reporting issuer that constitutes a significant acquisition; and
 - (b) the term “parent” refers to the vendor from whom the reporting issuer purchased a business.
- (2) **Acquisition of a Division** - As discussed in subsection 8.1(4) of this Policy, the acquisition of a division of a business and in certain circumstances, a lesser component of a person or company, may constitute an acquisition of a business for purposes of the Instrument, whether or not the subject of the acquisition previously prepared financial statements. To determine the significance of the acquisition and comply with the requirements for financial statements in a business acquisition report under Part 8 of the Instrument, financial statements for the business must be prepared. This section provides guidance on preparing these financial statements.
- (3) **Divisional and Carve-Out Financial Statements** – The terms “divisional” and “carve-out” financial statements are often used interchangeably although a distinction is possible. Some companies maintain separate financial records and financial statements for a business activity or unit that is operated as a division. Financial statements prepared from these financial records are often referred to as “divisional” financial statements. In other circumstances, no separate financial records for a business activity are maintained; they are simply consolidated with the parent’s records. In these cases, if the parent’s financial records are sufficiently detailed, it is possible to extract or “carve-out” the information specific to the business activity in order to prepare separate financial statements of that business. Financial statements prepared in this manner are commonly referred to as “carve-out” financial statements. The guidance in this section applies to the preparation of both divisional and carve-out financial statements unless otherwise stated.
- (4) **Preparation of Divisional and Carve-Out Financial Statements**
 - (a) When complete financial records of the business acquired have been maintained, those records should be used for preparing and auditing the financial statements of the business. For the purposes of this section, it is presumed that the parent maintains separate financial records for its divisions.
 - (b) When complete financial records of the business acquired do not exist, carve-out financial statements should generally be prepared in accordance with the following guidelines:
 - (i) **Allocation of Assets and Liabilities** - A balance sheet should include all assets and liabilities directly attributable to the business.
 - (ii) **Allocation of Revenues and Expenses** - Income statements should include all revenues and expenses directly attributable to the business. Some fundamental expenditures may be shared by the business and its parent in which case the parent’s management must determine a reasonable basis for allocating a share of these common expenses to the business. Examples of such common expenses include salaries, rent, depreciation, professional fees, general and administration.
 - (iii) **Calculation of Income and Capital Taxes** - Income and capital taxes should be calculated as if the entity had been a separate legal entity and filed a separate tax return for the period presented.
 - (iv) **Disclosure of Basis of Preparation** - The financial statements should include a note describing the basis of preparation. If expenses have been allocated as discussed in subparagraph (b)(ii), the financial statements should include a note describing the method of allocation for each significant line item, at a minimum.
- (5) **Statements of Assets Acquired, Liabilities Assumed and Statements of Operations** – When it is impracticable to prepare carve-out financial statements of a business, a reporting issuer may be required to include in its business acquisition report an audited statement of assets acquired and liabilities assumed and a statement of operations of the business. The statement of operations should exclude only those indirect operating costs not directly attributable to the business, such as corporate overhead. If indirect operating costs were previously allocated to the business and there is a reasonable basis of allocation, they should not be excluded.

8.7 Preparation of Pro Forma Financial Statements Giving Effect to Significant Acquisitions

- (1) **Objective and Basis of Preparation** – The objective of pro forma statements is to illustrate the impact of a transaction on a reporting issuer's financial position and results of operations by adjusting the historical financial statements of the reporting issuer to give effect to the transaction. Accordingly, the pro forma financial statements should be prepared on the basis of the reporting issuer's financial statements as already filed. No adjustment should be made to eliminate extraordinary items or discontinued operations.
- (2) **Pro Forma Balance Sheet and Income Statements** – Subsection 8.4(3) of the Instrument does not require a pro forma balance sheet to be prepared to give effect to significant acquisitions that are reflected in the reporting issuer's most recent annual or interim balance sheet filed under the Instrument.
- (3) **Non-coterminous Year-ends** - Where the financial year-end of a business differs from the reporting issuer's year-end by more than 93 days, paragraph 8.4(4)(c) requires an income statement for the business to be constructed for a period of 12 consecutive months. For example, if the constructed reporting period is 12 months and ends on June 30, the 12 months should commence on July 1 of the immediately preceding year; it should not begin on March 1st of the immediately preceding year with three of the following 15 months omitted, such as the period from October 1 to December 31, since this would not be a consecutive 12 month period.
- (4) **Effective Date of Adjustments** - For the pro forma income statements included in a business acquisition report, the acquisition and the adjustments should be computed as if the acquisition had occurred at the beginning of the reporting issuer's most recently completed financial year and carried through the most recent interim period presented, if any. However, one exception to the preceding is that adjustments related to the allocation of the purchase price, including the amortization of fair value increments and intangibles, should be based on the purchase price allocation arising from giving effect to the acquisition as if it occurred on the date of the reporting issuer's most recent balance sheet filed.
- (5) **Acceptable Adjustments** – Pro forma adjustments should be limited to those that are directly attributable to the specific acquisition transaction for which there are firm commitments and for which the complete financial effects are objectively determinable.
- (6) **Multiple Acquisitions** – If the pro forma financial statements give effect to more than one acquisition, the pro forma adjustments may be grouped by line item on the face of the pro forma financial statements provided the details for each transaction are disclosed in the notes.

8.8 Relief from the Requirement to Audit Operating Statements of an Oil and Gas Property

The applicable securities regulatory authority or regulator may exempt a reporting issuer from the requirement to include the report of an auditor on the operating statements referred to in section 8.10 of the Instrument if, during the 12 months preceding the date of the acquisition, the average daily production of the property is less than 20 percent of the total average daily production of the vendor for the same or similar periods, and

- (a) the reporting issuer provides written submissions prior to the deadline for filing the business acquisition report which establishes to the satisfaction of the appropriate regulator, that despite reasonable efforts during the purchase negotiations, the reporting issuer was prohibited from including in the purchase agreement the rights to obtain an audited operating statement of the property;
- (b) the purchase agreement includes representations and warranties by the vendor that the amounts presented in the operating statement agree to the vendor's books and records; and
- (c) the reporting issuer discloses in the business acquisition report its inability to obtain an audited operating statement, the reasons therefor, the fact that the representations and warranties referred to in paragraph (b) have been obtained, and a statement that the results presented in the operating statement may have been materially different if the statement had been audited.

For the purpose of determining average daily production when production includes both oil and natural gas, production may be expressed in barrels of oil equivalent using the conversion ratio of 6000 cubic feet of gas to one barrel of oil.

8.9 Exemptions From Requirement for Financial Statements in a Business Acquisition Report

- (1) **Exemptions** – We are of the view that relief from the financial statement requirements of Part 8 of the Instrument should be granted only in unusual circumstances and generally not related solely to cost or the time involved in preparing and auditing the financial statements. Reporting issuers seeking relief from the financial statement or audit requirements of Part 8 must apply for the relief before the filing deadline for the business acquisition report and before

the closing date of the transaction, if applicable. Reporting issuers are reminded that many securities regulatory authorities and regulators do not have the power to grant retroactive relief.

- (2) **Conditions to Exemptions** – If relief is granted from the requirements of Part 8 of the Instrument to include audited financial statements of an acquired business or related businesses, conditions will likely be imposed, such as a requirement to include audited divisional or partial income statements or divisional statements of cash flow, or an audited statement of net operating income for a business.
- (3) **Exemption from Comparatives if Financial Statements Not Previously Prepared** – Section 8.9 of the Instrument provides that a reporting issuer does not have to provide comparative financial information for an acquired business in a business acquisition report if it complies with specific requirements. This exemption may, for example, apply to an acquired business that was, before the acquisition, a private entity and that the reporting issuer is unable to prepare the comparative financial information for because it is impracticable to do so.
- (4) **Exemption from Including Two Years** – Relief may be granted from the requirement to include financial statements of an acquired business or related businesses for two years in a business acquisition report in some situations that may include the following:
 - (a) the business's historical accounting records have been destroyed and cannot be reconstructed. In this case, as a condition of granting the exemption, the reporting issuer may be requested by the securities regulatory authority or regulator to
 - (i) represent in writing to the securities regulatory authority or regulator, no later than the time the business acquisition report is required to be filed, that the reporting issuer made every reasonable effort to obtain copies of, or reconstruct the historical accounting records necessary to prepare and audit the financial statements, but such efforts were unsuccessful; and
 - (ii) disclose in the business acquisition report the fact that the historical accounting records have been destroyed and cannot be reconstructed;
 - (b) the business has recently emerged from bankruptcy and current management of the business and the reporting issuer is denied access to the historical accounting records necessary to audit the financial statements. In this case, as a condition of granting the exemption, the reporting issuer may be requested by the securities regulatory authority or regulator to
 - (i) represent in writing to the securities regulatory authority or regulator, no later than the time the business acquisition report is filed that the reporting issuer has made every reasonable effort to obtain access to, or copies of, the historical accounting records necessary to audit the financial statements but that such efforts were unsuccessful;
 - (ii) disclose in the business acquisition report the fact that the business has recently emerged from bankruptcy and current management of the business and the reporting issuer are denied access to the historical accounting records;
 - (iii) the business has undergone a fundamental change in the nature of its business or operations affecting the majority of its operations and all, or substantially all, of the executive officers and directors of the company have changed. The evolution of a business or progression of a development cycle will not be considered to be a fundamental change in a reporting issuer's business or operations. Relief from the requirement to include audited financial statements of the business for the year in which the change in operations occurred, or for the most recently completed financial year if the change in operations occurred during the business's current financial year, generally will not be granted.

8.10 Unaudited Comparatives in Annual Financial Statements of an Acquired Business

Where item 8.5(1)1. and subsection 8.5(2) of the Instrument require audited financial statements for the most recently completed financial year of the business, accounting principles, as defined in NI 52-107, generally require the financial statements to include comparative financial information. This comparative financial information may be unaudited.

PART 9 PROXY SOLICITATION AND INFORMATION CIRCULARS

9.1 Beneficial Owners of Securities

Reporting issuers are reminded that NI 54-101 prescribes certain procedures relating to the delivery of materials, including forms of proxy, to beneficial owners of securities and related matters. It also prescribes certain disclosure that must be included in the proxy-related materials sent to beneficial owners.

PART 10 ELECTRONIC DELIVERY OF DOCUMENTS

10.1 Electronic Delivery of Documents

Any documents required to be sent under the Instrument may be sent by electronic delivery, as long as such delivery is made in compliance with Québec Staff Notice, *The Delivery of Documents by Electronic Means*, in Québec, and National Policy 11-201 *Delivery of Documents by Electronic Means*, in the rest of Canada.

PART 11 ADDITIONAL FILING REQUIREMENTS

11.1 Additional Filing Requirements

Paragraph 11.1(1)(b) of the Instrument requires a document to be filed only if it contains information that has not been included in disclosure already filed by the reporting issuer. For example, if a reporting issuer has filed a material change report under the Instrument and the Form 8-K filed by the reporting issuer with the SEC discloses the same information, whether in the same or a different format, there is no requirement to file the Form 8-K under the Instrument.

PART 12 FILING OF CERTAIN DOCUMENTS

12.1 Statutory or Regulatory Instruments

Paragraph 12.1(1)(a) of the Instrument requires reporting issuers to file copies of their articles of incorporation, amalgamation, continuation or any other constating or establishing documents, unless the document is a statutory or regulatory instrument. This is a very narrow exception. For example, it would apply to Schedule I or Schedule II banks under the Bank Act, whose charter is the Bank Act. It would not apply when only the form of the constating document is prescribed under statute or regulation, such as articles under the Canada Business Corporations Act.

12.2 Contracts that Affect the Rights or Obligations of Securityholders

Paragraph 12.1(1)(e) of the Instrument requires reporting issuers to file contracts that can reasonably be regarded as materially affecting the rights of its securityholders generally. A warrant indenture is one example of this type of contract. We would expect that contracts entered into in the ordinary course of business would not usually affect the rights of securityholders generally, and so would not have to be filed.

12.3 Filing of Other Material Contracts

We expect that the contracts required under section 12.2 of the Instrument to be filed by a reporting issuer will generally be the same contracts the reporting issuer is required to provide disclosure of under section 15.1 of Form 51-102F2. The exemption in subsection 12.2(2) of the Instrument does not affect the issuer's obligation in section 15.1 of Form 51-102F2 to disclose the particulars of the material contracts.

PART 13 EXEMPTIONS

13.1 Prior Exemptions and Waivers

Section 13.2 of the Instrument essentially allows a reporting issuer, in certain circumstances, to continue to rely upon an exemption or waiver from continuous disclosure obligations obtained prior to the Instrument coming into force if the exemption or waiver relates to a substantially similar provision in the Instrument and the reporting issuer provides written notice to the securities regulatory authority or regulator of its reliance on such exemption or waiver. Upon receipt of such notice, the securities regulatory authority or regulator, as the case may be, will review it to determine if the provision of the Instrument referred to in the notice is substantially similar to the provision from which the prior exemption or waiver was granted. The written notice should be sent to each jurisdiction where the prior exemption or waiver is relied upon. Contact addresses for these notices are:

Alberta Securities Commission

4th Floor
300 – 5th Avenue S.W.
Calgary, Alberta
T2P 3C4
Attention: Director, Capital Markets

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia
V7Y 1L2
Attention: Financial Reporting

Manitoba Securities Commission

1130 – 405 Broadway
Winnipeg, Manitoba
R3C 3L6
Attention: Filings Department

Office of the Administrator, New Brunswick

P.O. Box 5001
133 Prince William Street, Suite 606
Saint John, NB
E2L 4Y9
Attention: Minister of Finance

Securities Commission of Newfoundland

P.O. Box 8700
2nd Floor, West Block
Confederation Building
75 O'Leary Avenue
St. John's, NFLD
A1B 4J6
Attention: Director of Securities

Department of Justice, Northwest Territories

Legal Registries
P.O. Box 1320
1st Floor, 5009-49th Street
Yellowknife, NWT X1A 2L9
Attention: Director, Legal Registries

Nova Scotia Securities Commission

2nd Floor, Joseph Howe Building
1690 Hollis Street
Halifax, Nova Scotia B3J 3J9
Attention: Corporate Finance

Department of Justice, Nunavut

Legal Registries Division
P.O. Box 1000 – Station 570
1st Floor, Brown Building
Iqaluit, NT X0A 0H0
Attention: Director, Legal Registries Division

Ontario Securities Commission

Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Manager, Team 3, Corporate Finance

Registrar of Securities, Prince Edward Island

P.O. Box 2000
95 Rochford Street, 5th Floor,
Charlottetown, PEI
C1A 7N8
Attention: Registrar of Securities

Agence nationale d'encadrement du secteur financier

800 Square Victoria, 22nd Floor
P.O. Box 246, Tour de la Bourse
Montréal, Québec
H4Z 1G3
Attention: Direction du marché des capitaux

Saskatchewan Financial Services Commission – Securities Division

6th Floor,
1919 Saskatchewan Drive
Regina, SK S4P 3V7
Attention: Deputy Director, Corporate Finance

Registrar of Securities, Government of Yukon

Corporate Affairs J-9
P.O. Box 2703
Whitehorse, Yukon
Y1A 5H3
Attention: Registrar of Securities

APPENDIX A
EXAMPLES OF FILING REQUIREMENTS FOR CHANGES IN THE YEAR END

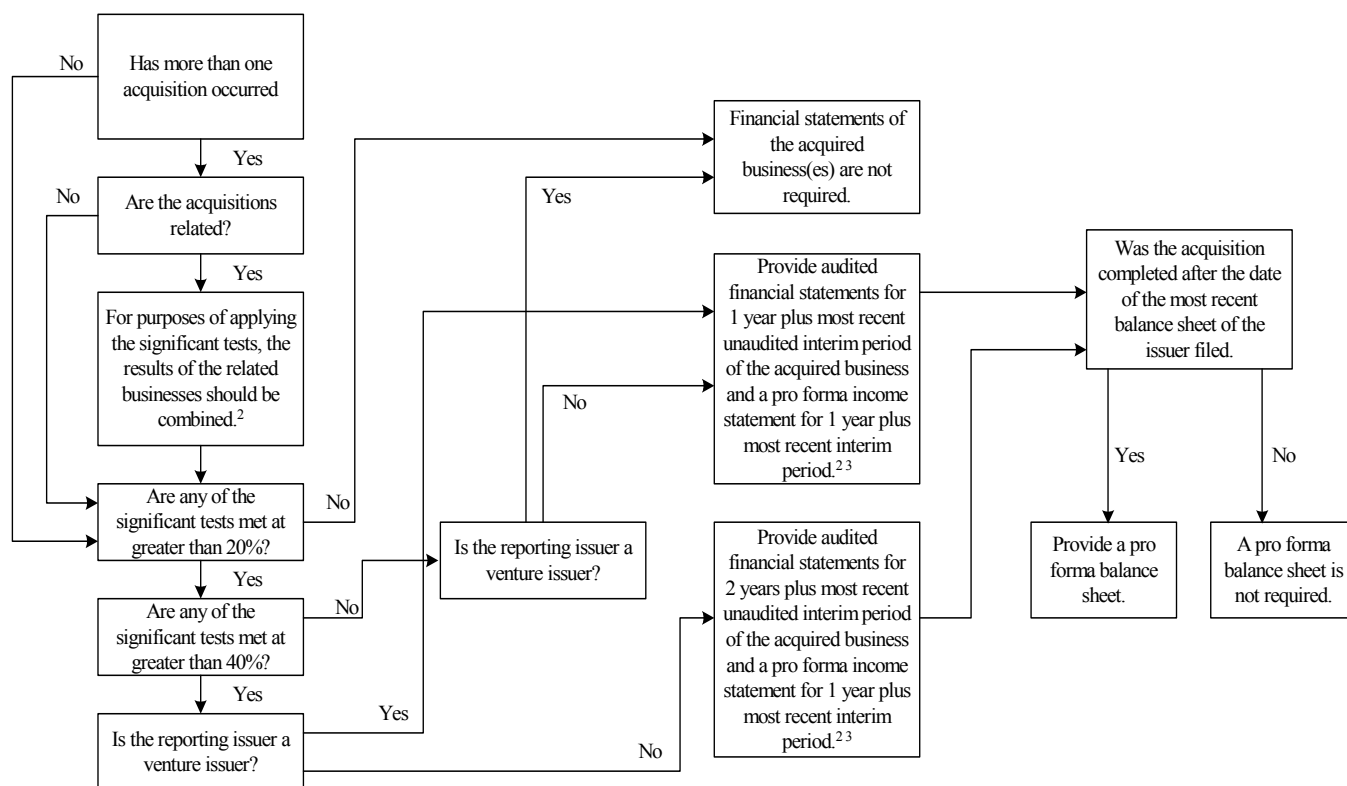
The following examples assume the old financial year ended on December 31, 20X0

Transition Year	Comparative Annual Financial Statements to Transition Year	New Financial Year	Comparative Annual Financial Statements to New Financial Year	Interim Periods for Transition Year	Comparative Interim Periods to Interim Periods in Transition Year	Interim Periods for New Financial Year	Comparative Interim Periods to Interim Periods in New Financial Year
Financial year end changed by up to 3 months							
2 months ended 2/28/X1	12 months ended 12/31/X0	2/28/X2	2 months ended 2/28/X1 and 12 months ended 12/31/X0*	Not applicable	Not applicable	3 months ended 5/31/X1 6 months ended 8/31/X1 9 months ended 11/30/X1	3 months ended 6/30/X0 6 months ended 9/30/X0 9 months ended 12/31/X0
Or							
14 months ended 2/28/X2	12 months ended 12/31/X0	2/28/X3	14 months ended 2/28/X2	3 months ended 3/31/X1 6 months ended 6/30/X1 9 months ended 9/30/X1 12 months ended 12/31/X1	3 months ended 3/31/X0 6 months ended 6/30/X0 9 months ended 9/30/X0 12 months ended 12/31/X0	3 months ended 5/31/X2 6 months ended 8/31/X2 9 months ended 11/30/X2	3 months ended 6/30/X1 6 months ended 9/30/X1 9 months ended 12/31/X1
or							
				2 months ended 2/28/X1 5 months ended 5/31/X1 8 months ended 8/31/X1 11 months ended 11/30/X1	3 months ended 3/31/X0 6 months ended 6/30/X0 9 months ended 9/30/X0 12 months ended 12/31/X0	3 months ended 5/31/X2 6 months ended 8/31/X2 9 months ended 11/30/X2	3 months ended 6/30/X1 6 months ended 9/30/X1 9 months ended 12/31/X1
Financial year end changed by 4 to 6 months							
6 months ended 6/30/X1	12 months ended 12/31/X0	6/30/X2	6 months ended 6/30/X1 and 12 months ended 12/31/X0*	3 months ended 3/31/X1	3 months ended 3/31/X0	3 months ended 9/30/X1 6 months ended 12/31/X1 9 months ended 3/31/X2	3 months ended 9/30/X0 6 months ended 12/31/X0 9 months ended 3/31/X1

Transition Year	Comparative Annual Financial Statements to Transition Year	New Financial Year	Comparative Annual Financial Statements to New Financial Year	Interim Periods for Transition Year	Comparative Interim Periods to Interim Periods in Transition Year	Interim Periods for New Financial Year	Comparative Interim Periods to Interim Periods in New Financial Year
Financial year end changed by 7 or 8 months							
7 months ended 7/31/X1	12 months ended 12/31/X0	7/31/X2	7 months ended 7/31/X1 and 12 months ended 12/31/X0*	3 months ended 3/31/X1	3 months ended 3/31/X0	3 months ended 10/31/X1 6 months ended 1/31/X2 9 months ended 4/30/X1	3 months ended 9/30/X0 6 months ended 12/31/X0 9 months ended 3/31/X1
				or			
				4 months ended 4/30/X1	3 months ended 3/31/X0	3 months ended 10/31/X1 6 months ended 1/31/X2 9 months ended 4/30/X1	3 months ended 9/30/X0 6 months ended 12/31/X0 10 months ended 4/30/X1
Financial year end changed by 9 to 11 months							
10 months ended 10/31/X1	12 months ended 12/31/X0	10/31/X2	10 months ended 10/31/X1	3 months ended 3/31/X1 6 months ended 6/30/X1	3 months ended 3/31/X0 6 months ended 6/30/X0	3 months ended 1/31/X2 6 months ended 4/30/X2 9 months ended 7/31/X2	3 months ended 12/31/X0 6 months ended 3/31/X1 9 months ended 6/30/X1
				or			
				4 months ended 4/30/X1 7 months ended 7/31/X1	3 months ended 3/31/X0 6 months ended 6/30/X0	3 months ended 1/31/X2 6 months ended 4/30/X2 9 months ended 7/31/X2	3 months ended 12/31/X0 6 months ended 3/31/X1 9 months ended 6/30/X1

* Balance sheet required only at the transition year end date

APPENDIX B FINANCIAL STATEMENTS REQUIRED IN A BUSINESS ACQUISITION REPORT



Notes:

- 1 This decision chart provides general guidance and should be read in conjunction with National Instrument 51-102 and Companion Policy 51-102CP.
- 2 If an acquisition of related businesses constitutes a significant acquisition when the results of the related businesses are combined, the required financial statements shall be provided for each of the related businesses, 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.
- 3 As an alternative to the most recent interim period, financial statements for the acquired business may be provided for the period that started the day after the business' most recent annual balance sheet and ended on a day that is more recent than the ending date of the most recent interim period otherwise required and is not later than the date of acquisition.

**FORM 51-102F1
MANAGEMENT'S DISCUSSION & ANALYSIS**

TABLE OF CONTENTS

Part 1 GENERAL INSTRUCTIONS AND INTERPRETATION

- (a) What is MD&A?
- (b) Date of Information
- (c) Use of "Company"
- (d) Explain Your Analysis
- (e) Focus on Material Information
- (f) What is Material?
- (g) Forward-Looking Information
- (h) Venture Issuers Without Significant Revenues
- (i) Reverse Takeover Transactions
- (j) Foreign Accounting Principles
- (k) Resource Issuers
- (l) Numbering and Headings
- (m) Omitting Information
- (n) Defined Terms
- (o) Plain Language

Part 2 CONTENT OF MD&A

Item 1 Annual MD&A

- 1.1 Date
- 1.2 Overall Performance
- 1.3 Selected Annual Information
- 1.4 Results of Operations
- 1.5 Summary of Quarterly Results
- 1.6 Liquidity
- 1.7 Capital Resources
- 1.8 Off-Balance Sheet Arrangements
- 1.9 Transactions with Related Parties
- 1.10 Fourth Quarter
- 1.11 Proposed Transactions
- 1.12 Critical Accounting Estimates
- 1.13 Changes in Accounting Policies including Initial Adoption
- 1.14 Financial Instruments and Other Instruments
- 1.15 Other MD&A Requirements

Item 2 Interim MD&A

- 2.1 Date
- 2.2 Interim MD&A

FORM 51-102F1
MANAGEMENT'S DISCUSSION & ANALYSIS

PART 1 GENERAL INSTRUCTIONS AND INTERPRETATION

(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 results of operations 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 earnings 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. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

(g) Forward-Looking Information

You are encouraged to provide forward-looking information if you have a reasonable basis for making the statements. Preparing your MD&A necessarily involves some degree of prediction or projection. For example, MD&A requires a discussion of known trends or uncertainties that are reasonably likely to affect your company's business. However, MD&A does not require that your company provide a detailed forecast of future revenues, income or loss or other information.

All forward-looking information must contain a statement that the information is forward-looking, a description of the factors that may cause actual results to differ materially from the forward-looking information, your material assumptions and appropriate risk disclosure and cautionary language.

You must discuss any forward-looking information disclosed in MD&A for a prior period which, in light of intervening events and absent further explanation, may be misleading. Forward looking statements may be considered misleading when they are unreasonably optimistic or aggressive, or lack objectivity, or are not adequately explained. Your timely disclosure obligations might also require you to issue a news release and file a material change report.

(h) Venture Issuers Without Significant Revenues

If your company is a venture issuer without significant revenues from operations, focus your discussion and analysis of results of operations on expenditures and progress towards achieving your business objectives and milestones.

(i) Reverse Takeover Transactions

When an acquisition is accounted for as a reverse takeover, the MD&A should be based on the reverse takeover acquirer's financial statements.

(j) Foreign Accounting Principles

If your company's primary financial statements have been prepared using accounting principles other than Canadian GAAP and a reconciliation is provided, your MD&A must focus on the primary financial statements.

(k) 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*.

(l) 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.

(m) Omitting Information

You do not need to respond to any item in this Form that is inapplicable.

(n) 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.

(o) 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. If you use technical terms, explain them in a clear and concise manner.

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 financial statements for your company's most recently completed financial year.

1.2 Overall Performance

Provide an analysis of your company's financial condition, results of operations 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 used in the Handbook;
- (b) other parts of your business if
 - (i) they have a disproportionate effect on revenues, income 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 results of operations; 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) *Financial condition includes your company's financial position (as shown on the balance sheet) and other factors that may affect your company's liquidity and capital resources.*
- (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 financial statements for each of the three most recently completed financial years:
 - (a) net sales or total revenues;
 - (b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis;
 - (c) net income or loss, in total and on a per-share and diluted per-share basis;
 - (d) total assets;
 - (e) total long-term financial liabilities; and
 - (f) 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 condition and results of operations.

INSTRUCTION

Indicate the accounting principles that the financial data has been prepared in accordance with, the reporting currency, the measurement currency if different from the reporting currency and, if the underlying financial statements have been reconciled to Canadian GAAP, provide a cross-reference to the reconciliation that is found in the notes to the financial statements.

1.4 Results of Operations

Discuss your analysis of your company's operations for the most recently completed financial year, including

- (a) net sales or total revenues by operating business 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 net sales or total revenues;
- (c) cost of sales or gross profit;
- (d) for issuers that have significant projects that have not yet generated operating 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 revenues, 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 net sales, total revenue and income or loss before discontinued operations and extraordinary items;
- (h) effect of inflation and specific price changes on your company's net sales and total revenues and on income or loss before discontinued operations and extraordinary items;
- (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) net sales or total revenues;
- (b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis; and
- (c) net income or loss, 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 revenues;*
 - (H) *changes in the terms and conditions of service contracts;*
 - (I) *the progress in achieving previously announced milestones; and*
 - (J) *for resource issuers with producing mines, identify changes to cash flow caused by changes in production throughput, head-grade, cut-off grade, metallurgical recovery and any expectation of future changes.*
- (iv) *Indicate the accounting principles that the financial data has been prepared in accordance with, the reporting currency, the measurement currency if different from the reporting currency and, if the underlying financial statements have been reconciled to Canadian GAAP, provide a cross-reference to the reconciliation that is found in the notes to the financial statements.*

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) balance sheet conditions or income 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 anticipated defaults or arrears on
 - (i) dividend payments, lease payments, interest or principal payment on debt;
 - (ii) debt covenants during the most recently completed financial year; and
 - (iii) redemption or retraction or sinking fund payments,and how your company intends to cure the default or arrears.

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, earnings, 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 balance sheet conditions or income 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>Long Term Debt</i>					
<i>Capital Lease Obligations</i>					
<i>Operating Leases</i>					
<i>Purchase Obligations¹</i>					
<i>Other Long Term Obligations²</i>					
<i>Total Contractual Obligations</i>					

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 Long Term Obligations" means other long-term liabilities reflected on your company's balance sheet.

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.*

1.8 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 results of operations 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, revenues, 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 under a material variable interest 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 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 with Related Parties

Discuss all transactions involving related parties as defined by the Handbook.

INSTRUCTION

In discussing your company's transactions with 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 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, cash flows or results of operations, including extraordinary items, year-end and other adjustments, seasonal aspects of your company's business and dispositions of business segments.

1.11 Proposed Transactions

Discuss the expected effect on financial condition, results of operations 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 condition, changes in financial condition and results of operations and identify the financial statement line items affected by the accounting estimate;

- (c) quantify the changes in overall financial performance and financial statement line items if you assume that the accounting estimate was to change by using either
 - (i) reasonably likely changes in the material assumptions; or
 - (ii) the upper and lower ends of the range of estimates from which the recorded estimate was selected;
- (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 segments of your company's business that the accounting estimate affects and discuss the accounting estimate on a segment basis, if your company operates in more than one segment.

INSTRUCTION

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 results of operations.*

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 principle that has been adopted and the method of applying that principle;
 - (iii) discuss the effect resulting from the initial adoption of the accounting policy on your company's financial condition, changes in financial condition and results of operations;
 - (iv) if your company is permitted a choice among acceptable accounting principles,
 - (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 condition, changes in financial condition and results of operations 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 principle to use and the method of applying that principle.

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 income 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, results of operations 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 earnings 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 income, 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:
 - (i) Section 5.3 – Additional Disclosure for Venture Issuers without Significant Revenue; and
 - (ii) Section 5.4 – Disclosure of Outstanding Share Data.

INSTRUCTION

Your company may also be required to provide additional disclosure in its MD&A as set out in Form 52-109F1 Certification of Annual Filings and Form 52-109F2 Certification of Interim Filings.

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 results of operations and cash flows to the corresponding periods in the previous year;
 - (ii) changes in results of operations and elements of income or loss that are not related to ongoing business operations;
 - (iii) any seasonal aspects of your company's business that affect its financial condition, results of operations 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 not an annual MD&A, you must provide all the disclosure called for in Item 1 in your first MD&A. 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 balance sheet conditions or income 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 that are outside the ordinary course of your company's business.*
- (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).*

**FORM 51-102F2
ANNUAL INFORMATION FORM**

Table of Contents

PART 1 GENERAL INSTRUCTIONS AND INTERPRETATION

- (a) What is an AIF?
- (b) Date of Information
- (c) Use of "Company"
- (d) Focus on Material Information
- (e) What is Material?
- (f) Incorporating Information by Reference
- (g) Defined Terms
- (h) Plain Language
- (i) Special Purpose Vehicles
- (j) Numbering and Headings
- (k) Omitting Information

PART 2 CONTENT OF AIF

Item 1 Cover Page

- 1.1 Date
- 1.2 Revisions

Item 2 Table of Contents

- 2.1 Table of Contents

Item 3 Corporate Structure

- 3.1 Name, Address and Incorporation

Item 4 General Development of the Business

- 4.1 Three Year History
- 4.2 Significant Acquisitions

Item 5 Describe the Business

- 5.1 General
- 5.2 Risk Factors
- 5.3 Companies with Asset-backed Securities Outstanding
- 5.4 Companies With Mineral Projects
- 5.5 Companies with Oil and Gas Activities

Item 6 Dividends

- 6.1 Dividends

Item 7 Description of Capital Structure

- 7.1 General Description of Capital Structure
- 7.2 Constraints
- 7.3 Ratings

Item 8 Market for Securities

- 8.1 Trading Price and Volume
- 8.2 Prior Sales

Item 9 Escrowed Securities

- 9.1 Escrowed Securities

Item 10 Directors and Officers

- 10.1 Name, Occupation and Security Holding
- 10.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions
- 10.3 Conflicts of Interest

Item 11 Promoters

11.1 Promoters

Item 12 Legal Proceedings

12.1 Legal Proceedings

Item 13 Interest of Management and Others in Material Transactions

13.1 Interest of Management and Others in Material Transactions

Item 14 Transfer Agents and Registrars

14.1 Transfer Agents and Registrars

Item 15 Material Contracts

15.1 Material Contracts

Item 16 Interests of Experts

16.1 Names of Experts

16.2 Interests of Experts

Item 17 Additional Information

17.1 Additional Information

Item 18 Additional Disclosure for Companies Not Sending Information Circulars

18.1 Additional Disclosure

FORM 51-102F2
ANNUAL INFORMATION FORM

PART 1 GENERAL INSTRUCTIONS AND INTERPRETATION

(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 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. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

(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 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.

(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. If you use technical terms, explain them in a clear and concise manner.

(i) Special Purpose Vehicles

If your company is a special purpose vehicle, 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 constituting 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, controlled or directed, by your company;
- (b) the percentage of each class of restricted securities of the subsidiary beneficially owned, controlled or directed, by your company; and
- (c) where it was incorporated or continued.

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 sales and operating revenues of the subsidiary do not exceed 10 per cent of the consolidated sales and operating revenues 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

- (a) incorporating by reference any Forms 51-102F4 filed by your company since you filed your previous AIF; and
- (b) providing a brief summary of any significant acquisition for which a Form 51-102F4 has not yet been filed.

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 used in the Handbook. 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 revenues for each category of products or services that accounted for 15 per cent or more of total consolidated revenues 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 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, earnings 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 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, etc.** - 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 and up to the date of the AIF.
 - (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. Risks should be disclosed in the order of their seriousness. 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.

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, information on the 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) income 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), (b), (c), or (d).
- (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, Form 10-KSB 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) To the extent not reflected in the information disclosed in response to paragraphs (a) and (b), disclose the information contemplated by Part 6 of National Instrument 51-101 in respect of material changes that occurred after your company's most recently completed financial year-end.

(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 paragraphs (1)(a) and 1(b) above.

(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).

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

6.1 Dividends

- (1) Disclose the amount of cash dividends declared per share for each class of your company's shares for each of the three most recently completed financial years.
- (2) Describe any restriction that could prevent your company from paying dividends.
- (3) Disclose your company's current dividend policy and any intended change in dividend 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 one or more ratings, including provisional ratings, has been received from one or more 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, 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 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 an approved rating organization 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 derivatives, 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, 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 sold during the most recently completed financial year by your company and the number of securities of the class sold.

Item 9 Escrowed Securities**9.1 Escrowed Securities**

- (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, and the percentage that number represents of the outstanding securities of that class.

Escrowed Securities		
Designation of Class	Number of Securities held in Escrow	Percentage of Class

- (2) In a note to the table, disclose the name of the escrow agent, if any, and the date of and conditions governing the release of the securities from escrow.

INSTRUCTION

For the purposes of this Item, escrow includes a pooling agreement.

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, directly or indirectly, or over which control or direction is exercised, 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, directly or indirectly, or controlled or directed, by directors or executive officers through ownership or control or direction 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, 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,
- (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

- (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect; or
 - (iii) 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, 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.

INSTRUCTION

The disclosure required by subsections (1) and (2) also applies to any personal holding companies of any of the persons referred to in subsections (1) and (2).

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 a subsidiary of your company.

Item 11 Promoters

11.1 Promoters

For a person or company that has been, within the three 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, directly or indirectly, or over which control is exercised;
- (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 three 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

12.1 Legal Proceedings

Describe any legal proceedings to which your company is a party or of which any of its property is the subject and any such proceedings known to your company to be contemplated, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, whether the proceedings are being contested, and the present status of the proceedings.

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.

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 will materially affect your company:

- (a) a director or executive officer of your company;
- (b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, 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

- (1) Give particulars of every contract, other than a contract entered into in the ordinary course of business, that is material to your company and that was entered into within the most recently completed financial year, or before the most recently completed financial year but is still in effect.
- (2) You do not need to give disclosure under subsection (1) of a contract that was entered into before January 1, 2002.

INSTRUCTION

- (i) *Whether a contract has been entered into in the ordinary course of business is a question of fact. It must be considered in the context of the company's business and the industry that it operates within.*
- (ii) *Set out a complete list of all contracts for which particulars must be given under section 15.1, 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 should include the dates of, parties to, consideration provided for in, 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 statement, report or valuation 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 statement, report or valuation 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 when that expert prepared the statement, report, or valuation referred to in paragraph 16.1(a);
 - (b) received by an expert named in section 16.1 after the time specified in paragraph 16.2(1)(a); or

- (c) to be received by an expert named in section 16.1.
- (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.
- (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 statement, report or valuation 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 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.
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 INSTRUCTIONS AND INTERPRETATION

(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

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.

INSTRUCTION

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.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

If this Report is being filed on a confidential basis in reliance on subsection 7.1(2) or (3) of National Instrument 51-102, state the reasons for such reliance.

INSTRUCTION

Refer to subsections 7.1 (4),(5), (6) and (7) of National Instrument 51-102 concerning continuing obligations in respect of reports filed under subsection 7.1(2) or (3) 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.

INSTRUCTIONS

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), (3) 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 INSTRUCTIONS AND INTERPRETATION

(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, other than the financial statements or other information required by Item 3, by reference to another document. Clearly identify the referenced document, or any excerpt of it, that you incorporate into this Report. Unless the referenced document or excerpt has already been filed, you must file it with this Report.

(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.

(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. 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 Date of Acquisition

State the date of acquisition used for accounting purposes.

INSTRUCTION

If your company is using Canadian GAAP, the date of acquisition for accounting purposes is one of the following two dates, whichever is applicable:

- (a) the date the net assets or equity interests are received, and the consideration is given; or*
- (b) the date of the written agreement that provides that control of the acquired enterprise transferred to the acquirer, subject only to those conditions required to protect the interests of the parties involved, or the later date, if any, specified in the written agreement that such control is to be transferred.*

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 results of operations 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

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**

Table of Contents

Part 1 General Instructions and Interpretation

- (a) Timing of Information
- (b) Use of "Company"
- (c) Incorporating Information by Reference
- (d) Defined Terms
- (e) Plain Language
- (f) Numbering and Headings
- (g) Tables and Figures
- (h) Omitting Information

Part 2 Content

- Item 1 Date
- Item 2 Revocability of Proxy
- Item 3 Persons Making the Solicitation
- Item 4 Proxy Instructions
- Item 5 Interest of Certain Persons or Companies in Matters to be Acted Upon
- Item 6 Voting Securities and Principal Holders of Voting Securities
- Item 7 Election of Directors
- Item 8 Executive Compensation
- Item 9 Securities Authorized for Issuance Under Equity Compensation Plans
- Item 10 Indebtedness of Directors and Executive Officers
- Item 11 Interest of Informed Persons in Material Transactions
- Item 12 Appointment of Auditor
- Item 13 Management Contracts
- Item 14 Particulars of Matters to be Acted Upon
- Item 15 Restricted Securities
- Item 16 Additional Information

FORM 51-102F5
INFORMATION CIRCULAR

Part 1 General Instructions and Interpretation

(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, 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.

(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.

(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. 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, directly or indirectly, or controls or directs, 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, directly or indirectly, or controlled or directed 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.

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 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, directly or indirectly, or controlled or directed 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, directly or indirectly, or controlled or directed 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, directly or indirectly, or controlled or directed 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 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,
 - (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;
 - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect; or
 - (iii) 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 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.

7.3 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

Include in this information circular a completed Form 51-102F6 *Statement of Executive Compensation*.

Item 9 Securities Authorized for Issuance Under Equity Compensation Plans

9.1 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

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(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 as described in section 3870 "Stock-based Compensation and Other Stock-based Payments" of the Handbook. 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) *If 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 for any indebtedness that has been entirely repaid on or before the date of the information circular or 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 depository 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 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 or a restructuring transaction under which securities are to be changed, exchanged, issued, or distributed, the information circular must include information sufficient to enable a reasonable securityholder to form a reasoned judgment concerning the nature and effect of the significant acquisition or restructuring transaction and the expected resulting entity or entities. This information must include the disclosure (including financial statement disclosure) for each entity, securities of which are being changed, exchanged, issued, or distributed, and for each entity that would result from the significant acquisition or restructuring transaction, prescribed by the form of prospectus that the entity would be eligible to use for a distribution of securities in the jurisdiction. For the purposes of this section, a restructuring transaction means a reverse takeover, amalgamation, merger, arrangement or reorganization or other similar transaction, but does not include a subdivision, consolidation, or other transaction that only affects the number of securities of a class that are outstanding. If the action is to be taken on a matter that is a reverse takeover, disclosure in this Item must include disclosure prescribed by the appropriate prospectus form for the reverse takeover acquirer.
- 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** Section 14.2 does not apply to an information circular that is prepared in connection with a Qualifying Transaction for a company that is a CPC (as such terms are defined in the TSX Venture Exchange policy on Capital Pool Companies) provided that the company complies with the policies and requirements of the TSX Venture Exchange in respect of that Qualifying Transaction.

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 financial statements and MD&A for its most recently completed financial year.

FORM 51-102F6
STATEMENT OF EXECUTIVE COMPENSATION

Table of Contents

Item 1	General Instructions and Interpretation
Item 2	Summary Compensation Table
Item 3	LTIP Awards Table
Item 4	Options and SARs
Item 5	Option and SAR Repricings
Item 6	Defined Benefit or Actuarial Plan Disclosure
Item 7	Termination of Employment, Change in Responsibilities and Employment Contracts
Item 8	Composition of the Compensation Committee
Item 9	Report on Executive Compensation
Item 10	Performance Graph
Item 11	Compensation of Directors
Item 12	Unincorporated Issuers
Item 13	Venture Issuers
Item 14	Issuers Reporting in the United States

FORM 51-102F6
STATEMENT OF EXECUTIVE COMPENSATION

Item 1 General Instructions and Interpretation

1.1 The purpose of this Form is to provide disclosure of all compensation earned by certain executive officers and directors in connection with office or employment by your company or a subsidiary of your 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.

1.2 You should prepare the Form in the prescribed format. You may omit a table or column of a table if it is not applicable.

1.3 Definitions. For the purposes of this Form

"Chief Executive Officer" or "CEO" means each individual who served as chief executive officer of your company or acted in a similar capacity during the most recently completed financial year;

"Chief Financial Officer" or "CFO" means each individual who served as chief financial officer of your company or acted in a similar capacity during the most recently completed financial year;

"long-term incentive plan" or "LTIP" means a plan providing compensation intended to motivate performance over a period greater than one financial year. LTIPs do not include option or SAR plans or plans for compensation through shares or units that are subject to restrictions on resale;

"measurement period" means the period beginning at the "measurement point" which is established by the market close on the last trading day before the beginning of your company's fifth preceding financial year, through and including the end of your company's most recently completed financial year. If the class or series of securities has been publicly traded for a shorter period of time, the period covered by the comparison may correspond to that time period;

"Named Executive Officers" or "NEOs" means the following individuals:

- (a) each CEO;
- (b) each CFO;
- (c) each of your company's three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus exceeds \$150,000; and
- (d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of your company at the end of the most recently completed financial year-end;

"normal retirement age" means normal retirement age as defined in a pension plan or, if not defined, the earliest time at which a plan participant may retire without any benefit reduction due to age;

"options" includes all options, share purchase warrants and rights granted by a company or its subsidiaries as compensation for employment services or office. An extension of an option or replacement grant is a grant of a new option. Also, options includes any grants made to a NEO by a third party or a non-subsidiary affiliate of your company in respect of services to your company or a subsidiary of your company;

"plan" includes, but is not limited to, any arrangement, whether or not set forth in any formal document and whether or not applicable to only one individual, under which cash, securities, options, SARs, phantom stock, warrants, convertible securities, shares or units that are subject to restrictions on resale, performance units and performance shares, or similar instruments may be received or purchased. It excludes the Canada Pension Plan, similar government plans and group life, health, hospitalization, medical reimbursement and relocation plans that are available generally to all salaried employees (for example, does not discriminate in scope, terms or operation in favour of executive officers or directors);

"replacement grant" means the grant of an option or SAR reasonably related to any prior or potential cancellation of an option or SAR;

“repricing” of an option or SAR means the adjustment or amendment of the exercise or base price of a previously awarded option or SAR. Any repricing occurring through the operation of a formula or mechanism in, or applicable to, the previously awarded option or SAR equally affecting all holders of the class of securities underlying the option or SAR is excluded; and

“stock appreciation right” or “SAR” means a right, granted by a company or any of its subsidiaries as compensation for employment services or office to receive cash or an issue or transfer of securities based wholly or in part on changes in the trading price of publicly traded securities.

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.

1.4 In preparing this Form:

- (a) **Determination of Most Highly Compensated Executive Officers.** The determination of your company's most highly compensated executive officers is based on the total annual salary and bonus of each executive officer during your company's most recently completed financial year.
- (b) **Change in Status of a NEO During the Financial Year.** If the NEO served in that capacity during any part of a financial year for which disclosure is required, disclose all of his or her compensation for the full financial year.
- (c) **Exclusion Due to Unusual Compensation or Compensation for Foreign Assignment.** In limited circumstances, you can exclude disclosure of an individual, other than a CEO or CFO, who is one of the three most highly compensated executive officers. Factors to consider in determining to exclude an individual are
 - (i) a payment or accrual of an unusually large amount of cash compensation (such as bonus or commission) that is not part of a recurring arrangement and is unlikely to continue; or
 - (ii) the payment of additional amounts of cash compensation for increased living expenses due to an assignment outside of Canada.
- (d) **All Compensation Covered.** This Form requires disclosure of all plan and non-plan compensation for each NEO, and each director in accordance with Item 11. Except as expressly provided, no amount, benefit or right reported as compensation for a financial year need be reported as compensation for any subsequent fiscal year.
- (e) **Sources of Compensation.** Compensation to officers and directors must include compensation from the company and its subsidiaries. Also, any compensation under an understanding or agreement existing among any of the company, its subsidiaries or an officer or director of the company or its subsidiary and another entity, for the primary purpose of the other entity compensating the officer or director for employment services or office, must be included in the appropriate compensation category.
- (f) **Compensation Furnished to Associates.** Any compensation to an associate, under an understanding or agreement among any of the company, its subsidiaries or another entity and an officer or director of the company or its subsidiary for the primary purpose of the company, its subsidiary or the other entity compensating the officer or director for employment services or office, must be included in the appropriate compensation category.

Item 2 Summary Compensation Table**2.1 Summary Compensation Table**

NEO Name and Principal Position (a)	Year (b)	Annual Compensation			Long-Term Compensation			All Other Compensation (\$) (i)
		Salary (\$) (c)	Bonus (\$) (d)	Other Annual Compensation (\$) (e)	Awards		Payouts	
					Securities Under Options/ SARs Granted (#) (f)	Shares or Units Subject to Resale Restrictions (\$) (g)	LTIP Payouts (\$) (h)	
CEO	XXX3 XXX2 XXX1							
CFO	XXX3 XXX2 XXX1							
A	XXX3 XXX2 XXX1							
B	XXX3 XXX2 XXX1							
C	XXX3 XXX2 XXX1							

1. Complete this table for each of the NEOs for your company's three most recently completed financial years. Note the following:

- Columns (c) and (d) – include any cash or non-cash base salary and bonus earned by the NEO. For non-cash compensation, disclose the fair market value of the compensation at the time the compensation is earned. Amounts deferred at the election of a NEO must be included in the financial year in which earned. If the amount of salary and/or bonus earned in a given financial year is not calculable, that fact must be disclosed in a footnote and the amount must be disclosed in the subsequent financial year in the column for the financial year in which earned.
- Any salary or bonus earned in a covered year that was foregone, at the election of a NEO, under a program of your company under which non-cash compensation may be received in lieu of a portion of annual compensation, need not be included in the salary or bonus columns. Instead, you may disclose the non-cash compensation in the appropriate column for that year (i.e. columns (f), (g) and (i)). If the election was made under a LTIP and therefore is not reportable at the time of grant in this table, a footnote must be added to the salary or bonus column disclosing this fact and referring to the table in section 3.1.
- Commissions can be treated as salary or bonus. You can add a footnote to the table to indicate that such amounts are paid under a commission arrangement and disclose details of the arrangement in the compensation committee report (Item 9).
- Column (e) – disclose all other compensation of the NEO that is not properly categorized as salary or bonus, including
 - (a) Perquisites and other personal benefits, securities or property, unless the aggregate amount of such compensation is less than \$50,000 and 10 per cent of the total of the annual salary and bonus of the NEO for the financial year. Generally, a perquisite is the cost or value of a personal benefit provided to the NEO that is not available to all employees. Examples of things that could be perquisites are

- Car allowance
- Car lease
- Cars
- Corporate aircraft
- Club membership
- Financial assistance to provide education to children of the executives
- Financial counselling
- Parking
- Tax return preparation

The following are not considered perquisites and thus need not be reported:

- Contributions to professional dues
- CPP
- Dental
- Employee relocation plans available to all employees
- Group life benefits available to all employees
- Long-term benefits available to all employees
- Medical

Each perquisite or other personal benefit exceeding 25 per cent of the total perquisites and other personal benefits reported for a NEO must be identified by type and amount in a footnote to column (e). Perquisites and other personal benefits must be valued on the basis of the aggregate incremental cost to your company and its subsidiaries;

- (b) The above-market portion of all interest, dividends or other amounts paid concerning securities, options, stock appreciation rights (SARs), loans, deferred compensation or other obligations issued to a NEO during the financial year or payable during that period but deferred at the election of the NEO. Above-market or preferential 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. Any above-market portion not reported in column (e) should be reported in column (i);
- (c) Earnings on LTIP compensation or dividend equivalents paid during the financial year or payable during that period but deferred at the election of the NEO;
- (d) Amounts reimbursed during the financial year for the payment of taxes;
- (e) The difference between the price paid by a NEO for a security of your company or its subsidiaries that was purchased from your company or its subsidiaries and the fair market value of the security at the time of purchase, unless the discount was available generally, either to all securityholders or to all salaried employees of your company;
- (f) The imputed interest benefits from loans provided to, or debts incurred on behalf of, the NEO by your company and its subsidiaries as computed in accordance with the *Income Tax Act* (Canada); and
- (g) The amounts of loan or interest obligations of the NEO to your company, its subsidiaries or third parties that were serviced or settled by the company or its subsidiaries without the substitution of an obligation to repay the amount to the company or subsidiaries in its place.

- Column (f) - includes the number of securities under option (with or without SARs awarded with the options) and, separately, the number of securities subject to freestanding SARs. The figures in this column for the most recent fiscal year should equal those reported in the table in section 4.1, column (b). These figures are not cumulative.
- If at any time during the most recently completed financial year your company repriced options or freestanding SARs previously awarded to a NEO, disclose the repriced options or SARs as new options or SARs grants in column (f).
- Column (g) - includes the dollar value (net of consideration paid by the NEO) of any shares or units that are subject to restrictions on resale (calculated by multiplying the closing market price of your company's freely trading shares on the date of grant by the number of stock or stock units awarded).
- In a footnote to column (g) disclose
 - the number and value of the aggregate holdings of shares and units that are subject to restrictions on resale at the end of the most recently completed financial year;
 - for any shares or units that are subject to restrictions on resale that will vest, in whole or in part, in less than three years from the date of grant, the total number of securities awarded and the vesting schedule; and
 - whether dividends or dividend equivalents will be paid on the shares and units that are subject to restrictions on resale disclosed in the column.
- Column (h) – includes the dollar value of all payouts under LTIPs.
- Awards of shares or units that are subject to restrictions on resale that are subject to performance-based conditions prior to vesting may be disclosed as LTIP awards under the table in section 3.1 instead of under column (g). If this approach is selected, once the share or unit vests, it must be reported as an LTIP payout in column (h).
- If any specified performance target, goal or condition to payout was waived regarding any amount included in LTIP payouts, disclose this fact in a footnote to column (h).
- Column (i) – must include, but is not limited to,
 - (a) The amount paid, payable or accrued to a NEO for
 - (i) the resignation, retirement or other termination of the NEO's employment with your company or one of its subsidiaries; or
 - (ii) a change in control of your company or one of its subsidiaries or a change in the NEO's responsibilities following such a change in control.
 - (b) The dollar value of the above-market portion of all interest, dividends or other amounts earned during the financial year, or calculated with respect to that period, excluding amounts that are paid during that period, or payable during that period at the election of the NEO that were reported as other annual compensation in column (e). See the description for column (e), point (b) for an explanation of the above market portion.
 - (c) The dollar value of amounts earned on LTIP compensation during the financial year, or calculated with respect to that period, and dividend equivalents earned during that period except that amounts paid during that period, or payable during that period at the election of the NEO must be reported as other annual compensation in column (e).
 - (d) Annual contributions or other allocations by the company or its subsidiaries to vested and unvested defined contribution plans or employee savings plans. These benefits are not considered to be perquisites due to their all-inclusive nature.
 - (e) The dollar value of any insurance premium paid by, or on behalf of, your company or its subsidiaries during the financial year with respect to term life insurance for the benefit of a NEO. If there is an

arrangement or understanding, whether formal or informal, that the NEO has received or will receive or be allocated an interest in any cash surrender value under the insurance policy, either

- (i) the full dollar value of the remainder of the premiums paid by, or on behalf of, the company or its subsidiaries; or
 - (ii) if the premiums will be refunded to the company or its subsidiaries on termination of the policy, the dollar value of the benefit to the NEO of the remainder of the premium paid by, or on behalf of, the company or its subsidiaries during the financial year. This benefit must be determined for the period, projected on an actuarial basis, between payment of premium and the refund.
- (f) If the NEO's compensation takes the form of a contribution to assist in the NEO's purchase of shares, the amount of the contribution, unless the contribution was available generally, either to all securityholders or to all salaried employees of the company.
- The same method of reporting under this paragraph must be used for each NEO. If your company changes methods of reporting from one year to the next, that fact and the reason for the change must be disclosed in a footnote to column (i).
 - The following need not be reported in column (i):
 - (i) LTIP awards and amounts received on exercise of options and SARs; and
 - (ii) information on defined benefit and actuarial plans.

2. The \$150,000 threshold only applies to the most recent fiscal year in determining the NEOs.
3. If, during any of the financial years covered by the table, your company or its subsidiaries did not employ a NEO for the entire financial year, disclose this fact and the number of months the NEO was so employed during the year in a footnote to the table.
4. If during any of the financial years covered by the table, a NEO was compensated by a non-subsidary affiliate of your company, disclose in a note to the table
 - (a) the amount and nature of such compensation; and
 - (b) whether the compensation is included in the compensation reported in the table.
5. Information with respect to a financial year-end prior to the most recently completed financial year-end need not be provided if your company was not a reporting issuer at any time during such prior financial year.

Item 3 LTIP Awards Table

3.1 LTIP—Awards In Most Recently Completed Financial Year

NEO Name (a)	Securities, Units or Other Rights (#) (b)	Performance or Other Period Until Maturation or Payout (c)	Estimated Future Payouts Under Non-Securities-Price-Based Plans		
			Threshold (\$ or #) (d)	Target (\$ or #) (e)	Maximum (\$ or #) (f)
CEO					
CFO					
A					
B					
C					

1. Complete this table for each LTIP award made to the NEOs during the most recently completed financial year. Note the following:
 - Column (b) – Include the number of securities, units or other rights awarded under any LTIP and, if applicable, the number of securities underlying any such unit or right.
 - Columns (d) to (f) - For plans not based on stock price, the dollar value of the estimated payout or range estimated payouts under the award (threshold, target and maximum amount), whether such award is denominated in stock or cash.
 - Threshold is the minimum amount payable for a certain level of performance under the plan.
 - Target is the amount payable if the specified performance target(s) is reached. You should provide a representative amount based on the previous financial year's performance if the target award is not determinable.
 - Maximum is the maximum payout possible under the plan.
2. Describe in a footnote to the table, the material terms of any award, including a general description of the formula or criteria applied in determining the amounts payable. You are not required to disclose confidential information that would adversely affect your company's competitive position.
3. A grant of two instruments in conjunction with each other, only one of which is under an LTIP, need be reported only in the table applicable to the other instrument.

Item 4 Options and SARs

4.1 Option/SAR Grants During The Most Recently Completed Financial Year

NEO Name (a)	Securities, Under Options/SARs Granted (#) (b)	Per cent of Total Options/SARs Granted to Employees in Financial Year (c)	Exercise or Base Price (\$/Security) (d)	Market Value of Securities Underlying Options/SARs on the Date of Grant (\$/Security) (e)	Expiration Date (f)
CEO					
CFO					
A					
B					
C					

1. Complete this table for individual grants of options to purchase or acquire securities of your company or any of its subsidiaries (whether or not in conjunction with SARs) and freestanding SARs made during the most recently completed financial year to each of NEO. Note the following:
 - The information must be presented for each NEO in groups according to each issuer and class or series of security underlying the options or SARs granted and within these groups in reverse chronological order. For each grant, disclose in a footnote the issuer and the class or series of securities underlying the options or freestanding SARs granted.
 - If more than one grant of options or freestanding SARs was made to a NEO during the most recently completed financial year, a separate row must be used to provide the particulars of each grant. However, multiple grants during a single financial year to a NEO can be aggregated if each grant was made on the same terms (eg. exercise price, expiration date and vesting thresholds, if any).
 - A single grant of options or freestanding SARs must be reported as separate grants for each tranche with a different exercise or base price, expiration date or performance-vesting threshold.

- Each material term of the grant, including but not limited to the date of exercisability, the number of SARs, dividend equivalents, performance units or other instruments granted in conjunction with options, a performance-based condition to exercisability, a re-load feature or a tax-reimbursement feature must be disclosed in a footnote to the table.
- Options or freestanding SARs granted in an option repricing transaction must be disclosed.
- If the exercise or base price is adjustable over the term of an option or freestanding SAR in accordance with a prescribed standard or formula, include in a footnote to the table, a description of the standard or formula.
- If any provision of an option or SAR (other than an anti-dilution provision) could cause the exercise or base price to be lowered, a description of the provision and its potential consequences must be included in a footnote to the table.
- In determining the grant date market value of the securities underlying options or freestanding SARs, use either the closing market price or any other formula prescribed under the option or SAR plan. For options or SARs granted prior to the establishment of a trading market in the underlying securities, the initial offering price may be used.

4.2 Aggregated Option/SAR Exercises During The Most Recently Completed Financial Year And Financial Year-End Option/SAR Values

NEO Name (a)	Securities, Acquired on Exercise (#) (b)	Aggregate Value Realized (\$) (c)	Unexercised Options/SARs at FY-End (#) Exercisable/ Unexercisable (d)	Value of Unexercised in-the-Money Options/SARs at FY- End (\$) Exercisable/ Unexercisable (e)
CEO				
CFO				
A				
B				
C				

1. Complete this table for each exercise of options (or SARs awarded with the options) and freestanding SARs during the most recently completed financial year by each NEO and the financial year-end value of unexercised options and SARs, on an aggregated basis. Note the following:
 - Column (c) - the aggregate dollar value realized upon exercise. The dollar value is equal to column (b) times the difference between the market value of the securities underlying the options or SARs at exercise or financial year-end, respectively, and the exercise or base price of the options or SARs.
 - Column (d) - the total number of securities underlying unexercised options and SARs held at the end of the most recently completed financial year, separately identifying the exercisable and unexercisable options and SARs.
 - Column (e) - the aggregate dollar value of in-the-money, unexercised options and SARs held at the end of the financial year, separately identifying the exercisable and unexercisable options and SARs. The dollar value is calculated the same way as in column (c). Options or freestanding SARs are in-the-money at financial year-end if the market value of the underlying securities on that date exceeds the exercise or base price of the option or SAR.

Item 5 Option and SAR Repricings**5.1 Table of Option and SAR Repricings**

NEO Name (a)	Date of Repricing (b)	Securities Under Options/SARs Repriced or Amended (#) (c)	Market Price of Securities at Time of Repricing or Amendment (\$/Security) (d)	Exercise Price at Time of Repricing or Amendment (\$/Security) (e)	New Exercise Price (\$/Security) (f)	Length of Original Option Term Remaining at Date of Repricing or Amendment (g)
CEO						
CFO						
A						
B						
C						

- Complete this table if at any time during the most recently completed financial year, your company has repriced downward any options or freestanding SARs held by any NEO.
- State the following information for all downward repricings of options or SARs held by any NEO during the shorter of
 - the 10 year period ending on the date of this Form; and
 - the period during which your company has been a reporting issuer.
- Information about a replacement grant made during the financial year must be disclosed even if the corresponding original grant was cancelled in a prior year. If the replacement grant is not made at the current market value, describe this fact and the terms of the grant in a footnote to the table.
- The information must be presented in groups according to issuer and class or series of security underlying options or SARs and within these groups in reverse chronological order.
- In a narrative immediately before or after this table, explain in reasonable detail the basis for all downward repricings during the most recently completed financial year of options and SARs held by any of the NEOs.

Item 6 Defined Benefit or Actuarial Plan Disclosure**6.1 Pension Plan Table**

Remuneration (\$)	Years of Service				
	15	20	25	30	35
125,000					
150,000					
175,000					
200,000					
225,000					
250,000					
300,000					
400,000					
[insert additional rows as appropriate for additional increments]					

1. Complete this table for defined benefit or actuarial plans under which benefits are determined primarily by final compensation (or average final compensation) and years of service. The estimated annual benefits payable upon retirement (including amounts attributable to any defined benefit supplementary or excess pension awards plan) for the specified compensation and years of service should be disclosed.
2. Immediately following the table disclose
 - (a) the compensation covered by the plan(s), including the relationship of the covered compensation to the compensation reported in the table in section 2.1;
 - (b) the current compensation covered by the plan for any NEO whose total compensation differs substantially (by more than 10 per cent) from that set out in the table in section 2.1;
 - (c) a statement as to the basis upon which benefits are computed (for example; straight-life annuity amounts), and whether or not the benefits listed in the table are subject to any deduction for social security or other offset amounts such as Canada Pension Plan or Québec Pension Plan amounts; and
 - (d) the estimated credited years of service for each NEO.
3. Compensation disclosed in the table must allow for reasonable increases in existing compensation levels or, alternately, you may present, as the highest compensation level in the table, an amount equal to 120 per cent of the amount of covered compensation of the most highly compensated of the NEOs.
4. For defined benefit or actuarial plans which are not reported in the table in section 6.1 because the benefits are not determined primarily by final compensation (or average final compensation) or years of service, state in narrative form
 - (a) the formula by which benefits are determined; and
 - (b) the estimated annual benefits payable upon retirement at normal retirement age for each of the NEOs.

Item 7 Termination of Employment, Change in Responsibilities and Employment Contracts

- 7.1 Describe the terms and conditions, including dollar amounts, of each of the following contracts or arrangements which are in existence at the end of the most recently completed financial year:
 - (a) any employment contract between your company or its subsidiaries and a NEO; and

- (b) any compensatory plan, contract or arrangement, where a NEO is entitled to receive more than \$100,000 from the issuer or its subsidiaries, including periodic payments or instalments, in the event of
 - (i) the resignation, retirement or any other termination of the NEO's employment with your company and its subsidiaries;
 - (ii) a change of control of your company or any of its subsidiaries; or
 - (iii) a change in the NEO's responsibilities following a change in control.

7.2 A cross reference to disclosure already made of any payments, instalments or contributions to defined benefit pension plans under Items 2 or 6 is permitted.

Item 8 Composition of the Compensation Committee

8.1 If any compensation is reported in Items 2 to 6 for the most recently completed financial year, under the caption "Composition of the Compensation Committee", identify each member of your company's compensation committee (or other board committee performing equivalent functions or in the absence of any such committee, the entire board of directors) during the most recently completed financial year. Also, indicate each committee member who

- (a) was, during the most recently completed financial year, an officer or employee of your company or any of its subsidiaries;
- (b) was formerly an officer of your company or any of its subsidiaries;
- (c) had or has any relationship that requires disclosure by your company under Form 51-102F5 *Information Circular*, Item 10 "Indebtedness of Directors and Executive Officers" and Item 11 "Interest of Informed Persons in Material Transactions";
- (d) was an executive officer of your company and also served as a director or member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another issuer, one of whose executive officers served either
 - (i) on the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of the issuer; or
 - (ii) as a director of the issuer.

8.2 If the composition of the compensation committee changed during the year or before the report in Item 9 "Report on Executive Compensation" is prepared, then disclose the change in membership as well as any of the relationships described in section 8.1, if any.

Item 9 Report on Executive Compensation

9.1 If any compensation is reported in Items 2 to 6 for the most recently completed financial year, describe under the caption "Report on Executive Compensation" the policies of the compensation committee or other board committee performing equivalent functions, or in the absence of any such committee then of the entire board of directors of your company, during the most recently completed financial year, for determining compensation of executive officers. Boilerplate language should be avoided.

9.2 This report should include a discussion of

- (a) the relative emphasis of your company on cash compensation, options, SARs, securities purchase programs, shares or units that are subject to restrictions on resale and other incentive plans, and annual versus long-term compensation;
- (b) whether the amount and terms of outstanding options, SARs, shares and units subject to restrictions on resale were taken into account when determining whether and how many new option grants would be made;
- (c) the specific relationship of your company's performance to executive compensation, and, in particular, describing each measure of your company's performance, whether quantitative or qualitative, on which executive compensation was based and the weight assigned to each measure, e.g. percentage ranges; and

- (d) the waiver or adjustment of the relevant performance criteria and the bases for the decision if an award was made to a NEO under a performance-based plan despite failure to meet the relevant performance criteria. For example, you should explain how bonuses are earned and why they were awarded this period, if applicable.

9.3 The report should state the following information about each CEO's compensation:

- (a) the bases for the CEO's compensation for the most recently completed financial year, including the factors and criteria upon which the CEO's compensation was based and the relative weight assigned to each factor;
- (b) the competitive rates, if compensation of the CEO was based on assessments of competitive rates, with whom the comparison was made, the nature of, and the basis for, selecting the group with which the comparison was made and at what level in the group the compensation was placed. Disclose if different competitive standards were used for different components of the CEO's compensation; and
- (c) the relationship of your company's performance to the CEO's compensation for the most recently completed financial year, describing each measure of your company's performance, whether quantitative or qualitative, on which the CEO's compensation was based and the weight assigned to each measure, for example, percentage ranges.

9.4 Name each member of your company's compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors). If the board of directors modified or rejected in any material way any action or recommendation by the committee with respect to decisions in the most recently completed financial year, the report should indicate this fact, explain the reasons for the board's action and include the names of all of the members of the board.

9.5 If a compensation committee member dissents concerning the content of the report, the report must identify the dissenting member and the reasons provided to the committee for the dissent.

9.6 Disclosure of target levels with respect to specific quantitative or qualitative performance-related factors considered by the committee (or board), or any factors or criteria involving confidential information is not required.

9.7 If compensation of executive officers is determined by different board committees, a joint report may be presented indicating the separate committee's responsibilities and members of each committee or alternatively separate reports may be prepared for each committee.

Item 10 Performance Graph

10.1 If any compensation is reported in response to Items 2 to 6 for the most recently completed financial year, immediately after Item 9, provide a line graph called "Performance Graph" comparing

- (a) the yearly percentage change in your company's cumulative total shareholder return on each class or series of equity securities that are publicly traded, as measured in accordance with section 10.2, with
- (b) the cumulative total return of a broad equity market index assuming reinvestment of dividends, that includes issuers whose securities are traded on the same exchange or are of comparable market capitalization, provided that, if your company is within the S&P/TSX Composite Index, you must use the total return index value of the S&P/TSX Composite Index.

10.2 The yearly percentage change in your company's cumulative total shareholder return on a class or series of securities must be measured by dividing

- (a) the sum of
 - (i) the cumulative amount of dividends for the measurement period, assuming dividend reinvestment, and
 - (ii) the difference between the price for the securities of the class or series at the end and the beginning of the measurement period, by
- (b) the price for the securities of the class or series at the beginning of the measurement period.

At the measurement point, which is the beginning of the measurement period, the closing price must be converted into a fixed investment of \$100 in your company's securities (or in the securities represented by a given index), with cumulative returns for each subsequent financial year measured as a change from that investment.

10.3 In preparing the required graphic comparisons,

- (a) use, to the extent feasible, comparable methods of presentation and assumptions for the total return calculations, provided that, if your company constructs its own peer group index under section 10.5(b), the same methodology must be used in calculating both your company's total return and that of the peer group index;
- (b) assume the reinvestment of dividends into additional securities of the same class or series at the frequency with which dividends are paid on the securities during the applicable financial year; and
- (c) each financial year should be plotted with points showing the cumulative total return as of that point. The value of the investment as of each point plotted on a given return line is the number of securities held at that point multiplied by the then-prevailing security price.

10.4 You must present information for your company's last five most recently completed financial years, and may choose to graph a longer period but the \$100 measurement point remains the same. A period shorter than five years may be used if the class or series of securities forming the basis for the comparison has been publicly traded for a shorter time period.

10.5 You also may elect to include in the graph a line charting the cumulative total return, assuming reinvestment of dividends, of

- (a) a published industry or line-of-business index which is any index that is prepared by a party other than your company or its affiliate and is accessible to your company's securityholders, provided that, you may use an index prepared by your company or its affiliate if such index is widely recognized and used;
- (b) peer issuer(s) selected in good faith. If you do not select your company's peer issuers on an industry or line-of-business basis, you must disclose the basis for your selection; or
- (c) issuer(s) with similar market capitalization(s), but only if you do not use a published industry or line-of-business index and do not believe you can reasonably identify a peer group. If you use this alternative, the graph must be accompanied by a statement of the reasons for this selection.

10.6 If you use peer issuer comparisons or comparisons with issuers with similar market capitalizations, the identity of those issuers must be disclosed and the returns of each component issuer of the group must be weighted according to the respective issuer's market capitalization at the beginning of each period for which a return is indicated.

10.7 Any election to use an additional index under section 10.5 is considered to apply in respect of all subsequent financial years unless abandoned by your company in accordance with this section. To abandon the index, your company must have, in the information circular or AIF for the financial year immediately preceding the most recently completed financial year

- (a) stated its intention to abandon the index;
- (b) explained the reason(s) for this change; and
- (c) compared your company's total return with that of the elected additional index.

10.8 You may include comparisons using performance measures in addition to total return, such as return on average common shareholders' equity, so long as your company's compensation committee (or other board committee performing equivalent functions or in the absence of any such committee the entire board of directors) describes the link between that measure and the level of executive compensation in the report required by Item 9.

Item 11 Compensation of Directors

11.1 Disclose the following under the "Compensation of Directors" heading:

- (a) any standard compensation arrangements, stating amounts, earned by directors of your company for their services as directors from your company and its subsidiaries during the most recently completed financial year, including any additional amounts payable for committee participation or special assignments;
- (b) any other arrangements, stating the amounts paid and the name of the director, under which directors were compensated for their services as directors from your company and its subsidiaries during the most recently completed financial year; and
- (c) any other arrangements, stating the amounts paid and the name of the director, under which directors of your company were compensated for services as consultants or experts, by your company and its subsidiaries during the most recently completed financial year.

11.2 If information required by section 11.1 is provided in response to another item of this Form, a cross-reference to where the information is provided satisfies section 11.1.

Item 12 Unincorporated Issuers

12.1 Unincorporated issuers must report

- (a) a description of and amount of fees or other compensation paid by the issuer to individuals acting as directors or trustees of the issuer for the most recently completed financial year; and
- (b) a description of and amount of expenses reimbursed by the issuer to such individuals as directors or trustees during the most recently completed financial year.

12.2 The information required by this Item may be disclosed in the issuer's annual financial statements instead.

Item 13 Venture Issuers

13.1 A venture issuer may omit the disclosure required by Items 5, 6, 8, 9 and 10. A venture issuer must, in a narrative that accompanies the table required in section 4.1, disclose which grants of options or SARs result from repricing and explain in reasonable detail the basis for the repricing.

Item 14 Issuers Reporting in the United States

14.1 Except as provided in section 14.2, 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.

14.2 Section 14.1 is not available to an issuer 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.

5.1.2 OSC Rule 51-801 Implementing National Instrument 51-102 Continuous Disclosure Obligations

**ONTARIO SECURITIES COMMISSION RULE 51-801
IMPLEMENTING NATIONAL INSTRUMENT 51-102 CONTINUOUS DISCLOSURE OBLIGATIONS**

PART 1 – DEFINITIONS

1.1 DEFINITIONS

- (1) In this Rule, "NI 51-102" means "National Instrument 51-102 *Continuous Disclosure Obligations*".
- (2) Each term used in this Rule that is defined or interpreted in Part 1 of NI 51-102 has the meaning ascribed to it in that Part.

PART 2 – APPLICATION

2.1 APPLICATION

This Rule does not apply to investment funds.

PART 3 – INTERRELATIONSHIP WITH LEGISLATION

3.1 ANNUAL FINANCIAL STATEMENTS – CONTENT

- (1) The financial statements required under subsection 78(1) of the Act must include the statements, balance sheet and notes described in subsection 4.1(1) of NI 51-102.
- (2) Subsections 4.5(1), 4.8(4) and 4.8(6) and sections 4.2, 4.7, and 4.10 of NI 51-102 apply to financial statements and auditor's reports required under section 78 of the Act as if any reference to section 4.1 in sections 4.2, 4.5, 4.7, 4.8 and 4.10 of NI 51-102 is a reference to section 78 of the Act.
- (3) This section applies for financial years beginning on or after January 1, 2004.

3.2 INTERIM FINANCIAL STATEMENTS – CONTENT

- (1) The financial statements required under subsection 77(1) of the Act must include the statements, balance sheet and notes described in subsections 4.3(1) and 4.3(2) of NI 51-102.
- (2) Subsections 4.3(3), 4.3(4), 4.5(2), 4.8(4), 4.8(5), 4.8(7) and 4.8(8) and sections 4.4, 4.7 and 4.10 of NI 51-102 apply to financial statements required under subsection 77(1) of the Act as if any reference to section 4.3 in sections 4.4, 4.5, 4.7, 4.8 and 4.10 of NI 51-102 is a reference to subsection 77(1) of the Act.
- (3) This section applies for interim periods in financial years beginning on or after January 1, 2004.

3.3 FILING ANNUAL FINANCIAL STATEMENTS – EXEMPTION

Section 78 of the Act does not apply to a reporting issuer that complies with subsections 4.5(1), 4.7(1), 4.7(2), 4.8(4) and 4.8(6) and sections 4.1, 4.2 and 4.10 of NI 51-102 for financial years beginning on or after January 1, 2004.

3.4 FILING INTERIM FINANCIAL STATEMENTS – EXEMPTION

Subsection 77(1) of the Act does not apply to a reporting issuer that complies with subsections 4.5(2), 4.7(1), 4.7(3), 4.7(4), 4.8(4), 4.8(5), 4.8(7) and 4.8(8) and sections 4.3, 4.4, and 4.10 of NI 51-102 for interim periods in financial years beginning on or after January 1, 2004.

3.5 DELIVERING FINANCIAL STATEMENTS – EXEMPTION

Section 79 of the Act does not apply to a reporting issuer that complies with section 4.6 of NI 51-102 in the case of

- (a) annual financial statements for financial years beginning on or after January 1, 2004; and
- (b) interim financial statements for interim periods in financial years beginning on or after January 1, 2004.

3.6 MATERIAL CHANGE REPORTS – FORM

Except as otherwise provided in National Instrument 71-101 *The Multijurisdictional Disclosure System* and in National Instrument 71-102 *Continuous Disclosure and other Exemptions Relating to Foreign Issuers*, every report required under subsection 75(2) of the Act must be a completed Form 51-102F3 except that the reference in Item 3 of Form 51-102F3 to section 7.1 of NI 51-102 shall be read as referring to subsection 75(1) of the Act and references in Items 6 and 7 of Form 51-102F3 to subsections 7.1(2), 7.1(5) or 7.1(7) of NI 51-102 shall be read as referring to subsections 75(3), 75(4) or 75(5), respectively, of the Act.

3.7 ISSUANCE OF MATERIAL CHANGE NEWS RELEASE – EXEMPTION

Subsection 75(1) of the Act does not apply to a reporting issuer that complies with paragraph 7.1(1)(a) of NI 51-102.

3.8 FILING MATERIAL CHANGE REPORT – EXEMPTION

Subsection 75(2) of the Act does not apply to a reporting issuer that complies with paragraph 7.1(1)(b) of NI 51-102.

3.9 ANNUAL FILING – EXEMPTION

Reporting issuers are exempt from subsection 81(2) of the Act.

3.10 INFORMATION CIRCULARS – FORM

Except as otherwise provided in National Instrument 71-101 *The Multijurisdictional Disclosure System* and in National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*, an information circular referred to in clause (a) or (b) of subsection 86(1) of the Act must be a completed Form 51-102F5, from and after June 1, 2004.

3.11 FILING INFORMATION CIRCULAR – EXEMPTION

Subsection 81(1) of the Act does not apply to a reporting issuer that complies with the requirement in section 9.3 of NI 51-102 to file an information circular, from and after June 1, 2004.

3.12 SOLICITATION OF PROXIES – EXEMPTION

Section 85 of the Act does not apply to a reporting issuer that complies with subsection 9.1(1) of NI 51-102, from and after June 1, 2004.

3.13 SENDING INFORMATION CIRCULAR – EXEMPTION

Section 86 of the Act does not apply to a reporting issuer that complies with subsection 9.1(3) of NI 51-102, from and after June 1, 2004.

PART 4 – REVOCATIONS AND AMENDMENTS OF RULES

4.1 ONTARIO SECURITIES COMMISSION RULE 51-501 AIF & MD&A (Rule 51-501).

(1) Rule 51-501 is amended by:

(a) adding subsection 1.2(3):

(3) “This Rule does not apply to financial years beginning on or after January 1, 2004 nor to interim periods in financial years beginning on or after January 1, 2004.”

(b) in subsection 2.1(1) inserting “or Form 51-102F2” after “Form 44-101F1”.

(2) Rule 51-501 is revoked effective May 19, 2005.

4.2 ONTARIO SECURITIES COMMISSION RULE 52-501 FINANCIAL STATEMENTS (Rule 52-501)

(1) Rule 52-501 is amended by adding the following as new subsection 1.2(3):

(3) “This Rule does not apply to:

- a) annual financial statements for financial years of the issuer beginning on or after January 1, 2004;
- b) interim financial statements for interim periods in financial years of the issuer beginning on or after January 1, 2004.

(2) Rule 52-501 is revoked effective May 19, 2005.

4.3 ONTARIO SECURITIES COMMISSION RULE 54-501 PROSPECTUS DISCLOSURE IN INFORMATION CIRCULARS (Rule 54-501)

Rule 54-501 is revoked effective June 1, 2004.

4.4 ONTARIO SECURITIES COMMISSION RULE 56-501 RESTRICTED SHARES (Rule 56-501):

(1) Rule 56-501 is amended by:

- (a) deleting subsection 1.2(2);
- (b) deleting section 2.1; and
- (c) deleting the words "and an information circular concerning a proposed reorganization" in subsection 2.3(1).

(2) This section applies from and after May 19, 2005.

4.5 FORM 41-501F1 INFORMATION REQUIRED IN A PROSPECTUS

Item 8.5 of Form 41-501F1 is amended by:

- (a) in subsection(1), deleting the words "Form 44-101F2" and substituting the following:
 - "(1) Form 51-102F1; or
 - (2) Form 51-102F1 or Form 44-102F2, if the financial statements relate to financial years beginning before January 1, 2004."
- (b) deleting subsection (5) and substituting the following:
 - "(5) Include MD&A for the interim financial statements of the issuer included in the prospectus, prepared in accordance with:
 - (1) Form 51-102F1; or
 - (2) Form 51-102F1 or Rule 51-501 *AIF and MD&A*, if the financial statements relate to an interim period in a financial year beginning on or after January 1, 2004."

PART 5 – EFFECTIVE DATE AND TRANSITION

5.1 EFFECTIVE DATE

This Rule comes into force on March 30, 2004.

5.2 TRANSITION

- (1) Despite section 5.1, sections 3.1, 3.3 and paragraph 3.5(a) apply for financial years beginning on or after January 1, 2004.
- (2) Despite section 5.1, sections 3.2, 3.4 and paragraph 3.5(b) apply for interim periods in financial years beginning on or after January 1, 2004.
- (3) Despite section 5.1, sections 3.10, 3.11, 3.12 and 3.13 apply from and after June 1, 2004.
- (4) Despite section 5.1, subsections 4.1(2) and 4.2(2) are effective on May 19, 2005.

- (5) Despite section 5.1, section 4.3 is effective on June 1, 2004.
- (6) Despite section 5.1, section 4.4 applies from and after May 19, 2005.

**COMPANION POLICY 51-801CP – TO ONTARIO SECURITIES COMMISSION RULE 51-801
IMPLEMENTING NATIONAL INSTRUMENT 51-102 CONTINUOUS DISCLOSURE OBLIGATIONS**

- 1.1 Introduction** – The purpose of this Companion Policy is to provide information relating to the manner in which the Ontario Securities Commission (The Commission”) interprets or applies certain provisions of Commission Rule 51-801 Implementing National Instrument 51-102 *Continuous Disclosure Obligations* (the “Implementing Rule”) and National Instrument 51-102 *Continuous Disclosure Obligations* (“NI 51-102”)
- 1.2 Interrelationship between NI 51-102 and the Securities Act Ontario (the “Act”)** – NI 51-102 is intended to provide a single source of harmonized continuous disclosure obligations for reporting issuers other than investment funds. As a result, NI 51-102 sometimes repeats (without any substantive change) certain requirements that are also dealt with in the Act under Part XVIII *Continuous Disclosure* and Part XIX *Proxies and Proxy Solicitation*. In addition NI 51-102, through the Implementing Rule, varies or adds to some of the requirements contained in Parts XVIII and XIX of the Act. The cumulative effect of NI 51-102 and the Implementing Rule is that NI 51-102 supersedes the requirements applicable to reporting issuers (other than investment funds) found in Parts XVIII and XIX (other than sections 76 and 87 of the Act, the subject matter of which are not dealt with in NI51-102). Reporting Issuers can and should therefore refer to NI 51-102 in place of the requirements contained in Parts XVIII and XIX of the Act (other than sections 76 and 87).

5.1.3 National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers

**NATIONAL INSTRUMENT 71-102
CONTINUOUS DISCLOSURE AND OTHER EXEMPTIONS RELATING TO FOREIGN ISSUERS**

Table of Contents

PART 1 DEFINITIONS AND INTERPRETATION

- 1.1 Definitions and Interpretation
- 1.2 Determination of Canadian Shareholders
- 1.3 Timing for Calculation of Designated Foreign Issuer and Foreign Reporting Issuer

PART 2 LANGUAGE OF DOCUMENTS

- 2.1 French or English
- 2.2 Filings Prepared in a Language other than French or English

PART 3 FILING AND SENDING OF DOCUMENTS

- 3.1 Timing of Filing of Documents
- 3.2 Sending of Documents to Canadian Securityholders

PART 4 SEC FOREIGN ISSUERS

- 4.1 Amendments and Supplements
- 4.2 Material Change Reporting
- 4.3 Financial Statements
- 4.4 AIFs and MD&A
- 4.5 Business Acquisition Reports
- 4.6 Proxies and Proxy Solicitation by the Issuer and Information Circulars
- 4.7 Proxy Solicitation by Another Person or Company
- 4.8 Disclosure of Voting Results
- 4.9 Filing of Certain News Releases
- 4.10 Filing of Certain Documents
- 4.11 Early Warning
- 4.12 Insider Reporting
- 4.13 Communication with Beneficial Owners of Securities
- 4.14 Going Private Transactions and Related Party Transactions
- 4.15 Change of Auditor
- 4.16 Restricted Securities

PART 5 DESIGNATED FOREIGN ISSUERS

- 5.1 Amendments and Supplements
- 5.2 Mandatory Annual Disclosure by Designated Foreign Issuer
- 5.3 Material Change Reporting
- 5.4 Financial Statements
- 5.5 AIFs & MD&A
- 5.6 Business Acquisition Reports
- 5.7 Proxies and Proxy Solicitation by the Issuer and Information Circulars
- 5.8 Proxy Solicitation by Another Person or Company
- 5.9 Disclosure of Voting Results
- 5.10 Filing of Certain News Releases
- 5.11 Filing of Certain Documents
- 5.12 Early Warning
- 5.13 Insider Reporting
- 5.14 Communication with Beneficial Owners of Securities
- 5.15 Going Private Transactions and Related Party Transactions
- 5.16 Change in Year-End
- 5.17 Change of Auditor
- 5.18 Restricted Securities

PART 6 FOREIGN TRANSITION ISSUERS

- 6.1 Application
- 6.2 Definition
- 6.3 Transitional Exemptions

PART 7 EFFECTIVE DATE

7.1 Effective Date

NATIONAL INSTRUMENT 71-102
CONTINUOUS DISCLOSURE AND OTHER EXEMPTIONS RELATING
TO FOREIGN ISSUERS

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions and Interpretation

In this Instrument:

“AIF” means a completed Form 51-102F2 *Annual Information Form* or, in the case of an SEC foreign issuer, a completed Form 51-102F2 or an annual report or transition report under the 1934 Act on Form 10-K, Form 10-KSB, or Form 20-F;

“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;

“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;

“designated foreign issuer” means a foreign reporting 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; and
- (c) for which the total number of equity securities owned, directly or indirectly, by residents of Canada does not exceed 10 per cent, 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” of a reporting issuer means an individual who is

- (a) a chair of the reporting issuer;
- (b) a vice-chair of the reporting issuer;
- (c) the president of the reporting issuer;
- (d) a vice-president of the reporting issuer in charge of a principal business unit, division or function including sales, finance or production;
- (e) an officer of the reporting issuer or any of its subsidiaries who performed a policy-making function in respect of the reporting issuer; or
- (f) any other individual who performed a policy-making function in respect of the reporting issuer;

“foreign disclosure requirements” means the requirements to which a foreign reporting issuer is subject concerning the disclosure made to the public, to securityholders of the issuer or to a foreign regulatory authority

- (a) relating to the foreign reporting 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 reporting issuer is located; or
 - (ii) the rules of the marketplace that is the principal trading market of the foreign reporting issuer;

“foreign regulatory authority” means a securities commission, exchange or other securities market regulatory authority in a designated foreign jurisdiction;

“foreign reporting issuer” means a reporting issuer, other than an investment fund, that is incorporated or organized under the laws of a foreign jurisdiction, unless

- (a) outstanding voting securities carrying more than 50 per cent of the votes for the election of directors are owned, directly or indirectly, by residents of Canada; and
- (b) any one or more of the following is true:
 - (i) the majority of the executive officers or directors of the issuer are residents of Canada;
 - (ii) more than 50 per cent of the consolidated assets of the issuer are located in Canada; or
 - (iii) the business of the issuer is administered principally in Canada;

“inter-dealer bond broker” means a person or company that is approved by the Investment Dealers Association under its By-Law No. 36 *Inter-Dealer Bond Brokerage Systems*, as amended, and is subject to its By-Law No. 36 and its Regulation 2100 *Inter-Dealer Bond Brokerage Systems*, as amended;

“interim period” means,

- (a) in the case of a year other than 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, 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;

“investment fund” means a mutual fund or a non-redeemable investment fund;

“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;

“MD&A” means a completed Form 51-102F1 *Management’s Discussion & Analysis* or, in the case of an SEC foreign issuer, a completed Form 51-102F1 or management’s discussion and analysis prepared in accordance with Item 303 of Regulation S-K or Item 303 of Regulation S-B under the 1934 Act;

“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;

“Nasdaq” means Nasdaq National Market and Nasdaq SmallCap Market;

“NI 52-107” means National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

“non-redeemable investment fund” means any issuer

- (a) where contributions of securityholders are pooled for investment;
- (b) where securityholders do not have day-to-day control over the management and investment decisions of the issuer, whether or not they have the right to be consulted or to give directions; and
- (c) whose securities do not entitle the securityholder to receive on demand, or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets of the issuer;

“old financial year” means the financial year of a reporting issuer that immediately precedes its transition year;

“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 recent 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; 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;

“SEC foreign issuer” means a foreign reporting 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;

“SEDI issuer” has the meaning ascribed to that term in National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*;

“transition year” means the financial year of reporting issuer in which the issuer changes its financial year-end;

“TSX” means the Toronto Stock Exchange;

“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. market” means an exchange in the United States of America or Nasdaq; and

“U.S. market requirements” means the requirements of the U.S. market on which the reporting issuer’s securities are listed or quoted.

1.2 Determination of Canadian Shareholders

- (1) For the purposes of section 4.14 and paragraph (c) of the definition of “designated foreign issuer”, a reference to equity securities owned, directly or indirectly, by residents of Canada, includes
 - (a) the underlying securities that are equity securities of the foreign reporting issuer; and
 - (b) the equity securities of the foreign reporting issuer represented by an American depositary receipt or an American depositary share issued by a depositary holding equity securities of the foreign reporting issuer.
- (2) For the purposes of paragraph (a) of the definition of “foreign reporting issuer”, securities represented by American depositary receipts or American depositary shares issued by a depositary holding voting securities of the foreign reporting issuer must be included as outstanding in determining both the number of votes attached to securities owned, directly or indirectly, 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 and Foreign Reporting Issuer

For the purposes of paragraph (c) of the definition of “designated foreign issuer”, paragraph (a) of the definition of “foreign reporting issuer” and section 4.14, the calculation is made,

- (a) if the issuer has not completed a financial year since becoming a reporting issuer, at the date that the issuer became a reporting issuer; and
- (b) for all other issuers,
 - (i) for the purpose of financial statement and MD&A filings under this Instrument, on the first day of the most recent financial year or year-to-date interim period for which operating results are presented in the financial statements or MD&A; and
 - (ii) for the purpose of other continuous disclosure filing obligations under this Instrument, on the first day of the issuer’s current financial year.

PART 2 LANGUAGE OF DOCUMENTS

2.1 French or English

- (1) A person or company must file a document required to be filed under this Instrument in either French or English.
- (2) Notwithstanding subsection (1), if a person or company files a document only in French or only in English but delivers to securityholders of an issuer 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.

2.2 Filings Prepared in a Language other than French or English

- (1) If a person or company files a document that is required to be filed under this Instrument that is a translation of a document prepared in a language other than French or English, the person or company must file the document upon which the translation was based.

- (2) A foreign reporting issuer filing a document upon which the translation was based under subsection (1) must attach to the document a certificate as to the accuracy of the translation.

PART 3 FILING AND SENDING OF DOCUMENTS

3.1 Timing of Filing of Documents

A person or company filing a document under this Instrument must file the document at the same time as, or as soon as practicable after, the filing or furnishing of the document to the SEC or to a foreign regulatory authority.

3.2 Sending of Documents to Canadian Securityholders

If a person or company sends a document to holders of securities of any class under U.S. federal securities law, or the laws or requirements of a designated foreign jurisdiction, and that document is required to be filed under this Instrument, then the document must be sent in the same manner and at the same time, or as soon as practicable after, to holders of securities of that class in the local jurisdiction.

PART 4 SEC FOREIGN ISSUERS

4.1 Amendments and Supplements

Any amendments or supplements to disclosure documents filed by an SEC foreign issuer under this Instrument must also be filed.

4.2 Material Change Reporting

An SEC foreign issuer is exempt from securities legislation requirements relating to disclosure of material changes if the issuer

- (a) complies with the U.S. market requirements for making public disclosure of material information on a timely basis;
- (b) complies with foreign disclosure requirements for making public disclosure of material information on a timely basis, if securities of the issuer are not listed or quoted on a U.S. market;
- (c) promptly files each news release issued by it for the purpose of complying with the requirements referred to in paragraph (a) or (b);
- (d) complies with the requirements of U.S. federal securities law for filing or furnishing current reports to the SEC; and
- (e) files the current reports filed with or furnished to the SEC.

4.3 Financial Statements

An SEC foreign issuer satisfies securities legislation requirements relating to the preparation, approval, filing and delivery of its interim financial statements, and annual financial statements and auditor's reports on annual financial statements if it

- (a) complies with the requirements of U.S. federal securities law relating to interim financial statements, annual financial statements and auditor's reports on annual financial statements;
- (b) complies with the U.S. market requirements relating to interim financial statements and annual financial statements, if securities of the issuer are listed or quoted on a U.S. market;
- (c) files the interim financial statements, annual financial statements and auditor's reports on annual financial statements filed with or furnished to the SEC or a U.S. market;
- (d) complies with section 3.2 of this Instrument; and
- (e) complies with NI 52-107 as it relates to financial statements of the issuer that are included in any documents specified in paragraph (c).

4.4 AIFs and MD&A

An SEC foreign issuer satisfies securities legislation requirements relating to the preparation, approval, filing and delivery of AIFs and MD&A if it

- (a) complies with the requirements of U.S. federal securities law relating to annual reports, quarterly reports, current reports and management's discussion and analysis;
- (b) files each annual report, quarterly report, current report and management's discussion and analysis filed with or furnished to the SEC;
- (c) complies with section 3.2 of this Instrument; and
- (d) complies with NI 52-107 as it relates to financial statements of the issuer that are included in any documents specified in paragraph (b).

4.5 Business Acquisition Reports

An SEC foreign issuer satisfies securities legislation requirements relating to the preparation and filing of business acquisition reports if it

- (a) complies with the requirements of U.S. federal securities law relating to business acquisition reports;
- (b) files each business acquisition report filed with or furnished to the SEC;
- (c) complies with section 3.2 of this Instrument; and
- (d) complies with NI 52-107 as it relates to financial statements that are included in any documents specified in paragraph (b).

4.6 Proxies and Proxy Solicitation by the Issuer and Information Circulars

An SEC foreign issuer satisfies securities legislation requirements relating to information circulars, proxies and proxy solicitation if it

- (a) complies with the requirements of U.S. federal securities law relating to proxy statements, proxies and proxy solicitation;
- (b) files all material relating to a meeting of securityholders that is filed with or furnished to the SEC;
- (c) sends each document filed under paragraph (b) to securityholders in the local jurisdiction in the manner and at the time required by U.S. federal securities laws and U.S. market requirements; and
- (d) complies with NI 52-107 as it relates to financial statements of the issuer that are included in any documents specified in paragraph (b).

4.7 Proxy Solicitation by Another Person or Company

- (1) A person or company, other than the SEC foreign issuer, satisfies securities legislation requirements relating to information circulars, proxies and proxy solicitation with respect to an SEC foreign issuer if the person or company complies with the requirements of subsection 4.6.
- (2) If a proxy solicitation is made with respect to an SEC foreign issuer by a person or company other than the SEC foreign issuer and the person or company soliciting proxies lacks access to the relevant list of securityholders of the SEC foreign issuer, the exemption in subsection (1) is not available, if
 - (a) the aggregate published trading volume of the class on the TSX and the TSX Venture Exchange exceeded the aggregate published trading volume of the class on all U.S. markets
 - (i) for the 12 calendar month period before commencement of the proxy solicitation, if there is no other proxy solicitation for securities of the same class in progress, or

- (ii) for the 12 calendar month period before commencement of the first proxy solicitation, if another proxy solicitation for securities of the same class is already in progress;
- (b) the information disclosed by the SEC foreign issuer in its most recent Form 10-K, Form 10-KSB or Form 20-F filed with the SEC under the 1934 Act demonstrated that paragraph (a) of the definition of “foreign reporting issuer” applied to the SEC foreign issuer; or
- (c) the person or company soliciting proxies reasonably believes that paragraph (a) of the definition of “foreign reporting issuer” applies to the SEC foreign issuer.

4.8 Disclosure of Voting Results

An SEC foreign issuer is exempt from securities legislation requirements relating to disclosure of securityholder voting results if the issuer

- (a) complies with the requirements of U.S. federal securities law relating to disclosure of securityholder voting results; and
- (b) files a copy of all disclosure of securityholder voting results filed with or furnished to the SEC.

4.9 Filing of Certain News Releases

An SEC foreign issuer is exempt from securities legislation requirements relating to the filing of news releases that disclose information regarding its results of operations or financial condition if the issuer

- (a) complies with the requirements of U.S. federal securities laws relating to the filing of news releases disclosing financial information; and
- (b) files a copy of each news release disclosing financial information that is filed with or furnished to the SEC.

4.10 Filing of Certain Documents

An SEC foreign issuer is exempt from securities legislation requirements relating to the filing of documents affecting the rights of securityholders and the filing of material contracts.

4.11 Early Warning

A person or company is exempt from the early warning requirements and acquisition announcement provisions of securities legislation in respect of securities of an SEC foreign issuer that has a class of securities registered under section 12 of the 1934 Act if the person or company

- (a) complies with the requirements of U.S. federal securities law relating to the reporting of beneficial ownership of equity securities of the SEC foreign issuer; and
- (b) files each report of beneficial ownership that is filed with or furnished to the SEC.

4.12 Insider Reporting

The insider reporting requirement does not apply to an insider of an SEC foreign issuer that has a class of securities registered under section 12 of the 1934 Act if

- (a) the SEC foreign issuer is not a SEDI issuer; and
- (b) the insider complies with the requirements of U.S. federal securities law relating to insider reporting.

4.13 Communication with Beneficial Owners of Securities

An SEC foreign issuer that has a class of securities registered under section 12 of the 1934 Act satisfies securities legislation requirements relating to communications with, delivery of materials to and conferring voting rights upon non-registered holders of its securities who hold their interests in the securities through one or more intermediaries if the issuer

- (a) complies with the requirements of Rule 14a-13 under the 1934 Act for any depositary and any intermediary whose last address as shown on the books of the issuer is in Canada; and
- (b) complies with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* with respect to fees payable to intermediaries, for any depositary and any intermediary whose last address as shown on the books of the issuer is in Canada.

4.14 Going Private Transactions and Related Party Transactions

Securities legislation requirements relating to going private transactions and related party transactions, as those terms are used in securities legislation of the local jurisdiction, do not apply to an SEC foreign issuer carrying out a going private transaction 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.

4.15 Change of Auditor

An SEC foreign issuer satisfies securities legislation requirements relating to a change of auditor if the issuer

- (a) complies with the requirements of U.S. federal securities laws relating to a change of auditor; and
- (b) files a copy of all materials relating to a change of auditor that are filed with or furnished to the SEC.

4.16 Restricted Securities

- (1) Securities legislation continuous disclosure requirements relating to restricted securities do not apply in respect of SEC foreign issuers.
- (2) Securities legislation minority approval requirements relating to restricted securities do not apply in respect of SEC foreign issuers.

PART 5 DESIGNATED FOREIGN ISSUERS

5.1 Amendments and Supplements

Any amendments or supplements to disclosure documents filed by a designated foreign issuer under this Instrument must also be filed.

5.2 Mandatory Annual Disclosure by Designated Foreign Issuer

To rely on this Part, a designated foreign issuer must, at least once a year, disclose in, or as an appendix to, a document that it is required by foreign disclosure requirements to send to its securityholders and that it sends to its securityholders in Canada

- (a) that it is a designated foreign issuer as defined in this Instrument;
- (b) that it is subject to the foreign regulatory requirements of a foreign regulatory authority; and
- (c) the name of the foreign regulatory authority referred to in paragraph (b).

5.3 Material Change Reporting

A designated foreign issuer is exempt from securities legislation requirements relating to disclosure of material changes if the issuer

- (a) complies with foreign disclosure requirements for making public disclosure of material information on a timely basis;
- (b) promptly files each news release issued by it for the purpose of complying with the requirements referred to in paragraph (a); and
- (c) files the documents disclosing the material information filed with or furnished to the foreign regulatory authority or disseminated to the public or securityholders of the issuer.

5.4 Financial Statements

A designated foreign issuer satisfies securities legislation requirements relating to the preparation, approval, filing and delivery of its interim financial statements, annual financial statements and auditor's reports on annual financial statements if it

- (a) complies with the foreign disclosure requirements relating to interim financial statements, annual financial statements and auditor's reports on annual financial statements;
- (b) files the interim financial statements, annual financial statements and auditor's reports on annual financial statements required to be filed with or furnished to the foreign regulatory authority;
- (c) complies with section 3.2 of this Instrument; and
- (d) complies with NI 52-107 as it relates to financial statements of the issuer that are included in any documents specified in paragraph (b).

5.5 AIFs & MD&A

A designated foreign issuer satisfies securities legislation requirements relating to the preparation, approval, filing and delivery of AIFs and MD&A if it

- (a) complies with the foreign disclosure requirements relating to annual reports, quarterly reports and management's discussion and analysis;
- (b) files each annual report, quarterly report and management's discussion and analysis required to be filed with or furnished to the foreign regulatory authority;
- (c) complies with section 3.2 of this Instrument; and
- (d) complies with NI 52-107 as it relates to financial statements of the issuer that are included in any documents specified in paragraph (b).

5.6 Business Acquisition Reports

A designated foreign issuer satisfies securities legislation requirements relating to the preparation and filing of business acquisition reports if it

- (a) complies with the foreign disclosure requirements relating to business acquisitions;
- (b) files each report in respect of a business acquisition required to be filed with or furnished to the foreign regulatory authority;
- (c) complies with section 3.2 of this Instrument; and
- (d) complies with NI 52-107 as it relates to financial statements that are included in any documents specified in paragraph (b).

5.7 Proxies and Proxy Solicitation by the Issuer and Information Circulars

A designated foreign issuer satisfies securities legislation requirements relating to information circulars, proxies and proxy solicitation if it

- (a) complies with the foreign disclosure requirements relating to proxy statements, proxies and proxy solicitation;
- (b) files all material relating to a meeting of securityholders that is filed with or furnished to the foreign regulatory authority;
- (c) complies with section 3.2 of this Instrument; and
- (d) complies with NI 52-107 as it relates to financial statements of the issuer that are included in any documents specified in paragraph (b).

5.8 Proxy Solicitation by Another Person or Company

- (1) A person or company, other than the designated foreign issuer, satisfies securities legislation requirements relating to information circulars, proxies and proxy solicitation with respect to a designated foreign issuer if the person or company satisfies the requirements of section 5.7.
- (2) If a proxy solicitation is made with respect to a designated foreign issuer by a person or company other than the designated foreign issuer and the person or company soliciting proxies lacks access to the relevant list of securityholders of the designated foreign issuer, the exemption in subsection (1) is not available, if
 - (a) the aggregate published trading volume of the class on the TSX and the TSX Venture Exchange exceeded the aggregate trading volume on securities marketplaces outside Canada
 - (i) for the 12 calendar months before commencement of the proxy solicitation, if there is no other proxy solicitation for securities of the same class in progress, or
 - (ii) for the 12 calendar month period before the commencement of the first proxy solicitation, if another proxy solicitation for securities of the same class is already in progress;
 - (b) the information disclosed by the designated foreign issuer in a document filed within the previous 12 months with a foreign regulatory authority, demonstrated that paragraph (a) of the definition of "foreign reporting issuer" applied to the designated foreign issuer; or
 - (c) the person or company soliciting proxies reasonably believes that paragraph (a) of the definition of "foreign reporting issuer" applies to the designated foreign issuer.

5.9 Disclosure of Voting Results

A designated foreign issuer is exempt from securities legislation requirements relating to disclosure of securityholder voting results if the issuer

- (a) complies with the foreign disclosure requirements relating to disclosure of securityholder voting results; and
- (b) files each report disclosing securityholder voting results that is filed with or furnished to a foreign regulatory authority.

5.10 Filing of Certain News Releases

A designated foreign issuer is exempt from securities legislation requirements relating to the filing of news releases that disclose information regarding its results of operations or financial condition if the issuer

- (a) complies with the foreign disclosure requirements relating to the filing of news releases disclosing financial information; and
- (b) files a copy of each news release disclosing financial information that is filed with or furnished to a foreign regulatory authority.

5.11 Filing of Certain Documents

A designated foreign issuer is exempt from securities legislation requirements relating to the filing of documents affecting the rights of securityholders and the filing of material contracts.

5.12 Early Warning

A person or company is exempt from the early warning requirements and acquisition announcement provisions of securities legislation in respect of securities of a designated foreign issuer if the person or company

- (a) complies with the foreign disclosure requirements relating to reporting of beneficial ownership of equity securities of the designated foreign issuer; and
- (b) files each report of beneficial ownership that is filed with or furnished to the foreign regulatory authority.

5.13 Insider Reporting

The insider reporting requirement does not apply to an insider of a designated foreign issuer if

- (a) the designated foreign issuer is not a SEDI issuer; and
- (b) the insider complies with the foreign disclosure requirements relating to insider reporting.

5.14 Communication with Beneficial Owners of Securities

A designated foreign issuer satisfies securities legislation requirements relating to communications with, delivery of materials to and conferring voting rights upon non-registered holders of its securities who hold their interests in the securities through one or more intermediaries if the issuer

- (a) complies with foreign disclosure requirements relating to communication with beneficial owners of securities; and
- (b) complies with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* with respect to fees payable to intermediaries, for any depositary and any intermediary whose last address as shown on the books of the issuer is in Canada.

5.15 Going Private Transactions and Related Party Transactions

Securities legislation requirements relating to going private transactions and related party transactions, as those terms are used in securities legislation of the local jurisdiction, do not apply to a designated foreign issuer carrying out a going private transaction or related party transaction.

5.16 Change in Year-End

A designated foreign issuer satisfies securities legislation requirements relating to a change in year-end if the issuer

- (a) complies with foreign disclosure requirements relating to a change in year-end; and
- (b) files a copy of all filings made under foreign disclosure requirements relating to the change in year-end.

5.17 Change of Auditor

A designated foreign issuer satisfies securities legislation requirements relating to a change of auditor if the issuer

- (a) complies with foreign disclosure requirements relating to a change of auditor; and
- (b) files a copy of all filings made under foreign disclosure requirements relating to the change of auditor.

5.18 Restricted Securities

- (1) Securities legislation continuous disclosure requirements relating to restricted securities do not apply in respect of designated foreign issuers.
- (2) Securities legislation minority approval requirements relating to restricted securities do not apply in respect of designated foreign issuers.

PART 6 FOREIGN TRANSITION ISSUERS

6.1 Application

This Part only applies in Ontario.

6.2 Definition

In this section, “foreign transition issuer” means an issuer

- (a) that is not incorporated or organized under the laws of Canada or a jurisdiction of Canada;

- (b) that is not an SEC foreign issuer or a designated foreign issuer;
- (c) that became a reporting issuer solely by listing securities on the TSX before March 30, 2004;
- (d) of which the total number of securities of the class listed on the TSX registered in the names of residents of Canada does not exceed 5 per cent of the total number of issued and outstanding securities of the class; and
- (e) of which the total number of holders of securities of the class listed on the TSX registered in the names of residents of Canada does not exceed 300.

6.3 Transitional Exemptions

Until January 1, 2005, a foreign transition issuer is exempt from

- (a) securities legislation requirements to file business acquisition reports, AIFs and MD&A;
- (b) securities legislation requirements relating to the preparation, approval and filing of annual financial statements and auditor's reports thereon if the annual financial statements are
 - (i) prepared in compliance with the laws of the foreign jurisdiction of incorporation or organization of the issuer; and
 - (ii) filed not later than the earlier of
 - (A) promptly after they are filed with any other governmental agency or securities market regulatory authority; and
 - (B) 140 days after the end of the financial year; and
- (c) securities legislation requirements relating to the preparation, approval and filing of interim financial statements, if the interim financial statements are
 - (i) prepared in compliance with the laws of the foreign jurisdiction of incorporation or organization of the issuer; and
 - (ii) filed not later than the earlier of
 - (A) promptly after they are filed with any other governmental agency or securities market regulatory authority; and
 - (B) 60 days after the end of the interim period.

PART 7 EFFECTIVE DATE

7.1 Effective Date

This Instrument comes into force on March 30, 2004.

COMPANION POLICY 71-102CP
CONTINUOUS DISCLOSURE AND OTHER EXEMPTIONS RELATING TO FOREIGN ISSUERS

PART 1 GENERAL

1.1 Introduction and Purpose

- (1) National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (the "Instrument") provides broad relief from most of the requirements of National Instrument 51-102 *Continuous Disclosure Obligations* ("NI 51-102") for two sub-categories of foreign reporting issuers – SEC foreign issuers and designated foreign issuers – on the condition that they comply with the continuous disclosure ("CD") requirements of the SEC or a designated foreign jurisdiction. SEC foreign issuers and designated foreign issuers are also exempted from certain other requirements of provincial and territorial securities legislation, including insider reporting and early warning, that are not contained in NI 51-102.
- (2) This Companion Policy provides information about how the provincial and territorial securities regulatory authorities interpret the Instrument, and should be read in conjunction with it.

1.2 Other Relevant Legislation

In addition to the Instrument, foreign issuers should consult the following non-exhaustive list of legislation to see how it may apply to them:

- (1) implementing legislation (the regulation, rule, ruling, order or other instrument that implements the Instrument in each applicable jurisdiction);
- (2) NI 51-102;
- (3) National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* ("NI 52-107"); and
- (4) National Instrument 71-101 *The Multijurisdictional Disclosure System* ("NI 71-101").

1.3 Multijurisdictional Disclosure System

- (1) NI 71-101 permits certain U.S. incorporated issuers to satisfy specified Canadian CD requirements by using disclosure prepared in accordance with U.S. requirements. The Instrument does not replace or alter NI 71-101. There are instances in which NI 71-101 and the Instrument offer similar relief to a reporting issuer, but other instances in which the relief available to a reporting issuer in one instrument differs from the relief available to the reporting issuer under the other instrument. Many issuers that are eligible for an exemption under the Instrument will be ineligible to rely on NI 71-101 and vice versa. For example, the Instrument defines a class of "SEC foreign issuers". Not all U.S. issuers referred to in NI 71-101 are SEC foreign issuers and not all SEC foreign issuers are U.S. issuers.
- (2) An eligible U.S. issuer may choose to use an exemption in the Instrument or NI 71-101. For example, section 17.1 of NI 71-101 grants an exemption from the insider reporting requirement to an insider of a U.S. issuer that has securities registered under section 12 of the 1934 Act if the insider complies with the requirements of U.S. federal securities law regarding insider reporting and files with the SEC any insider report required to be filed with the SEC. This relief goes beyond the exemption provided by section 4.12 of the Instrument which is not available to insiders of a SEDI issuer as defined in National Instrument 55-102 *System for Electronic Disclosure by Insiders* (SEDI).

1.4 Exemptions May Not Require Disclosure

Most of the exemptions in the Instrument are only available to a person or company that complies with a particular aspect of either U.S. federal securities laws or the laws of a designated foreign jurisdiction. If those laws do not require the issuer to disclose, file or send any information, for example, because the issuer may rely on an exemption under those laws, then the issuer is not required to disclose, file or send any information to rely on the exemption contained in the Instrument.

PART 2 DEFINITIONS

2.1 Foreign Reporting Issuers

To qualify for any of the exemptions contained in the Instrument, other than the relief for “foreign transition issuers” in Part 6, the issuer in question must be a “foreign reporting issuer”. The definition of foreign reporting issuer is based upon the definition of foreign private issuer in Rule 405 of the 1933 Act and Rule 3b-4 of the 1934 Act. For the purposes of the definition of “foreign reporting issuer”, it is the CSA’s view that

- (a) in calculating the percentage of assets located in Canada, the issuer should look to the value of the assets recorded in its most recent consolidated financial statements, either annual or interim; and
- (b) in determining the outstanding voting securities that are owned, directly or indirectly, by residents of Canada, an issuer should
 - (i) use reasonable efforts to identify securities held by a broker, dealer, bank, trust company or nominee or any of them for the accounts of customers resident in Canada;
 - (ii) count securities beneficially owned by residents of Canada as reported on reports of beneficial ownership, including insider reports and early warning reports; and
 - (iii) assume that a customer is a resident of the jurisdiction or foreign jurisdiction in which the nominee has its principal place of business if, after reasonable inquiry, information regarding the jurisdiction or foreign jurisdiction of residence of the customer is unavailable.

The determination of the percentage of securities of the foreign issuer owned by residents of Canada should be made in the same manner for the purposes of paragraph (c) of the definition of “designated foreign issuer” and paragraph (d) of the definition of “foreign transition issuer” in section 6.2 of the Instrument. This method of calculation differs from that of NI 71-101, which only requires a calculation based on the address of record. Accordingly, some SEC foreign issuers may qualify for exemptive relief under NI 71-101 but not under the Instrument.

2.2 Investment Funds

Generally, the definition of “investment fund” would not include a trust or other entity that issues securities which entitle the holder to substantially all of the net cash flows generated by: (i) an underlying business owned by the trust or other entity, or (ii) the income-producing properties owned by the trust or other entity. Examples of trusts or other entities that are not included in the definition are business income trusts, real estate investment trusts and royalty trusts.

PART 3 INSIDER REPORTS

3.1 Requirement to File Insider Reports on SEDI

Insiders of foreign issuers who voluntarily file under National Instrument 13-101 *System for Electronic Document Analysis and Retrieval* (SEDAR) are required to file insider reports electronically under SEDI. The Instrument does not provide an exemption from filing insider reports in the form required by provincial and territorial securities legislation if the foreign issuer is a SEDI filer. However, under NI 71-101 an insider of an eligible U.S. issuer, as defined in NI 71-101, is exempt from the insider reporting requirement if the insider complies with U.S. federal securities law regarding insider reporting and files with the SEC any insider report required to be filed with the SEC. Consequently, insiders of NI 71-101 eligible issuers are also exempt from the requirement to file insider reports on SEDI.

PART 4 FILING OF DISCLOSURE DOCUMENTS

4.1 Filing of Disclosure Documents on SEDAR

A foreign issuer does not have to file multiple copies of a foreign disclosure document that it is filing to satisfy the conditions of more than one exemption under the Instrument. The issuer need only file the document in one SEDAR category, and under any other applicable SEDAR category may provide an appropriate reference to the location of the filed document. For example, a foreign issuer may wish to file its U.S. Form 20F to satisfy the conditions relating to both the AIF exemption and the MD&A exemption. The foreign issuer could file the Form 20 on SEDAR under either of the AIF category or the MD&A category, and under the other category would file a letter giving the SEDAR project number that the Form 20F is filed under.

PART 5 ELECTRONIC DELIVERY OF DOCUMENTS

5.1 Electronic Delivery of Documents

Any documents required to be sent under the Instrument may be sent by electronic delivery, as long as such delivery is made in compliance with Québec Staff Notice, *The Delivery of Documents by Electronic Means*, in Québec, and National Policy 11-201 *Delivery of Documents by Electronic Means*, in the rest of Canada.

PART 6 EXEMPTIONS NOT INCLUDED

6.1 Resource Issuers - Standards of Disclosure for Mineral Projects and Oil and Gas Activities

The Instrument does not provide an exemption from National Instrument 43-101 *Standards of Disclosure for Mineral Projects* or National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*. Issuers are reminded that those National Instruments apply to SEC foreign issuers and designated foreign issuers.

6.2 SEC Foreign Issuers

NI 51-102 contains exemptions for SEC issuers from the change in year-end requirements in NI 51-102. SEC foreign issuers under the Instrument will also meet the definition of SEC issuers under NI 51-102, and so will be able to rely on the change in year-end exemption in NI 51-102.

6.3 Foreign Reporting Issuers

The Instrument does not provide an exemption for any foreign reporting issuers from the requirement in section 4.9 of NI 51-102. A foreign reporting issuer must deliver a notice if it has been a party to an amalgamation, arrangement, merger, winding-up, reverse takeover, reorganization or other transaction that will have the effect of changing its continuous disclosure obligations under NI 51-102. The Instrument also does not provide an exemption for any foreign reporting issuers from the requirement to file disclosure materials under section 11.1 of NI 51-102 or to file a notice of change of status under section 11.2 of NI 51-102.

6.4 Auditor Oversight - Canadian Public Accountability Board

Section 4.3 of the Instrument provides relief for an SEC foreign issuer relating to annual financial statements and auditors' reports on annual financial statements. Section 5.4 provides similar relief for a designated foreign issuer. Reporting issuers are subject to section 2.3 of National Instrument 52-108 *Auditor Oversight* ("NI 52-108") but may rely on the exemptions in sections 4.3 and 5.4 of the Instrument for relief from these obligations. Sections 4.3 and 5.4, however, do not provide relief from the requirements applicable in jurisdictions other than Alberta, British Columbia and Manitoba in sections 2.1, 2.2 and Part 3 of NI 52-108 imposed directly on a public accounting firm that issues an auditor's report with respect to the financial statements of a reporting issuer.

PART 7 EXEMPTIONS

7.1 Exemptions

- (1) The exemptions contained in the Instrument are in addition to any exemptions that may be available to an issuer under any other applicable legislation.
- (2) Issuers that have been given an exemption, waiver or approval by a regulator or securities regulatory authority before the Instrument and NI 51-102 came into effect, may be entitled to continue to rely on that exemption, waiver or approval. Issuers should refer to section 13.2 of NI 51-102 to determine in what circumstances the prior exemption, waiver or approval is available and what the reporting issuer must do to continue to rely on it.
- (3) If an issuer wishes to seek exemptive relief from NI 51-102 or other requirements of provincial and territorial securities legislation on grounds similar but not identical to those permitted under the Instrument, the issuer should apply for this relief under the exemptive provisions of NI 51-102, or other provincial and territorial securities legislation, as the case may be.

5.1.4 OSC Rule 71-802 Implementing National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers

**ONTARIO SECURITIES COMMISSION
RULE 71-802**

**IMPLEMENTING
NATIONAL INSTRUMENT 71-102
CONTINUOUS DISCLOSURE AND OTHER EXEMPTIONS
RELATING TO FOREIGN ISSUERS**

TABLE OF CONTENTS

PART 1 DEFINITIONS AND INTERPRETATION

- 1.1 Definitions and Interpretation

PART 2 SEC FOREIGN ISSUERS

- 2.1 Material Change Reporting
2.2 Annual Reports, AIFs, Business Acquisition Reports and MD&A
2.3 Early Warning
2.4 Going Private Transactions and Related Party Transactions
2.5 Restricted Shares

PART 3 DESIGNATED FOREIGN ISSUERS

- 3.1 Material Change Reporting
3.2 Annual Reports, AIFs, Business Acquisition Reports and MD&A
3.3 Early Warning
3.4 Restricted Shares

PART 4 EFFECTIVE DATE

- 4.1 Effective Date

ONTARIO SECURITIES COMMISSION
RULE 71-802

IMPLEMENTING
NATIONAL INSTRUMENT 71-102
CONTINUOUS DISCLOSURE AND OTHER EXEMPTIONS
RELATING TO FOREIGN ISSUERS

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions and Interpretation

(1) In this Rule

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

"NI 62-103" means National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*;

"NI 71-102" means National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*;

"Rule 51-801" means Rule 51-801 *Implementing National Instrument 51-102 Continuous Disclosure Obligations*; and

"Rule 56-501" means Rule 56-501 *Restricted Shares*.

(2) Each term used in this Rule that is defined or interpreted in Part 1 of NI 71-102 has the meaning ascribed to it in that Part.

PART 2 SEC FOREIGN ISSUERS

2.1 Material Change Reporting - Section 7.1 and paragraph 12.1(1)(b) of NI 51-102 and section 3.4 of Rule 51-801 do not apply to an SEC foreign issuer that complies with section 4.2 of NI 71-102.

2.2 Annual Reports, AIFs, Business Acquisition Reports and MD&A - Subsection 12.1(1) of NI 51-102 does not apply to an SEC foreign issuer that complies with section 4.4 of NI 71-102.

2.3 Early Warning - A person or company is exempt from sections 101 and 102 of the Act and the requirements of NI 62-103 in respect of securities of an SEC foreign issuer if the person or company complies with section 4.8 of NI 71-102.

2.4 Going Private Transactions and Related Party Transactions

(1) Rule 61-501 *Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions* does not apply to an SEC foreign issuer carrying out a going private transaction 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 as at the first day of its current financial year.

(2) Despite subsection (1), if the SEC foreign issuer has not completed a financial year since becoming a reporting issuer, the calculation in subsection (1) is made at the date that the issuer became a reporting issuer.

2.5 Restricted Shares- Section 10.1 of NI 51-102 and Part 3 of Rule 56-501 do not apply in respect of an SEC foreign issuer.

PART 3 DESIGNATED FOREIGN ISSUERS

3.1 Material Change Reporting - Section 7.1 and paragraph 12.1(1)(b) of NI 51-102 and section 3.4 of Rule 51-801 do not apply to a designated foreign issuer that complies with section 5.3 of NI 71-102

3.2 Annual Reports, AIFs, Business Acquisition Reports and MD&A - Subsection 12.1(1) of NI 51-102 does not apply to a designated foreign issuer that complies with section 5.5 of NI 71-102.

- 3.3 Early Warning** - A person or company is exempt from sections 101 and 102 of the Act and the requirements of NI 62-103 in respect of securities of a designated foreign issuer if the person or company complies with section 5.9 of NI 71-102.
- 3.4 Restricted Shares** - Section 10.1 of NI 51-102 and Part 3 of Rule 56-501 do not apply in respect of a designated foreign issuer.

PART 4 EFFECTIVE DATE

- 4.1 Effective Date** - This Rule comes into force on the date NI 71-102 comes into force.

5.1.5 Multilateral Instrument 45-102 Resale of Securities

**MULTILATERAL INSTRUMENT 45-102
RESALE OF SECURITIES**

TABLE OF CONTENTS

PART TITLE

PART 1 DEFINITIONS

- 1.1 Definitions

PART 2 FIRST TRADE

- 2.1 Application
- 2.2 Removal of Resale Provisions
- 2.3 Section 2.5 Applies
- 2.4 Section 2.6 Applies
- 2.5 Restricted Period
- 2.6 Seasoning Period
- 2.7 Exemption for a Trade if the Issuer Becomes a Reporting Issuer After the Distribution Date
- 2.8 Exemption for a Trade by a Control Person
- 2.9 Determining Time Periods
- 2.10 Exemption for a Trade in an Underlying Security if the Convertible Security, Exchangeable Security or Multiple Convertible Security is Qualified by a Prospectus
- 2.11 Exemption for a Trade in a Security Acquired in a Take-over Bid or Issuer Bid
- 2.12 Exemption for a Trade in an Underlying Security if the Convertible Security, Exchangeable Security or Multiple Convertible Security is Qualified by a Securities Exchange Take-over Bid Circular or Issuer Bid Circular
- 2.13 Trades by Underwriters
- 2.14 First Trades in Securities of a Non-Reporting Issuer Distributed under a Prospectus Exemption

PART 3 EXEMPTION

- 3.1 Exemption

PART 4 EFFECTIVE DATE

- 4.1 Effective Date

APPENDIX A

APPENDIX B

APPENDIX C

APPENDIX D

APPENDIX E

APPENDIX F

FORM 45-102F1

MULTILATERAL INSTRUMENT 45-102
RESALE OF SECURITIES

PART 1 DEFINITIONS

1.1 Definitions - In this Instrument

"control distribution" means a trade described in the provisions of securities legislation listed in Appendix A;

"convertible security" means a security of an issuer that is convertible into, or carries the right of the holder to purchase or otherwise acquire, or of the issuer to cause the purchase or acquisition of, a security of the same issuer;

"distribution date" means

- (a) in respect of a trade that is not a control distribution, the date the security that is the subject of the trade was distributed in reliance on an exemption from the prospectus requirement by the issuer or, in the case of a control distribution, by the selling security holder,
- (b) in respect of a trade that is a control distribution, the date the security that is the subject of the trade was acquired by the selling security holder,
- (c) in respect of a trade of an underlying security that is not a control distribution, the date the convertible security, exchangeable security or multiple convertible security that, directly or indirectly, entitled or required the holder to acquire the underlying security was distributed in reliance on an exemption from the prospectus requirement by the issuer or, in the case of a control distribution, by the selling security holder, or
- (d) in respect of a trade of an underlying security that is a control distribution, the date the convertible security, exchangeable security or multiple convertible security that, directly or indirectly, entitled or required the holder to acquire the underlying security was acquired by the selling security holder;

"exchangeable security" means a security of an issuer that is exchangeable for, or carries the right of the holder to purchase or otherwise acquire, or of the issuer to cause the purchase or acquisition of, a security of another issuer;

"former MI 45-102" means Multilateral Instrument 45-102 *Resale of Securities* that came into force on November 30, 2001;

"MI 45-102" or "this Instrument" means Multilateral Instrument 45-102 *Resale of Securities* that came into force on March 30, 2004;

"MI 45-103" means Multilateral Instrument 45-103 *Capital Raising Exemptions*;

"MI 45-105" means Multilateral Instrument 45-105 *Trades to Employees, Senior Officers, Directors, and Consultants*;

"multiple convertible security" means a security of an issuer that is convertible into, or exchangeable for, or carries the right of the holder to purchase or otherwise acquire, or of the issuer to cause the purchase or acquisition of, a convertible security, an exchangeable security or another multiple convertible security;

"private company" has the meaning ascribed to that term in securities legislation;

"private issuer" has the meaning ascribed to that term in securities legislation except in Ontario where "private issuer" means a person that

- (a) is not a reporting issuer or a mutual fund,
- (b) is an issuer all of whose issued and outstanding shares
 - (i) are subject to restrictions on transfer contained in the constating documents of the issuer or one or more agreements among the issuer and the holders of its securities; and
 - (ii) are beneficially owned, directly or indirectly, by not more than 50 persons or companies, counting any two or more joint registered holders as one beneficial owner, exclusive of persons
 - (A) that are employed by the issuer or an affiliated entity of the issuer, or

- (B) that beneficially owned, directly or indirectly, shares of the issuer while employed by it or an affiliated entity of it and at all times since ceasing to be so employed have continued to beneficially own, directly or indirectly, at least one share of the issuer, and

- (c) has not distributed any securities to the public;

"SEDAR" has the meaning ascribed to that term in National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*; and

"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.

PART 2 FIRST TRADES

2.1 Application - In Manitoba, New Brunswick and the Yukon Territory, sections 2.2 to 2.7 and 2.10 to 2.14 do not apply.

2.2 Removal of Resale Provisions - In Newfoundland and Labrador, Nova Scotia and Ontario, the provisions in securities legislation listed in Appendix C, respectively, do not apply.

2.3 Section 2.5 Applies - If a security was distributed under any of the provisions listed in Appendix D, the first trade of that security is subject to section 2.5.

2.4 Section 2.6 Applies - If a security was distributed under any of the provisions listed in Appendix E, the first trade of that security is subject to section 2.6.

2.5 Restricted Period

- (1) Unless the conditions in subsection (2) are satisfied, a trade that is specified by section 2.3 or other securities legislation to be subject to this section is a distribution.

- (2) Subject to subsection (3), for the purposes of subsection (1) the conditions are:

1. The issuer is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade.
2. At least four months have elapsed from the distribution date.
3. If the distribution date is on or after March 30, 2004 and

- (a) the issuer is a reporting issuer on the distribution date, the certificate representing the security carries a legend, or an ownership statement issued under a direct registration system or other electronic book-entry system acceptable to the regulator bears a legend restriction notation, stating:

"Unless permitted under securities legislation, the holder of this security must not trade the security before *[insert the date that is 4 months and a day after the distribution date]*."

or

- (b) the issuer is not a reporting issuer on the distribution date, the certificate representing the security carries a legend, or an ownership statement issued under a direct registration system or other electronic book-entry system acceptable to the regulator bears a legend restriction notation, stating:

"Unless permitted under securities legislation, the holder of this security must not trade the security before the date that is 4 months and a day after the later of (i) *[insert the distribution date]*, and (ii) the date the issuer became a reporting issuer in any province or territory."

4. The trade is not a control distribution.
5. No unusual effort is made to prepare the market or to create a demand for the security that is the subject of the trade.

6. No extraordinary commission or consideration is paid to a person or company in respect of the trade.
 7. If the selling security holder is an insider or officer of the issuer, the selling security holder has no reasonable grounds to believe that the issuer is in default of securities legislation.
- (3) Item 3.(a) of subsection (2) does not apply to a trade of an underlying security if the certificate representing the underlying security or the ownership statement issued under a direct registration book-entry system or other electronic system acceptable to the regulator, is issued at least four months after the distribution date.

2.6 Seasoning Period

- (1) Unless the conditions in subsection (3) are satisfied, a trade that is specified by section 2.4 or other securities legislation to be subject to this section is a distribution.
- (2) The first trade of securities issued by a private company or private issuer made after the issuer has ceased to be a private company or private issuer is a distribution unless the conditions in subsection (3) are satisfied.
- (3) For the purposes of subsections (1) and (2), the conditions are:
 1. The issuer is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade.
 2. The trade is not a control distribution.
 3. No unusual effort is made to prepare the market or to create a demand for the security that is the subject of the trade.
 4. No extraordinary commission or consideration is paid to a person or company in respect of the trade.
 5. If the selling security holder is an insider or officer of the issuer, the selling security holder has no reasonable grounds to believe that the issuer is in default of securities legislation.

2.7 Exemption for a Trade if the Issuer Becomes a Reporting Issuer After the Distribution Date

- (1) Item 1. of subsection 2.5(2) does not apply if the issuer became a reporting issuer after the distribution date by filing a prospectus in a jurisdiction listed in Appendix B and is a reporting issuer in a jurisdiction of Canada at the time of the trade.
- (2) Item 1. of subsection 2.6(3) does not apply if the issuer became a reporting issuer after the distribution date by filing a prospectus in a jurisdiction listed in Appendix B and is a reporting issuer in a jurisdiction of Canada at the time of the trade.
- (3) Item 1. of subsection 2.8(2) does not apply if the issuer became a reporting issuer after the distribution date by filing a prospectus in a jurisdiction listed in Appendix B and is a reporting issuer in a jurisdiction of Canada at the time of the trade.

2.8 Exemption for a Trade by a Control Person

- (1) The prospectus requirement does not apply to a control distribution, or a distribution by a lender, pledgee, mortgagee or other encumbrancer for the purpose of liquidating a debt made in good faith by selling or offering for sale a security pledged, mortgaged or otherwise encumbered in good faith as collateral for the debt if the security was acquired by the lender, pledgee, mortgagee or other encumbrancer in a control distribution, if the conditions in subsection (2) are satisfied.
- (2) For the purposes of subsection (1), the conditions are:
 1. The issuer is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade.
 2. The selling security holder, or the lender, pledgee, mortgagee or other encumbrancer if the distribution is for the purpose of liquidating a debt, has held the securities for at least four months.

3. No unusual effort is made to prepare the market or to create a demand for the security that is the subject of the trade.
 4. No extraordinary commission or consideration is paid to a person or company in respect of the trade.
 5. The selling security holder has no reasonable grounds to believe that the issuer is in default of securities legislation.
- (3) The selling security holder, or the lender, pledgee, mortgagee or other encumbrancer if the distribution is for the purpose of liquidating a debt, under subsection (2) must
- (a) sign Form 45-102F1 no earlier than one business day before the form is filed;
 - (b) file Form 45-102F1 on SEDAR at least seven days before the first trade of the securities that is part of the distribution; and
 - (c) file, within three days after the completion of any trade, an insider report prepared in accordance with either Form 55-102F2 or Form 55-102F6 under National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*.
- (4) A Form 45-102F1 filed under subsection (3) expires thirty days from the date the form was filed.
- (5) If a person or company filed a Form 45-102F3 or a renewal Form 45-102F3 under former MI 45-102 before March 30, 2004, the person or company is not subject to subsection (3) until 30 days after the date the Form 45-102F3 or the renewal Form 45-102F3 was filed.

2.9 Determining Time Periods

- (1) In determining the period of time that an issuer was a reporting issuer for the purposes of section 2.5, 2.6 or 2.8, if the issuer was a party to an amalgamation, merger, continuation or arrangement, the selling security holder may include the period of time that one of the parties to the amalgamation, merger, continuation or arrangement was a reporting issuer in a jurisdiction of Canada immediately before the amalgamation, merger, continuation or arrangement to determine the period of time it has been a reporting issuer in a jurisdiction of Canada.
- (2) In determining the period of time that a selling security holder has held a security for the purposes of section 2.5 or 2.8, if the selling security holder acquired the security from an affiliate of the selling security holder, the selling security holder may include the period of time that the affiliate held the security.
- (3) In determining the period of time that a selling security holder has held an underlying security for the purposes of section 2.8, the selling security holder may include the period of time the selling security holder held the convertible security, exchangeable security or multiple convertible security.
- (4) In determining the period of time that a lender, pledgee, mortgagee or other encumbrancer has held a security under item 2 of subsection 2.8(2), the selling security holder may include the period of time the debtor held the security.
- (5) In determining the period of time that a lender, pledgee, mortgagee or other encumbrancer has held an underlying security under item 2 of subsection 2.8(2), the selling security holder may include the period of time the debtor held the convertible security, exchangeable security or multiple convertible security.

2.10 Exemption for a Trade in an Underlying Security if the Convertible Security, Exchangeable Security or Multiple Convertible Security is Qualified by a Prospectus - Section 2.6 does not apply to a trade in an underlying security issued or transferred under the terms of a convertible security, exchangeable security or multiple convertible security if

- (a) a receipt was obtained for a prospectus qualifying the distribution of the convertible security, exchangeable security or multiple convertible security;
- (b) the trade is not a control distribution; and
- (c) the issuer of the underlying security is a reporting issuer at the time of the trade.

2.11 Exemption for a Trade in a Security Acquired in a Take-over Bid or Issuer Bid - Section 2.6 does not apply to a trade of a security of an offeror if

- (a) a securities exchange take-over bid circular or securities exchange issuer bid circular relating to the distribution of the security was filed by the offeror on SEDAR;
- (b) the trade is not a control distribution; and
- (c) the offeror was a reporting issuer on the date the securities of the offeree issuer were first taken up under the take-over bid or issuer bid.

2.12 Exemption for a Trade in an Underlying Security if the Convertible Security, Exchangeable Security or Multiple Convertible Security is Qualified by a Securities Exchange Take-over Bid Circular or Issuer Bid Circular - Section 2.6 does not apply to a trade in an underlying security issued or transferred under the terms of a convertible security, exchangeable security or multiple convertible security if

- (a) a securities exchange take-over bid circular or a securities exchange issuer bid circular relating to the distribution of the convertible security, exchangeable security or multiple convertible security was filed by the offeror on SEDAR;
- (b) the trade is not a control distribution;
- (c) the offeror was a reporting issuer on the date the securities of the offeree issuer were first taken up under the take-over bid or issuer bid; and
- (d) the issuer of the underlying security is a reporting issuer at the time of the trade.

2.13 Trades by Underwriters - A trade by an underwriter of securities distributed under any of the provisions listed in Appendix F is a distribution.

2.14 First Trades in Securities of a Non-Reporting Issuer Distributed under a Prospectus Exemption

- (1) The prospectus requirement does not apply to the first trade of a security distributed under an exemption from the prospectus requirement if
 - (a) the issuer of the security
 - (i) was not a reporting issuer in any jurisdiction of Canada at the distribution date, or
 - (ii) is not a reporting issuer in any jurisdiction of Canada at the date of the trade;
 - (b) at the distribution date, after giving effect to the issue of the security and any other securities of the same class or series that were issued at the same time as or as part of the same distribution as the security, residents of Canada
 - (i) did not own directly or indirectly more than 10 percent of the outstanding securities of the class or series, and
 - (ii) did not represent in number more than 10 percent of the total number of owners directly or indirectly of securities of the class or series; and
 - (c) the trade is made
 - (i) through an exchange, or a market, outside of Canada, or
 - (ii) to a person or company outside of Canada.
- (2) The prospectus requirement does not apply to the first trade of an underlying security if
 - (a) the convertible security, exchangeable security or multiple convertible security that, directly or indirectly, entitled or required the holder to acquire the underlying security was distributed under an exemption from the prospectus requirement;

- (b) the issuer of the underlying security
 - (i) was not a reporting issuer in any jurisdiction of Canada at the distribution date of the convertible security, exchangeable security or multiple convertible security, or
 - (ii) is not a reporting issuer in any jurisdiction of Canada at the date of the trade;
- (c) the conditions in paragraph (1)(b) would have been satisfied for the underlying security at the time of the initial distribution of the convertible security, exchangeable security or multiple convertible security; and
- (d) the condition in paragraph (1)(c) is satisfied.

PART 3 EXEMPTION

3.1 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 such an exemption.

PART 4 EFFECTIVE DATE

- 4.1 Effective Date** - This Instrument comes into force on March 30, 2004.

**APPENDIX A
TO
MULTILATERAL INSTRUMENT 45-102
RESALE OF SECURITIES**

CONTROL DISTRIBUTIONS

JURISDICTION	SECURITIES LEGISLATION REFERENCE
Alberta	Definition of "control person" in section 1(l) and subclause (iii) of the definition of "distribution" contained in section 1(p) of the <i>Securities Act</i> (Alberta)
British Columbia	Paragraph (c) of the definition of "distribution" contained in section 1(1) of the <i>Securities Act</i> (British Columbia)
Manitoba	Paragraph (b) of the definition of "primary distribution to the public" contained in subsection 1(1) of the <i>Securities Act</i> (Manitoba)
Newfoundland and Labrador	Clause 2(1)(l)(iii) of the <i>Securities Act</i> (Newfoundland and Labrador)
Northwest Territories	Definition of "control person" and paragraph (iii) of the definition of "distribution" contained in subsection 1(1) of Blanket Order No. 1 of the Registrar of Securities.
Nova Scotia	Clause 2(1)(l)(iii) of the <i>Securities Act</i> (Nova Scotia)
Nunavut	Definition of "control person" and paragraph (iii) of the definition of "distribution" contained in subsection 1(1) of Blanket Order No. 1 of the Registrar of Securities.
Ontario	Paragraph (c) of the definition of "distribution" contained in subsection 1(1) of the <i>Securities Act</i> (Ontario)
Prince Edward Island	Clause (iii) of the definition of "distribution" in section 1 of the <i>Securities Act</i> (Prince Edward Island)
Saskatchewan	Subclauses 2(1)(r)(iii), (iv) and (v) of <i>The Securities Act, 1988</i> (Saskatchewan)

**APPENDIX B
TO
MULTILATERAL INSTRUMENT 45-102
*RESALE OF SECURITIES***

REPORTING ISSUER JURISDICTIONS

Alberta

British Columbia

Manitoba

Nova Scotia

Ontario

Quebec

Saskatchewan

**APPENDIX C
TO
MULTILATERAL INSTRUMENT 45-102
RESALE OF SECURITIES**

**NON-APPLICABLE RESALE PROVISIONS
(Section 2.2)**

JURISDICTION

SECURITIES LEGISLATION REFERENCE

Newfoundland and Labrador	Clause 54(5)(a), subsections 54(7), 54(9), 54(10), 73(4), 73(5), 73(6) as it relates to clause 72(1)(r), 73(7) but not as it relates to subsection 54(6) and 54(7), 73(12), 73(18), 73(19) and 73(24) of the Securities Act (Newfoundland and Labrador)
Nova Scotia	Subsections 77(5), 77(6), 77(7), 77(7A), 77(7B), 77(8), 77(9), 77(10)(a) and 77(11) of the <i>Securities Act</i> (Nova Scotia)
Ontario	Subsections 72(4), 72(5), 72(6) as it relates to clause 72(1)(r), and 72(7) of the <i>Securities Act</i> (Ontario)

**APPENDIX D
TO
MULTILATERAL INSTRUMENT 45-102
RESALE OF SECURITIES**

**RESTRICTED PERIOD TRADES
(Section 2.3)**

Sections 131(1), (b), (c), (l) and (m) of the *Securities Act* (Alberta)

Section 122(d) and section 122.2 of the Alberta Securities Commission Rules, section 3.1 of Alberta Securities Commission Rule 72-501 *Distributions to Purchasers Outside Alberta*, subsections 3.1(2), 4.1(2), 4.1(4), and 5.1(2) of MI 45-103 or an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102

Section 131(1)(f)(iii) of the *Securities Act* (Alberta) if the right to purchase, convert or exchange was previously acquired under one of the above-listed exemptions under the *Securities Act* (Alberta), the Alberta Securities Commission Rules or MI 45-103, or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102

Sections 74(2)(1) to (6), (16), (18), (19), (23) and (25) of the *Securities Act* (British Columbia)

Sections 128(a), (b), (c), (e), (f) and (h) of the *Securities Rules* (British Columbia) and subsections 3.1(2), 4.1(2), 4.1(4), and 5.1(2) of MI 45-103 or an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102

Sections 74(2)(11)(ii), 74(2)(11)(iii) and 74(2)(13) of the *Securities Act* (British Columbia) if the security acquired by the selling security holder or the right to purchase, convert or exchange or otherwise acquire, was initially acquired by a person or company under any of the sections of the *Securities Act* (British Columbia), the *Securities Rules* (British Columbia) or MI 45-103 referred to in this Appendix, or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102

Section 74(2)(12) of the *Securities Act* (British Columbia) if the security acquired by the selling security holder under the realization on collateral was initially acquired by a person or company under any of the sections of the *Securities Act* (British Columbia), the *Securities Rules* (British Columbia) or MI 45-103 referred to in this Appendix, or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102

Clauses 54(3)(f) and (g) and 73(1)(a), (b), (c), (d), (h), (l), (m), (p) and (q) of the *Securities Act* (Newfoundland and Labrador), subsections 3.1(2), 4.1(2), 4.1(4), and 5.1(2) of MI 45-103, or an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102

Subclause 73(1)(f)(iii) of the *Securities Act* (Newfoundland and Labrador) if the right to purchase, convert or exchange was previously acquired under one of the above listed exemptions under the *Securities Act* (Newfoundland and Labrador) or MI 45-103, or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102

Paragraphs 3(a), (b), (c), (k), (l), (m), (r), (s), (t), (u), (w) and (z) of Blanket Order No. 1 of the Registrar of Securities (Northwest Territories), subsections 3.1(2), 4.1(2), 4.1(4), 5.1(2) of MI 45-103 or an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102

Subparagraph 3(e)(iii) of Blanket Order No. 1 of the Registrar of Securities (Northwest Territories) if the right to purchase, convert or exchange was previously acquired under one of the above-listed exemptions under Blanket Order No. 1 of the Registrar of Securities (Northwest Territories) or MI 45-103, or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102

Clauses 77(1)(a), (b), (c), (d), (l), (m), (p), (q), (u), (w), (y), (ab) and (ad) of the *Securities Act* (Nova Scotia), subsections 3.1(2), 4.1(2), 4.1(4), and 5.1(2) of MI 45-103 or an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102

Subclause 77(1)(f)(iii) of the *Securities Act* (Nova Scotia) if the right to purchase, convert or exchange was previously acquired under one of the above listed exemptions under the *Securities Act* (Nova Scotia) or MI 45-103, or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102

Paragraphs 3(a), (b), (c), (k), (l), (m), (r), (s), (t), (u), (w) and (z) of Blanket Order No.1 of the Registrar of Securities (Nunavut), subsections 3.1(2), 4.1(2), 4.1(4), and 5.1(2) of MI 45-103 or an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102

Subparagraph 3(e)(iii) of Blanket Order No.1 of the Registrar of Securities (Nunavut) if the right to purchase, convert or exchange was previously acquired under one of the above-listed exemptions under Blanket Order No. 1 of the Registrar of Securities (Nunavut) or MI 45-103, or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102

Clauses 72(1)(a), (b), (c), (d), (l), (m), (p) and (q) of the *Securities Act* (Ontario) and subclause 72(1)(f)(iii) of the *Securities Act* (Ontario) if the right to purchase, convert or exchange was previously acquired under one of the above-listed exemptions under the *Securities Act* (Ontario), or an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102

Clauses 13(1)(a), (b), (c), (g) and (i) of the *Securities Act* (Prince Edward Island), subsections 3.1(2), 4.1(2), 4.1(4), and 5.1(2) of MI 45-103 or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102

Subclause 13(1)(e)(iii) of the *Securities Act* (Prince Edward Island) if the right to purchase, convert or exchange was previously acquired under one of the above-listed exemptions under the *Securities Act* (Prince Edward Island) or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102

Clauses 81(1)(a), (b), (c), (d), (m), (n), (s), (t), (v), (w), (z), (bb) and (ee) of *The Securities Act, 1988* (Saskatchewan) and subsections 3.1(2), 4.1(2), 4.1(4), and 5.1(2) of MI 45-103 or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102

Subclauses 81(1)(f)(iii) and (iv) of *The Securities Act, 1988* (Saskatchewan) if the convertible security, exchangeable security or multiple convertible security was acquired under one of the exemptions of *The Securities Act, 1988* (Saskatchewan) or MI 45-103 referred to in this Appendix or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102

Clause 81(1)(e) of *The Securities Act, 1988* (Saskatchewan) if the person or company from whom the securities were acquired obtained the securities under one of the exemptions of *The Securities Act, 1988* (Saskatchewan) referred to in this Appendix

**APPENDIX E
TO
MULTILATERAL INSTRUMENT 45-102
RESALE OF SECURITIES**

**SEASONING PERIOD TRADES
(Section 2.4)**

Section 131(1)(f) if not included in Appendix D of this Instrument, sections 131(h), (i), (j), (k), and (y) of the *Securities Act* (Alberta) and sections 107(1) (j.1) and (k.1) prior to their repeal by section 5 of the *Securities Amendment Act, 1989* (Alberta), subsection 2.1(2) of MI 45-103 and sections 2.1, 2.2, 2.3 and 2.4 of MI 45-105 or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of MI 45-102

Section 74(2)(11)(iii) if not included in Appendix D or F and sections 74(2)(7), (8) if not included in Appendix F, (9) to (11), (13), (22) and (24) of the *Securities Act* (British Columbia)

Section 128(g) of the *Securities Rules* (British Columbia), section 2.1(2) of MI 45-103 and sections 2.1, 2.2, 2.3 and 2.4 of MI 45-105 or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of MI 45-102

Section 74(2)(12) of the *Securities Act* (British Columbia), if the security acquired by the selling security holder under the realization on collateral was initially acquired by a person or company under any of the sections of the *Securities Act* (British Columbia), the *Securities Rules* (British Columbia) or a multilateral instrument referred to in this Appendix or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of MI 45-102

Clauses 54(3) and 73(1)(f) if not included in Appendix D or F of this Instrument, (i) if not included in Appendix F, (j), (k) and (n) of the *Securities Act* (Newfoundland and Labrador), subsection 2.1(2) of MI 45-103 and sections 2.1, 2.2, 2.3 and 2.4 of MI 45-105 or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of MI 45-102

Paragraphs 3(e), (f), (g), (h), (i), (n), (x), (y) and (mm) of Blanket Order No. 1 of the Registrar of Securities (Northwest Territories), except for a trade made under subparagraph 3(e)(iii) of Blanket Order No. 1 of the Registrar of Securities (Northwest Territories) that is included in Appendix D or F of this Instrument or a trade made under paragraph 3(g) that is included in Appendix F of this Instrument, subsection 2.1(2) of MI 45-103 and sections 2.1, 2.2, 2.3 and 2.4 of MI 45-105 or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of MI 45-102

Clause 77(1)(f) of the *Securities Act* (Nova Scotia) if not included in Appendix D or F of this Instrument, and clauses 77(1)(h), (i) if not included in Appendix F, (j), (k), (n), (v), (va), (ac), (ae) and (af) of the *Securities Act* (Nova Scotia), and clause 78(1)(a) of the *Securities Act* (Nova Scotia) as it relates to clause 41(2)(j) of the *Securities Act* (Nova Scotia) and Blanket Order No. 37, 38 if not included in Appendix F, 46 and 45-503 if not included in Appendix F, subsection 2.1(2) of MI 45-103 and sections 2.1, 2.2, 2.3 and 2.4 of MI 45-105 or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of MI 45-102

Paragraphs 3(e), (f), (g), (h), (i), (n), (x), (y) and (mm) of Blanket Order No. 1 of the Registrar of Securities (Nunavut), except for a trade made under subparagraph 3(e)(iii) of Blanket Order No. 1 of the Registrar of Securities (Nunavut) that is included in Appendix D or F of this Instrument or a trade made under paragraph 3(g) that is included in Appendix F of this Instrument, subsection 2.1(2) of MI 45-103 and sections 2.1, 2.2, 2.3 and 2.4 of MI 45-105 or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of MI 45-102

Clauses 72(1)(f), (i) if not included in Appendix F, (j), (k) and (n) of the *Securities Act* (Ontario), except for a trade made under 72(1)(f)(iii) of the *Securities Act* (Ontario) that is:

- (i) included in Appendix D or F of this Instrument; or
- (ii) contemplated by section 6.5 of Ontario Securities Commission Rule 45-501 *Exempt Distributions*

and sections 2.1, 2.2, 2.3 and 2.4 of MI 45-105 or an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of MI 45-102

Clauses 13(1)(e) if not included in Appendix D or F of this Instrument, (f) if not included in Appendix F, (h) and (k) of the *Securities Act* (Prince Edward Island) or section 3.1 or 3.2 of Rule 45-501, section 1.1 of Prince Edward Island Rule 45-502, section 2.1 or 2.2 of Prince Edward Island Rule 45-506 or section 2.1 or 2.2 of Prince Edward Island Rule 45-510, subsection 2.1(2) of MI 45-103 and sections 2.1, 2.2, 2.3 and 2.4 of MI 45-105 or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of MI 45-102

Clauses 81(1)(a.1), (e) if not included in Appendix D of this Instrument, (f) if not included in Appendix D or F of this Instrument, (f.1), (g), (h), (i) if not included in Appendix F, (i.1), (j), (k), (o), (cc) and (dd) of *The Securities Act, 1988* (Saskatchewan), subsection 2.1(2) of MI 45-103 and sections 2.1, 2.2, 2.3 and 2.4 of MI 45-105 or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of MI 45-102

**APPENDIX F
TO
MULTILATERAL INSTRUMENT 45-102
RESALE OF SECURITIES**

**UNDERWRITERS
(Section 2.13)**

Section 74(2)(15) of the *Securities Act* (British Columbia) and section 74(2)(8) or 74(2)(11)(iii) of the *Securities Act* (British Columbia) if the original security was acquired under section 74(2)(15) of the *Securities Act* (British Columbia)

Clause 73(1)(r) of the *Securities Act* (Newfoundland and Labrador) and section 73(1)(i) or 73(1)(f)(iii) of the *Securities Act* (Newfoundland and Labrador) if the original security was acquired under section 73(1)(r) of the *Securities Act* (Newfoundland and Labrador)

Paragraph 3(v) of Blanket Order No. 1 of the Registrar of Securities (Northwest Territories) and paragraph 3(g) or subparagraph 3(e)(iii) of Blanket Order No. 1 of the Registrar of Securities (Northwest Territories) if the original security was acquired under paragraph 3(v) of Blanket Order No. 1 of the Registrar of Securities (Northwest Territories)

Clause 77(1)(r) of the *Securities Act* (Nova Scotia) and clause 77(1)(i) or 77(1)(f)(iii) of the *Securities Act* (Nova Scotia) or Blanket Order No. 38 or 45-503 if the original security was acquired under clause 77(1)(r) of the *Securities Act* (Nova Scotia)

Paragraph 3(v) of Blanket Order No. 1 of the Registrar of Securities (Nunavut) and paragraph 3(g) or subparagraph 3(e)(iii) of Blanket Order No. 1 of the Registrar of Securities (Nunavut) if the original security was acquired under paragraph 3(v) of Blanket Order No. 1 of the Registrar of Securities (Nunavut)

Clause 72(1)(r) of the *Securities Act* (Ontario) and clause 72(1)(f)(iii) or 72(1)(i) if the original security was acquired under section 72(1)(r) of the *Securities Act* (Ontario)

Section 2.1 of Prince Edward Island Rule 45-509 and subclause 13(1)(e) (iii) or clause 13(1)(f) of the *Securities Act* (Prince Edward Island) or section 1.1 of Prince Edward Island Rule 45-502 if the original security was acquired under section 2.1 of Prince Edward Island Rule 45-509

Clause 81(1)(u) of *The Securities Act, 1988* (Saskatchewan) and clause 81(1)(i) or subclause 81(1)(f)(iii) of *The Securities Act, 1988* (Saskatchewan) if the original security was acquired under clause 81(1)(u) of *The Securities Act, 1988* (Saskatchewan)

FORM 45-102F1

**Notice of Intention to Distribute Securities under Section 2.8 of
MI 45-102 Resale of Securities**

Reporting issuer

1. Name of reporting issuer:

Selling security holder

2. Your name:
3. The offices or positions you hold in the reporting issuer:
4. Are you selling securities as a lender, pledgee, mortgagee or other encumbrancer?
5. Number and class of securities of the reporting issuer you beneficially own:

Distribution

6. Number and class of securities you propose to sell:
7. Will you sell the securities privately or on an exchange or market? If on an exchange or market, provide the name.

Warning

It is an offence to submit information that, in a material respect and in light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

I certify that

- (1) I have no knowledge of a material fact or material change with respect to the issuer of the securities that has not been generally disclosed; and
- (2) the information given in this form is true and complete.

Date

.....
Your name (Selling security holder)

.....
Your signature (or if a company, the signature of
your authorized signatory)

.....
Name of your authorized signatory

INSTRUCTION:

File this form electronically through SEDAR with the securities regulatory authority in each jurisdiction where you sell securities and with the Canadian exchange on which the securities are listed. Where the securities are being sold on an exchange, the form should be filed in every jurisdiction across Canada.

Notice to selling security holders - collection and use of personal information

The personal information required in this form is collected for and used by the listed securities regulatory authorities to administer and enforce securities legislation in their jurisdictions. This form is publicly available by authority of Multilateral Instrument 45-102 and the securities legislation in each of the jurisdictions. The personal information collected will not be used or disclosed other than for the stated purposes without first obtaining your consent. Corporate filers should seek the consent of any individuals whose personal information appears in this form before filing this form.

If you have questions about the collection and use of your personal information, or the personal information of your authorized signatory, contact any of the securities regulatory authorities listed below.

Alberta Securities Commission

4th Floor, 300 - 5th Avenue SW
Calgary, AB T2P 3C4
Attention: Information Officer
Telephone: (403) 297-6454
Facsimile: (403) 297-6156

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, B.C. V7Y 1L2
Attention: Manager, Financial and Insider Reporting
Telephone: (604) 899-6730 or (800) 373-6393 (in B.C.)
Facsimile: (604) 899-6506

Securities Commission of Newfoundland and Labrador

P.O. Box 8700
2nd Floor, West Block
Confederation Building
75 O'Leary Avenue
St. John's NFLD A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187

Department of Justice, Northwest Territories Legal Registries

P.O. Box 1320
1st Floor, 5009-49th Street
Yellowknife, NWT X1A 2L9
Attention: Director, Legal Registries
Telephone: (867) 873-7490
Facsimile: (867) 873-0243

Nova Scotia Securities Commission

2nd Floor, Joseph Howe Building
1690 Hollis Street
Halifax, NS B3J 3J9
Attention: Corporate Finance
Telephone: (902) 424-7768
Facsimile: (902) 424-4625

Department of Justice, Nunavut

Legal Registries Division

P.O. Box 1000 - Station 570
1st Floor, Brown Building
Iqaluit, NT X0A 0H0
Attention: Director, Legal Registries Division
Telephone: (867) 975-6190
Facsimile: (867) 975-6194

Ontario Securities Commission

Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Administrative Assistant to the Director of Corporate Finance
Telephone: (416) 593-8314
Facsimile: (416) 593-8177

Prince Edward Island Securities Office

Consumer, Corporate and Insurance Services Division
Office of the Attorney General
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Registrar of Securities
Telephone: (902) 368- 4550
Fax: (902) 368-5283

**Saskatchewan Financial Services Commission
Securities Division**

6th Floor, 1919 Saskatchewan Drive
Regina, SK S4P 3V7
Attention: Deputy Director, Legal
Telephone: (306) 787-5879
Facsimile: (306) 787-5899

**COMPANION POLICY 45-102CP
TO MULTILATERAL INSTRUMENT 45-102
RESALE OF SECURITIES**

1.1 Application

- (1) Multilateral Instrument 45-102 ("MI 45-102") has been implemented in all jurisdictions except Québec.
- (2) Except for sections 2.1, 2.8 and 2.9, Part 2 of MI 45-102 does not apply in Manitoba, New Brunswick and the Yukon Territory.

1.2 Purpose

- (1) MI 45-102 provides that first trades of securities distributed under certain exemptions from the prospectus requirement are distributions unless certain conditions are met. The conditions impose restrictions on the resale of the securities. If the securities were distributed under any of the provisions listed in Appendix D to MI 45-102 or under other securities legislation which specifies that the first trade is subject to section 2.5 of MI 45-102, the conditions include that the issuer is and has been a reporting issuer for a four month seasoning period and that a four month restricted period has elapsed from the date of the initial distribution. If the securities were distributed under any of the provisions listed in Appendix E to MI 45-102 or under other securities legislation which specifies that the first trade is subject to section 2.6 of MI 45-102, the conditions include that the issuer is and has been a reporting issuer for a four month seasoning period. MI 45-102 also provides an exemption for a control distribution and a sale by a pledgee of pledged securities if the sale would be a distribution for the purposes of securities legislation.
- (2) Appendices D and E to MI 45-102 have been updated to list exemptions available in multilateral instruments in effect on March 30, 2004, such as the exemptions in Multilateral Instrument 45-103 *Capital Raising Exemptions* and Multilateral Instrument 45-105 *Employees, Senior Officers, Directors and Consultants*. For all instruments, including new instruments that come into effect after March 30, 2004, you should look to the instrument itself to see if it specifies that the securities acquired are subject to section 2.5 or 2.6 of MI 45-102 as well as to Appendix D and E to MI 45-102.
- (3) Nothing in MI 45-102 is intended to restrict the ability of a purchaser to resell securities during the restricted period or seasoning period under a prospectus or an exemption from the prospectus requirement. This includes the further exemption found in section 2.14. For example, if a person or company obtains a discretionary exemption order or ruling that imposes any of the resale restrictions contained in section 2.5, 2.6 or 2.8 on a security that is the subject of the order or ruling, the person or company may rely on section 2.14 to resell the security.

1.3 Transition

- (1) When former MI 45-102 came into force on November 30, 2001, that instrument imposed harmonized resale restrictions on the first trade of securities made on or after that date, even if the securities were distributed, or acquired by the selling security holder in the case of a trade that is a control distribution, prior to November 30, 2001. These securities were subject to prescribed restricted periods and seasoning periods of either four or twelve months under sections 2.5, 2.6 and 2.8 of former MI 45-102, depending on whether the issuer of the securities was a qualifying issuer. Under new MI 45-102, the securities of all reporting issuers are now subject to four month restricted and seasoning periods under section 2.5 and 2.8 or four month seasoning periods under section 2.6 of MI 45-102. This means that any existing restricted period or seasoning period imposed under Part 2 of former MI 45-102 that exceeds four months will be reduced to four months under MI 45-102.
- (2) Securities that were subject to a 12 month restricted period under subsection 2.5(3) or 2.8(3) of former MI 45-102 will now be subject to a four month restricted period under subsection 2.5(2) or 2.8(2) of MI 45-102. Item 3. of subsection 2.5(2) of MI 45-102 requires that the certificate or the ownership statement evidencing a security that is the subject of the first trade carry either a legend or a legend restriction notation disclosing the resale restrictions. This legend requirement applies only to securities distributed on or after MI 45-102 comes into effect on March 30, 2004.

Issuers may replace those certificates that are legended in accordance with former MI 45-102 with a certificate (or an acceptable electronic alternative) carrying the legend (or legend restriction notation) specified in item 3. of subsection 2.5(2) of MI 45-102. This will effectively reduce to four months any existing restricted period or seasoning period imposed under Part 2 of former MI 45-102 that exceeds four months. As was the case

under former MI 45-102, certificates representing securities distributed prior to November 30, 2001 do not have to be legended.

- (3) The transition provision in subsection 2.8(5) of MI 45-102 permits a person or company that filed a Form 45-102F3 or renewal Form 45-102F3 under former MI 45-102 before March 30, 2004, to continue to rely on that form for up to 30 days after the form was filed without triggering the requirement under subsection 2.8(3) to file a new Form 45-102F1. Under former MI 45-102, a Form 45-102F3 was effective for an initial period of 60 days and could be renewed every 28 days by filing a renewal Form 45-102F3. After March 30, 2004, a person or company that wishes to resell securities from a control block must file a new Form 45-102F1. This means that a person or company that filed a Form 45-102F3 or a renewal Form 45-102F3 that had not expired under former MI 45-102 as of March 30, 2004, can continue to rely on that form for up to 30 days after the notice was filed.

1.4 Open System Jurisdictions - Sections 2.5 and 2.6 of MI 45-102 do not apply in Manitoba, New Brunswick and the Yukon Territory as those jurisdictions do not impose restrictions on first trades in securities distributed under an exemption from the prospectus requirement in those jurisdictions unless the trade is a control distribution.

1.5 Example of Application of Section 2.5 - If an issuer distributes securities to a purchaser in British Columbia, the issuer must file a prospectus or rely upon a prospectus exemption under the securities legislation of British Columbia. If the issuer relies upon a British Columbia prospectus exemption listed in Appendix D to MI 45-102, section 2.3 of MI 45-102 applies and the first trade of the securities is subject to section 2.5 of MI 45-102. Section 2.5 provides that the first trade is a distribution unless, among other conditions, a four month restricted period has elapsed. If the British Columbia purchaser seeks to resell the securities into Ontario, a prospectus must be filed in Ontario or a prospectus exemption relied upon unless the conditions in subsection 2.5(2) of MI 45-102 are satisfied.

1.6 Reporting Issuer Status - Reporting issuer status in any jurisdiction will satisfy the reporting issuer requirements in subsections 2.5(2), 2.6(3) and 2.8(2) of MI 45-102. See section 1.11 for guidance if an issuer becomes a reporting issuer by filing a prospectus after the distribution date.

1.7 Legending of Securities - Item 3. of subsection 2.5(2) of MI 45-102 imposes a legend requirement for securities distributed under any of the provisions listed in Appendix D to MI 45-102 or another prospectus exemption of any jurisdiction subject to the resale restrictions in subsection 2.5(2) of MI 45-102. Investors may receive either a paper certificate representing their security or an electronic alternative such as an ownership statement under a direct registration system. If a paper certificate is issued, the certificate must carry the legend specified in item 3.. Similarly, an ownership statement must carry a restricted legend notation that notifies the security holder of the applicable resale restrictions. Issuers may add additional wording to that found in item 3. of subsection 2.5(2) of MI 45-102. If you supplement the specified text of the legend on the certificate or the restricted legend notation on the ownership statement, that additional wording cannot alter the meaning of the specified wording. You should also look to section 1.10 for further guidance on the legending of convertible and underlying securities.

1.8 Calculation of Restricted and Seasoning Periods

- (1) The restricted period in item 2 of subsection 2.5(2) of MI 45-102 is calculated from the distribution date, that is, the date the securities were distributed in reliance on an exemption from the prospectus requirement by the issuer or a control person. For example, if an issuer or control person distributes securities under a private placement exemption to a purchaser in Saskatchewan and the private placee resells the securities during the restricted period to a purchaser in Alberta under a further private placement exemption, upon resale by the Alberta purchaser, that purchaser will determine whether the restricted period has expired by calculating the time period from the date the issuer or control person distributed the securities to the Saskatchewan purchaser.
- (2) For the purposes of subsection 2.9(1) of MI 45-102, the reference to "amalgamation, merger, continuation or arrangement" includes demergers and other statutory procedures and, in Saskatchewan, reorganizations.

1.9 No Unusual Effort - Persons interested in the meaning of the concept of "no unusual effort is made to prepare the market or to create a demand for the security that is the subject of the trade" found in subsections 2.5(2), 2.6(3) and 2.8(2) of MI 45-102 should look to the case law, in particular the order of the Ontario Securities Commission dated April 24, 1985 in the matter of Daon Development Corporation and Daon Corporation as well as to the definition of unusual effort in section 4 of the Alberta Securities Commission Rules.

1.10 Underlying Securities - The restricted period or seasoning period applicable to trades in underlying securities is calculated from the distribution date of the convertible security, exchangeable security or multiple convertible security. If the applicable restricted period or seasoning period expired prior to the conversion or exchange, subsection 2.5(3)

provides that an issuer is not required to place a legend on the certificate representing the underlying securities or a legend restriction notation on the ownership statement.

- 1.11 Becoming a Reporting Issuer By Filing a Prospectus After the Distribution Date** - If an issuer is not a reporting issuer at the distribution date but subsequently becomes a reporting issuer after the distribution date by filing and obtaining a receipt for a prospectus in one of the jurisdictions listed in Appendix B, section 2.7 of MI 45-102 provides that the seasoning requirement in sections 2.5, 2.6 and 2.8 of MI 45-102 will no longer apply. This means that the securities issued prior to the prospectus being filed may then be resold, provided that the restricted period under section 2.5 or 2.8 of MI 45-102 has expired.
- 1.12 Realization of Pledged Securities** - The prospectus exemption in section 2.8 of MI 45-102 is available for realizations of pledged securities under either a power of sale or by way of foreclosure. This means that a pledgee, mortgagee or other encumbrancer can rely on the exemption in section 2.8 of MI 45-102 to immediately effect a resale of pledged securities under a power of sale or to foreclose and take the securities on its own books for subsequent resale.
- 1.13 Securities Exchange Take-over Bid or Issuer Bid** - Section 2.11 of MI 45-102 provides relief from the seasoning requirement for a trade of securities issued in connection with a securities exchange take-over bid or securities exchange issuer bid if a securities exchange take-over bid circular or securities exchange issuer bid circular is filed by the offeror under securities legislation of the local jurisdiction. A bid circular may be filed for either a formal bid or an exempt bid. The basis for this exemption is that a securities exchange take-over bid circular or securities exchange issuer bid circular for a formal bid is required to contain prospectus-level disclosure for the offeror or other issuer whose securities are being offered in exchange for the securities of the offeree issuer. If a take-over bid circular or issuer bid circular is prepared in connection with an exempt bid, the circular must meet the disclosure standards in securities legislation relating to the form and content of a take-over bid circular or issuer bid circular, as the case may be, for a formal bid for the exemption in section 2.11 to be available.
- 1.14 Exemptions for Certain Trades in the Local Jurisdiction** - The exemption in section 2.10 of MI 45-102 is subject to a condition that the issuer of the underlying security was a reporting issuer in the local jurisdiction at the time of the trade. The exemptions in sections 2.11 and 2.12 of MI 45-102 are subject to a condition that the offeror was a reporting issuer in the local jurisdiction on the date securities of the offeree issuer are first taken up under the take-over bid or issuer bid and, in the case of the exemption in section 2.12, an additional condition that issuer of the underlying security was a reporting issuer in the local jurisdiction at the time of the trade. Issuers cannot rely on a prospectus filed in another jurisdiction nor can an offeror rely on a take-over bid circular or issuer bid circular filed in another jurisdiction to satisfy these conditions
- 1.15 Resales of Securities of a Non-Reporting Issuer**
- (1) For the purposes of section 2.14 of MI 45-102, in determining the percentage of the outstanding securities of the class or series that are directly or indirectly owned by residents of Canada and the number of owners directly or indirectly that are residents of Canada, an issuer should use reasonable efforts to
 - (a) determine securities held of record by a broker, dealer, bank, trust company or nominee for any of them for the accounts of customers resident in Canada;
 - (b) count securities beneficially owned by residents of Canada as reported on reports of beneficial ownership; and
 - (c) assume that a customer is a resident of the jurisdiction or foreign jurisdiction in which the nominee has its principal place of business if, after reasonable inquiry, information regarding the jurisdiction or foreign jurisdiction of residence of the customer is unavailable.
 - (2) Lists of beneficial owners of securities maintained by intermediaries under SEC Rule 14a-13 under the 1934 Act or other securities law analogous to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* may be useful in determining the percentages referred to in subsection (1).
- 1.16 Filing of Form 45-102F1** - Section 2.8 of MI 45-102 provides that the prospectus requirement does not apply to a control distribution if the conditions in section 2.8 are met. Selling security holders are required to give advance notice of intention to resell their securities under subsection 2.8(3) of MI 45-102 by filing Form 45-102F1. The advance notice expires 30 days after the Form 45-102F1 is filed. A new Form 45-102F1 must be filed in accordance with subsection 2.8(3) if the selling security holder wishes to continue to resell securities from a control block. Form 45-102F1 should be filed on SEDAR under the issuer's profile under "Continuous Disclosure – Resale of Securities (MI 45-102) - Form 45-102F1 in the jurisdiction of the issuer's principal regulator under National Policy 43-201 *Mutual Reliance Review System for Prospectuses and AIFs*. Consult National Instrument 13-101 *System for Electronic Document Analysis and*

Retrieval (SEDAR) and the current CSA SEDAR Filer Manual (including code updates) for further information about filing documents electronically. See subsection 1.3(3) for transition details for Forms 45-102F3 and renewal Forms 45-102F3 filed under former MI 45-102 for which the initial 60 day period or 28 day renewal period had not expired before March 30, 2004.

5.1.6 Consequential Amendments to National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR) and National Instrument 62-101 Control Block Distribution Issues

CONSEQUENTIAL AMENDMENTS TO NATIONAL INSTRUMENT 13-101 SYSTEM FOR ELECTRONIC DOCUMENT ANALYSIS AND RETRIEVAL (SEDAR) AND NATIONAL INSTRUMENT 62-101 CONTROL BLOCK DISTRIBUTION ISSUES

As a result of the coming into force of Multilateral Instrument 45-102 *Resale of Securities*, Form 45-102F1, and the related companion policy, Companion Policy 45-102CP to Multilateral Instrument 45-102 *Resale of Securities*, the following consequential amendments to national instruments came into force on March 30, 2004.

PART 1 AMENDMENTS TO NATIONAL INSTRUMENT 13-101

1.1 Amendments - Appendix A to National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* is amended by

(a)

- (a) under *Other Issuers - Continuous Disclosure*,
 - (i) deleting item 15 Annual Information Form (SHAIF System),
 - (ii) deleting item 16 Amended Annual Information Form (SHAIF System),
 - (iii) deleting item 17 Notice (SHAIF System),
 - (iv) substituting the following item:
 - 15. Form 1 (Resale Rule)

PART 2 AMENDMENTS TO NATIONAL INSTRUMENT 62-101

2.1 Amendments - National Instrument 62-101 *Control Block Distribution Issues* is amended by

- (a) amending section 1.1 by deleting the definition of information circular requirement;
- (b) amending section 2.1 by deleting the words “and in Quebec only, the information circular requirement,” in subsection (1);
- (c) deleting section 2.2 Pledgees;
- (d) amending Appendix A to strike the reference to Quebec and Policy Statement Q-12 Secondary Distribution through Solicitations under the *Securities Act* (Quebec);
- (e) deleting Appendix B; and
- (f) deleting Appendix C.

PART 3 EFFECTIVE DATE

3.1 Effective Date – These Amendments are effective March 30, 2004.

5.1.7 Consequential Amendments to OSC Rule 45-501 Exempt Distributions

CONSEQUENTIAL AMENDMENTS TO ONTARIO SECURITIES COMMISSION RULE 45-501 *EXEMPT DISTRIBUTIONS*

As a result of the coming into force of Multilateral Instrument 45-102 *Resale of Securities*, Form 45-102F1, and the related companion policy, Companion Policy 45-102CP to Multilateral Instrument 45-102 *Resale of Securities*, the following consequential amendments to Rule 45-501 came into force on March 30, 2004.

PART 1 AMENDMENTS TO ONTARIO SECURITIES COMMISSION RULE 45-501

1.1 Amendments - Ontario Securities Commission Rule 45-501 *Exempt Distributions* is amended by:

- (a) deleting “Form 45-102F3” in section 2.4(1)(d) and replacing it with “Form 45-102F1”; and
- (b) deleting “conditions in subsection (2) or (3) of section 2.8 of MI 45-102” in sections 6.1, 7.5(3) and 8.4 and replacing it with “conditions in subsection (2) of section 2.8 of MI 45-102”.

PART 2 EFFECTIVE DATE

Effective Date - These Amendments come into force on March 30, 2004.

This page intentionally left blank

Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

Exempt Financings

The Ontario Securities Commission reminds issuers and other parties relying on exemptions that they are responsible for the completeness, accuracy, and timely filing of Forms 45-501F1 and 45-501F2, and any other relevant form, pursuant to section 27 of the *Securities Act* and OSC Rule 45-501 ("Exempt Distributions").

REPORTS OF TRADES SUBMITTED ON FORM 45-501F1

<u>Transaction Date</u>	<u>Purchaser</u>	<u>Security</u>	<u>Total Purchase Price (\$)</u>	<u>Number of Securities</u>
09-Mar-2004 12-Mar-2004	Bob Munsch Enterprises;Valentina Kalyk	Acuity Pooled Canadian Small Cap Fund - Trust Units	250,000.00	12,464.00
11-Mar-2004	Pauline Thomson	Acuity Pooled Fixed Income Fund - Trust Units	25,000.00	1,741.00
15-Mar-2004 22-Mar-2004	3 Purchasers	Acuity Pooled Growth and Income Fund - Trust Units	525,000.00	49,747.00
09-Mar-2004 15-Mar-2004	11 Purchasers	Acuity Pooled High Income Fund - Trust Units	1,872,467.51	101,214.00
11-Mar-2004	Myrtha Sansom	Acuity Pooled High Income Fund - Trust Units	161,900.48	8,715.00
27-Feb-2004 05-Mar-2004	10 Purchasers	Acuity Pooled High Income Fund - Trust Units	1,381,069.60	73,383.00
16-Mar-2004 23-Mar-2004	9 Purchasers	Acuity Pooled High Income Fund - Trust Units	963,680.28	51,489.00
12-Mar-2004	G.R. Wilfong & Son Corp.	Acuity Pooled Short Term Fund - Trust Units	155,487.09	19,286.00
16-Mar-2004	Exall Resources Limited	Baffinland Iron Mines Corporation - Common Shares	70,614.00	100,000.00
23-Feb-2004	3 Purchasers	Barclays Corporate Bond Fund - Units	73,394,501.28	7,808,341.00
02-Mar-2004	3 Purchasers	Barclays Corporate Bond Fund - Units	5,544,646.55	595,079.00
23-Feb-2004	3 Purchasers	Barclays Corporate Bond Fund - Units	73,394,501.00	7,841,334.00
02-Mar-2004	3 Purchasers	Barclays Corporate Bond Fund - Units	5,544,646.00	595,078.00
05-Mar-2004	SOUND Trust	Broadway Credit Card Trust - Notes	465,000.00	1.00

Notice of Exempt Financings

11-Mar-2004	20 Purchases	Campbell Resources Inc. - Units	3,058,400.00	3,823,000.00
15-Mar-2004	Gerald D. Sutton	Caribou Resources Corp. - Stock Option	0.00	18,000.00
05-Mar-2004	15 Purchasers	Choice Resources Corp. - Units	2,615,000.00	5,230,000.00
16-Mar-2004	Royal Bank of Canada	Credit Lyonnais Finance (Guernsey) Limited - Notes	29,718,776.00	1.00
15-Mar-2004	Minh-Thu Dao-Huy;Excalibur Limited Partnership	DiamondWorks Ltd. - Units	735,000.00	408,333.00
16-Mar-2004	AlterInvest Funds L.P.	Dollco Corporation (The) - Option	1.00	10.00
02-Mar-2004	8 Purchasers	Donner Minerals Ltd. - Units	1,009,680.00	6,310,500.00
18-Mar-2004	Karl & Sheila Rubin	Dynamic Fuel Systems Inc. - Units	199,750.00	23,500.00
16-Mar-2004	David Indursky & Lilia Indursky	DynaMotive Energy Systems Corporation - Common Shares	36,000.00	60,000.00
16-Mar-2004	David Indursky & Lilia Indursky	DynaMotive Energy Systems Corporation - Warrants	30,000.00	30,000.00
16-Mar-2004	Sherfam Inc. and Gulu Thadani	Excalibur Limited Partnership - Limited Partnership Units	3,472,700.00	12.00
10-Mar-2004	10 Purchasers	Exchange Tower - Units	220,014.85	400,027.00
10-Mar-2004	Front Street Investment Management Inc.	Fareport Capital Inc. - Units	750,000.00	3,000,000.00
11-Mar-2004	Genevest Inc.	Formation Capital Corporation - Common Shares	90,000.00	150,000.00
25-Mar-2004	8 Purchasers	Forte Resources Inc. - Common Shares	4,937,500.00	1,975,000.00
17-Mar-2004	36 Purchasers	Foru Limited Partnership - Limited Partnership Interest	4,111,963.00	36.00
23-Feb-2004	Dyanamic Power Hedge Fund Hedge	Full Riches Investments Ltd. - Special Warrants	175,000.00	500,000.00
23-Feb-2004	Dyanmci Power Hedge Fund Hedge	Full Riches Investments Ltd. - Special Warrants	175,000.00	500,000.00
23-Feb-2004	Dyanmci Power Hedge Fund Hedge	Full Riches Investments Ltd. - Special Warrants	105,000.00	300,000.00
23-Feb-2004	Dynamic Power Hedge Fund Hedge	Full Riches Investments Ltd. - Special Warrants	175,000.00	500,000.00
11-Mar-2004	Edward Sorbara;Leonard G. Carter	Golden Goliath Resources Ltd. - Units	74,700.00	166,000.00
19-Mar-2004	24 Purchasers	Haemacure Corporation - Special Warrants	3,050,000.00	6,100,000.00
25-Mar-2004	3 Purchasers	Hercules Incorporated - Notes	5,316,400.00	3.00

Notice of Exempt Financings

10-Mar-2004 17-Mar-2004	3 Purchasers	IMAGIN Diagnostic Centres, Inc. - Common Shares	12,000.00	12,000.00
24-Mar-2004	John Shirley;Peter Hyde	IMAGIN Diagnostics, Inc. - Common Shares	15,000.00	15,000.00
10-Mar-2004	56 Purchasers	Infowave Software, Inc. - Units	6,144,999.00	27,931,818.00
11-Mar-2004	N/A	Intermap Technologies Corporation - Units	12,082,500.00	2,685,500.00
18-Mar-2004	Marret Asset Management Inc. and CI Mutual Funds Inc.	Ispat Inland ULC - Notes	5,326,000.00	4,000.00
01-Jan-2003 31-Dec-2003	N/A	Jarislowsky International Pooled Fund - Units	100,011,260.00	4,610,491.00
01-Jan-2003 31-Dec-2003	N/A	Jarislowsky Special Equity Fund - Units	49,332,215.00	2,742,065.00
01-Jan-2003 31-Dec-2003	N/A	Jarislowsky, Fraser Balanced Fund - Units	381,852,225.00	28,614,458.00
01-Jan-2003 31-Dec-2003	N/A	Jarislowsky, Fraser Bond Fund - Units	58,401,338.00	5,325,204.00
01-Jan-2003 31-Dec-2003	N/A	Jarislowsky, Fraser Canadian Equity Fund - Units	228,925,237.00	11,089,857.00
01-Jan-2003 31-Dec-2003	N/A	Jarislowsky, Fraser Global Balanced Fund - Units	43,364,952.00	4,518,876.00
01-Jan-2003 31-Dec-2003	N/A	Jarislowsky, Fraser U.S. Equity Fund - Units	22,578,584.00	2,839,405.00
05-Mar-2004	Fidelity Canadian Asset	Jetsgo Corporation - Common Shares	12,500,000.00	1,250,000.00
25-Mar-2004	Credit Risk Advisors;Bank of Montreal	KCS Energy, Inc. - Notes	996,825.00	2.00
15-Mar-2004	5 Purchasers	Kingwest Avenue Portfolio - Units	236,200.00	11,156.00
24-Mar-2004	Casurina Limited Partnership	Linear Gold Corp - Common Shares	187,500.00	150,000.00
31-Dec-2003	Golden Apple Infrastructure Inc. and Ontario Teachers Pension Plan Board	Macquarie Infrastructure Investment Management Limited - Notes	11,334,062.00	2.00
29-May-2003	Golden Apple Infrastructure Inc.	Macquarie Infrastructure Investment Management Limited - Notes	44,515,000.00	100.00
14-Oct-2003	Ontario Teachers Pension Plan Board	Macquarie Infrastructure Investment Management Limited - Notes	175,411,200.00	384.00
26-Feb-2004	Kingwolf Holdings Inc.	Mandarin Goldfields Inc. - Common Shares	16,050.00	160,500.00
18-Mar-2004	N/A	MedcomSoft Inc. - Units	172,077.00	312,867.00

Notice of Exempt Financings

12-Mar-2004	13 Purchasers	Menu Foods Income Fund - Units	28,835,000.00	1,975,000.00
12-Mar-2004	13 Purchasers	Menu Foods Limited Partnership - Units	28,835,000.00	1,975,000.00
12-Mar-2004	Dr. Amrit Saini	Microsource Online, Inc. - Common Shares	1,200.00	200.00
23-Mar-2004	Deborah Haight	Microsource Online, Inc. - Common Shares	15,000.00	2,500.00
11-Mar-2004	Gowlings Canada Inc.	Mitel Networks Corporation - Common Shares	18,280.00	9,140.00
27-Mar-2004	John Seaman and Ewan Downie	New Cantech Ventures Inc. - Units	8,400.00	20,000.00
17-Mar-2004	Myron Goldstein	Northstar Exploration Ltd. - Common Shares	12,638.53	250,000.00
19-Mar-2004	8 Purchasers	O'Donnell Emerging Companies Fund - Units	234,937.18	28,756.00
16-Mar-2004	Metropolitan Life Insurance Company	O & Y Real Estate Investment Trust - Bonds	133,200,000.00	2.00
20-Feb-2004	3 Purchasers	Parts360 Inc. - Units	74,745.00	266,500.00
18-Mar-2004	6 Purchasers	Peru Copper Inc. - Units	924,700.00	660,500.00
31-Dec-2003	2032050 Ontario Inc. and 3078337 Nova Scotia Company	Plazacorp Partners I Limited Partnership - Limited Partnership Units	426,000.00	4,260.00
17-Mar-2004	E-Tech Ventures Inc. and Continental (CBOC) Corporation	Printera Corporation - Common Shares	0.00	66,087,350.00
13-Feb-2004	Henry Choi	Questerre Energy Corporation - Common Shares	9,100.00	7,000.00
19-Mar-2004	Nursing Homes and Related Industries Pension Plan	Real Assets US Social Equity Index Fund - Units	13,109.74	1,824.00
12-Mar-2004	14 Purchasers	Rimfire Minerals Corporation - Units	527,010.00	585,567.00
09-Mar-2004	Kojac Investments Ltd.	Rose Corporation, The - Notes	50,000.00	1.00
31-May-2003	N/A	Sahelian Goldfields Inc. - Special Warrants	190,020.00	76,008,000.00
27-Feb-2004	N/A	Sahelian Goldfields Inc. - Special Warrants	11,000.00	1,100,000.00
18-Mar-2004	Ann Logan;Ronald Suter	Shift Networks Inc. - Common Shares	14,000.00	140,000.00
09-Mar-2004	22 Purchasers	The Prospectus Group Inc. - Units	1,000,000.48	5,883,255.00

Notice of Exempt Financings

18-Mar-2004	12 Purchasers	Thermal Energy International Inc. - Common Shares	159,770.00	1,229,000.00
12-Mar-2004	Howson Tattersall Investment Counsel Limited and TD Asset Management Inc.	Timminco Limited - Units	4,000,000.00	4,000,000.00
08-Mar-2004	5 Purchasers	Trafalgar Trading Limited - Rights	125,000,000.00	125,000,000.00
16-Mar-2004	4 Purchasers	Trafalgar Trading Limited - Rights	100,000,000.00	4.00
23-Mar-2004	8 Purchasers	Treat Systems Inc. - Units	304,899.76	692,954.00
18-Mar-2004	Quest Capital Corp.;303550 Nova Scotia Company	Unisphere Waste Conversion Ltd. - Common Shares	1,365,496.00	1,961,832.00
12-Mar-2004	3 Purchasers	Verb Exchange Inc. - Units	42,000.00	350,000.00
17-Mar-2004	5 Purchasers	Versatile Mobile Systems (Canada) Inc. - Units	2,220,000.00	8,222,222.00
12-Mar-2004	6 Purchasers	Welton Energy Corporation - Common Shares	475,000.00	4,750,000.00
03-Mar-2004	Thomas A. Logan and Dennis R. Logan	Wiggles 3 D Incorporated - Promissory note	85,000.00	2.00
11-Mar-2004	Aria Trust	Yukon Trust - Notes	86,000,000.00	1.00

NOTICE OF INTENTION TO DISTRIBUTE SECURITIES AND ACCOMPANYING DECLARATION UNDER SECTION 2.8 OF MULTILATERAL INSTRUMENT 45-102 RESALE OF SECURITIES - FORM 45-102F3

<u>Seller</u>	<u>Security</u>	<u>Number of Securities</u>
Douglas O Vanderkerkhove	ACD Systems International Inc. - Common Shares	1,350,000.00
Michael Ginn	Candao Enterprises Inc. - Common Shares	100,000.00
Larry Melnick	Champion Natural Health.com Inc. - Common Shares	1,335.00
Cheng Feng	China Ventures Inc. - Units	7,874,000.00
Napier Environmental Technologies Inc.	Consolidated Ecoprogress Technology Inc. - Common Shares	3,559,804.00
Exploration Capital Partners 2000 Limited Partnership	General Minerals Corporation - Common Shares	825,800.00
ARC Canadian Energy Venture Fund	Pulse Data Inc. - Common Shares	8,824,590.00
William E. Mayer	Systech Retail Systems Corp. - Shares	30,000,000.00
Philip R. Small	Tele-FIND Technologies Corp - Common Shares	500,000.00

REPORTS MADE UNDER SUBSECTION 2.7(1) OF MULTILATERAL INSTRUMENT 45-102 RESALE OF SECURITIES WITH RESPECT TO AN ISSUER THAT HAS CEASED TO BE A PRIVATE COMPANY OR PRIVATE ISSUER - FORM 45-102F1

<u>Issuer</u>	<u>Date the Company Ceased to be a Private Company or Private Issuer</u>
Chrysalis Capital Corporation	12/5/03
Retrocom Mid-Market Real Estate Investment Trust	3/10/04

Chapter 9

Legislation

9.1.1 Ontario Regulation 56/04 Amending Reg. 1015

ONTARIO REGULATION
made under the
SECURITIES ACT
Amending Reg. 1015 of R.R.O. 1990
(General)

Note: Regulation 1015 has previously been amended. Those amendments are listed in the Table of Regulations (Legislative History) which can be found at www.e-laws.gov.on.ca.

1. The heading to Part II of Regulation 1015 of the Revised Regulations of Ontario, 1990, is revoked and the following substituted:

PART II
CONTINUOUS DISCLOSURE

2. Subsection 3 (1) of the Regulation is revoked and the following substituted:

(1) Every report required to be filed under subsection 75 (2) of the Act by an investment fund shall be prepared in accordance with Form 27.

(1.1) Every report required to be filed under subsection 75 (2) of the Act by a reporting issuer that is not an investment fund shall be prepared in accordance with Form 51-102F3 of National Instrument 51-102 *Continuous Disclosure Obligations* except that,

- (a) the reference in Item 3 of the Form to section 7.1 of National Instrument 51-102 shall be read as if it were a reference to subsection 75 (1) of the Act; and
- (b) the references in Items 6 and 7 of the Form to subsection 7.1 (2) , (5) or (7) of National Instrument 51-102 shall be read as if they were references to subsection 75 (3), (4) or (5), respectively, of the Act.

(1.2) Every report required to be filed under subsection 75 (2) of the Act shall, subject to section 4, be delivered to the Commission in an envelope addressed to the Commission and marked "Continuous Disclosure".

3. (1) Subclause 4 (a) (i) of the Regulation is amended by striking out "or" at the end.

(2) Subclause 4 (a) (ii) of the Regulation is revoked and the following substituted:

- (ii) Item 7 of Form 27, in the case of a reporting issuer that is an investment fund; or
- (iii) Item 7 of Form 51-102F3 of National Instrument 51-102 *Continuous Disclosure Obligations*, in the case of any other reporting issuer; or

4. Section 5 of the Regulation is revoked.

5. Subsection 6 (1) of the Regulation is amended by striking out the portion before clause (a) and substituting the following:

(1) Every reporting issuer that is an investment fund shall file, in duplicate,

.

6. Section 160 of the Regulation is amended by striking out "Form 40" and substituting "Form 39".

7. The heading to Part IX of the Regulation is revoked and the following substituted:

**PART IX
PROXIES AND PROXY SOLICITATION
RE INVESTMENT FUNDS**

8. (1) Subsection 176 (1) of the Regulation is amended by striking out the portion before paragraph 1 and substituting the following:

(1) An information circular for an investment fund shall contain the information prescribed in Form 30, except as otherwise provided in the following Rules entitled:

(2) Subsection 176 (3) of the Regulation is amended by inserting “for an investment fund” after “the information contained in an information circular”.

(3) Subsection 176 (10) of the Regulation is amended by inserting “for an investment fund” after “There may be omitted from the information circular”.

9. Subsection 177 (0.1) of the Regulation is amended by inserting “with respect to an investment fund” after “apply”.

10. Section 178 of the Regulation is amended by inserting “with respect to an investment fund” after “a proxy” in the portion before clause (a).

11. Section 179 of the Regulation is amended by inserting “with respect to an investment fund” after “no proxy” in the portion before clause (a).

12. Subsection 180 (1) of the Regulation is amended by inserting “that is an investment fund” after “security holders of a reporting issuer”.

13. Section 181 of the Regulation is amended by inserting “for an investment fund” after “every information circular”.

14. (1) The title of Form 27 of the Regulation is revoked and the following substituted:

MATERIAL CHANGE REPORT OF AN INVESTMENT FUND
UNDER SUBSECTION 75 (2) OF THE ACT

- (2) Form 28 of the Regulation is revoked.

- (3) The title of Form 30 of the Regulation is revoked and the following substituted:

INFORMATION CIRCULAR FOR INVESTMENT FUNDS

- (4) Form 40 of the Regulation is revoked.

15. (1) Subject to subsection (2), this Regulation comes into force on the day on which the rule made by the Ontario Securities Commission on December 9, 2003 entitled “National Instrument 51-102 *Continuous Disclosure Obligations*” comes into force.

- (2) Sections 7 to 13 and subsections 14 (3) and (4) come into force on June 1, 2004.

Made by:

Ontario Securities Commission:

"David A. Brown, Q. C."
Signature

David A. Brown, Chair
Please Print Name and Title

"Paul M. Moore, Q. C."
Signature

Paul M. Moore, Vice-Chair
Please Print Name and Title

Date made: December 9, 2003

I certify that I have approved this Regulation.

"Greg Sorbara"
Minister of Finance

Date approved: February 25, 2004

Note: The rule made by the Ontario Securities Commission on December 9, 2003 entitled "National Instrument 51-102 Continuous Disclosure Obligations" comes into force on March 30, 2004.

9.1.2 Ontario Regulation 57/04 Amending Reg. 1015

ONTARIO REGULATION
made under the
SECURITIES ACT
Amending Reg. 1015 of R.R.O. 1990
(General)

Note: Regulation 1015 has previously been amended. Those amendments are listed in the Table of Regulations (Legislative History) which can be found at www.e-laws.gov.on.ca.

1. Section 161 of Regulation 1015 of the Revised Regulations of Ontario, 1990 is amended by striking out the portion before clause (a) and substituting the following:

161. Except as otherwise provided in the Act, section 11, 174 or 181 of this Regulation, Ontario Securities Commission Rule 55-502 *Facsimile Filing or Delivery of Section 109 Reports*, National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)* or National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*,

.

2. This Regulation comes into force on the day that the rule made by the Ontario Securities Commission on December 9, 2003 entitled “National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*” comes into force.

Made by:

Ontario Securities Commission:

“David A. Brown, Q. C.”
Signature

David A. Brown, Chair
Please Print Name and Title

“Paul M. Moore, Q. C.”
Signature

Paul M. Moore, Vice-Chair
Please Print Name and Title

Date made: December 9, 2003

I certify that I have approved this Regulation.

“Greg Sorbara”
Minister of Finance

Date approved: February 25, 2004

Note: The rule made by the Ontario Securities Commission on December 9, 2003 entitled “National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*” comes into force on March 30, 2004.

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

Ag Growth Income Fund
Principal Regulator - Manitoba

Type and Date:

Preliminary Prospectus dated March 29, 2004
Mutual Reliance Review System Receipt dated March 29, 2004

Offering Price and Description:

\$ * - * Trust Units

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
CIBC World Markets Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.

Promoter(s):

Tricor Pacific Capital Partners (Fund II) Limited Partnership
Project #625441

Issuer Name:

AIC Global Financial Split Corp.
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated March 29, 2004
Mutual Reliance Review System Receipt dated March 30, 2004

Offering Price and Description:

\$ * (Maximum) - * Preferred Shares and * Class A Shares
Price: \$10.00 per Preferred Share and \$15.00 per Class A Share

Minimum Purchase: 100 Preferred Shares or 100 Class A Shares

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
First Associates Investments Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
TWC Securities Inc.
Wellington West Capital Inc.

Promoter(s):

AIC Limited
Project #625778

Issuer Name:

Anvil Mining Limited
Principal Regulator - British Columbia

Type and Date:

Preliminary Prospectus dated March 26, 2004
Mutual Reliance Review System Receipt dated March 29, 2004

Offering Price and Description:

\$ * - * Common Shares Price: \$ * per Common Share

Underwriter(s) or Distributor(s):

Haywood Securities Inc

Promoter(s):

Anvil Mining NL
Project #625334

Issuer Name:

Central Fund of Canada Limited
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated March 25, 2004
Mutual Reliance Review System Receipt dated March 25, 2004

Offering Price and Description:

US\$ * - * non-voting, fully-participating Class A Shares
Price: US\$ * per non-voting fully-participating Class A Share

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.

Promoter(s):

-
Project #624534

Issuer Name:

Citadel Equal Weight 60 Split Corp.
Principal Regulator - Alberta

Type and Date:

Preliminary Prospectus dated March 23, 2004
Mutual Reliance Review System Receipt dated March 24, 2004

Offering Price and Description:

\$ * (Maximum) - * Preferred Shares and * Capital Shares
Price: \$10.00 per Preferred Share and \$15.00 per Capital Share

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
First Associates Investments Inc.
Raymond James Ltd.
Bieber Securities Inc.
McFarlane Gordon Inc.
Wellington West Capital Inc.

Promoter(s):

J-9 Capital Corp.
Equal 60 Management Ltd.

Project #624159

Issuer Name:

Digital Dispatch Systems Inc.
Principal Regulator - British Columbia

Type and Date:

Preliminary Prospectus dated March 24, 2004
Mutual Reliance Review System Receipt dated March 25, 2004

Offering Price and Description:

\$ * - * Common Shares Price: \$ * per Common Share

Underwriter(s) or Distributor(s):

GMP Securities Ltd.
Sprott Securities Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
Haywood Securities Inc.

Promoter(s):

Vari Ghai

Project #624447

Issuer Name:

Global 45 Split Corp.
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated March 30, 2004
Mutual Reliance Review System Receipt dated March 30, 2004

Offering Price and Description:

\$* (MAXIMUM) - * Preferred Shares and 8 Class A Shares
Price: \$10.00 per Preferred Share and \$15.00 per Class A Share
Minimum Purchase: 100 Preferred Shares or 100 Class A Shares

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
First Associates Investments Inc.
Wellington West Capital Inc.

Promoter(s):

First Asset Funds Inc.

Project #625837

Issuer Name:

Phoenician Holdings Corp.

Type and Date:

Preliminary CPC Prospectus dated March 26, 2004
Received on March 29, 2004

Offering Price and Description:

\$300,000.00 - 1,875,000 Common Shares Price: \$0.16 per Common Share

Underwriter(s) or Distributor(s):

Integral Wealth Securities Limited

Promoter(s):

D. Richard Brown
B. Lawrence O'Brien

Project #625232

Issuer Name:

Profit Booking Blue Chip Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated March 29, 2004
Mutual Reliance Review System Receipt dated March 29, 2004

Offering Price and Description:

\$ * (Maximum) (* Units)

Underwriter(s) or Distributor(s):

National Bank Financial Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
First Associates Investments Inc.
Raymond James Ltd.
Wellington West Capital Inc.
Desjardins Securities Inc.
TWC Securities Inc.

Promoter(s):

Crown Hill Capital Corporation
Project #625444

Issuer Name:

Sino-Forest Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated March 24, 2004
Mutual Reliance Review System Receipt dated March 24, 2004

Offering Price and Description:

Class A Subordinate - Voting Shares
Price: \$ * per Class A Share

Underwriter(s) or Distributor(s):

Morgan Stanley Canada Limited

Promoter(s):

-
Project #624131

Issuer Name:

Stone 2004 Flow-Through Limited Partnership
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated March 23, 2004
Mutual Reliance Review System Receipt dated March 24, 2004

Offering Price and Description:

\$30,000,000 (Maximum Offering); \$3,000,000 (Minimum Offering) Maximum of 1,200,000 and Minimum of 120,000 Units Subscription Price: \$25 per Unit Minimum Subscription: 100 Units

Underwriter(s) or Distributor(s):

Wellington West Capital Inc.

Promoter(s):

Stone 2004 Flow-Through GP Inc.
Stone & Co. Limited
Project #624006

Issuer Name:

Western Oil Sands Inc.
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated March 25, 2004
Mutual Reliance Review System Receipt dated March 25, 2004

Offering Price and Description:

\$68,000,000.00 - 2,000,000 Common Shares Price: \$34.00 per Common Share

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
FirstEnergy Capital Corp.
GMP Securities Ltd.
Salaman Partners Inc.
Tristone Capital Inc.

Promoter(s):

-
Project #624799

Issuer Name:

YPG Holdings Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Shelf Prospectus dated March 30, 2004
Mutual Reliance Review System Receipt dated March 30, 2004

Offering Price and Description:

\$1,000,000,000.00 - Medium Term Notes (Unsecured) Fully and Unconditionally guaranteed as to payment of principal, premium (if any)

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.

Promoter(s):

Yellow Pages Group Co.
Project #625888

Issuer Name:

Barclays Income + Growth Split Trust
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated March 29, 2004
Mutual Reliance Review System Receipt dated March 30, 2004

Offering Price and Description:

\$100,000,000 (Maximum) 10,000,000 Preferred Securities
@ \$10.00 per Preferred Security
\$100,000,000 (Maximum) 10,000,000 Capital Units
@\$10.00 per Capital Units

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Dundee Securities Corporation
Canaccord Capital Corporation
Desjardins Securities Inc.
First Associates Investments Inc.
Raymond James Ltd.

Promoter(s):

Barclays Global Investors Canada Limited
Project #617376

Issuer Name:

BlackRock Ventures Inc
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated March 26, 2004
Mutual Reliance Review System Receipt dated March 26, 2004

Offering Price and Description:

\$42,300,000.00 - 9,000,000 Common Shares Price: \$4.70
per Common Share

Underwriter(s) or Distributor(s):

GMP Securities Ltd.
FIRSTENERGY CAPITAL CORP.
CANACCORD CAPITAL CORPORATION
SPROTT SECURITIES INC.

Promoter(s):

-

Project #621639

Issuer Name:

Brompton Equity Split Corp.
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated March 29, 2004
Mutual Reliance Review System Receipt dated March 30, 2004

Offering Price and Description:

\$225,000,000 (Maximum) 9,000,000 Preferred Shares @
\$10.00 per Preferred Share
9,000,000 Class A Shares @ \$15.00 per Class A Share

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
HSBC Securities Canada Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
First Associates Investments Inc.
Raymond James Ltd.
Newport Securities Inc.
Research Capital Corporation

Promoter(s):

Brompton Equity Split Management Limited
Project #614945

Issuer Name:

CMP 2004 Resource Limited Partnership
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated March 23, 2004
Mutual Reliance Review System Receipt dated March 24, 2004

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Dundee Securities Corporation
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
National Bank Financial Inc.
TD Securities Inc.
First Associates Investments Inc.
TWC Securities Inc.
Wellington West Capital Inc.

Promoter(s):

Dynamic CMP Funds VII Management Inc.
Project #614209

Issuer Name:

Countryside Power Income Fund
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated March 29, 2004
Mutual Reliance Review System Receipt dated March 29, 2004

Offering Price and Description:

\$149,053,660.00 - 14,905,366 Units Price: \$10.00 per Unit

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.

Promoter(s):

U.S. Energy Systems, Inc.
Project #615162

Issuer Name:

Crystallex International Corporation
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated March 26, 2004
Mutual Reliance Review System Receipt dated March 26, 2004

Offering Price and Description:

Cdn\$100,000,000.00 - 25,000,000 Common Shares Price:
Cdn\$4.00 per Common Share

Underwriter(s) or Distributor(s):

Orion Securities Inc.
Loewen, Ondaatje, McCutcheon Limited
Haywood Securities Inc.
Sprott Securities Inc.
McFarlane Gordon Inc.
MAISON PLACEMENTS CANADA INC.

Promoter(s):

-

Project #622176

Issuer Name:

CSI Wireless Inc.
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated March 29, 2004
Mutual Reliance Review System Receipt dated March 30, 2004

Offering Price and Description:

5,000,000 Common Shares - Issuable on Exercise of
5,000,000 Special Warrants

Underwriter(s) or Distributor(s):

GMP Securities Ltd.
Paradigm Capital Inc.
Pacific International Securities Inc.
Acumen Capital Finance Partners Limited

Promoter(s):

-

Project #623881

Issuer Name:

EnCana Holdings Finance Corp.

Type and Date:

Final Short Form Shelf Prospectus dated March 26, 2004
Receipted on March 26, 2004

Offering Price and Description:

US\$2,000,000,000.00 - Debt Securities

Underwriter(s) or Distributor(s):

-

Promoter(s):

Encana Corporation
Project #622960

Issuer Name:

Keystone Premier Euro Elite 100 Fund
Keystone Premier Global Elite 100 Fund
Keystone Premier RSP Euro Elite 100 Fund
Keystone Premier RSP Global Elite 100 Fund
Principal Regulator - Ontario

Type and Date:

Amendment No. 2 dated March 17th, 2004 to the Amended
and Restated Simplified Prospectuses and Annual
Information Forms dated October 17th, 2003, amending
and restating the Simplified Prospectuses and Annual
Information Forms of the above Issuers dated May 26th,
2003.

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

-

Promoter(s):

Mackenzie Financial Corporation
Project #524778

Issuer Name:

Lincluden Balanced Fund

Type and Date:

Final Simplified Prospectus dated March 25, 2004
Receipted on March 26, 2004

Offering Price and Description:

Mutual Fund Units at Net Asset Value

Underwriter(s) or Distributor(s):

Lincluden Management Limited
Lincluden Management Limited

Promoter(s):

Lincluden Management Limited
Project #613538

Issuer Name:

Mackenzie Select Managers Canada Capital Class
Mackenzie Select Managers Capital Class
Principal Regulator - Ontario

Type and Date:

Amendment No. 3 dated March 29th, 2004 to the Simplified Prospectuses and Amendment No. 4 dated March 29th, 2004 to the Annual Information Forms of the above Issuers dated November 6th, 2003.

Mutual Reliance Review System Receipt dated March 30, 2004

Offering Price and Description:

Series A, F, I, O and R Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

Mackenzie Financial Corporation

Project #576528

Issuer Name:

McLean Budden Balanced Growth Fund
McLean Budden Balanced Value fund
McLean Budden Canadian Equity Growth Fund
McLean Budden Canadian Equity Fund
McLean Budden Canadian Equity Value Fund
McLean Budden American Equity Fund
McLean Budden Global Equity Fund
McLean Budden International Equity Fund
McLean Budden Fixed Income Fund
McLean Budden Money Market Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated March 25, 2004

Mutual Reliance Review System Receipt dated March 26, 2004

Offering Price and Description:

Class A Units and Class B Units

Underwriter(s) or Distributor(s):

McLean Budden Funds Inc.

McLean Budden Limited

McLean, Budden Limited

McLean Budden Limited

Promoter(s):

McLean Budden Funds Inc.

Project #616709

Issuer Name:

McVicar Resources Inc.

Principal Regulator - Ontario

Type and Date:

Final Prospectus dated March 24, 2004

Mutual Reliance Review System Receipt dated March 29, 2004

Offering Price and Description:

MINIMUM OF \$1,500,000 AND MAXIMUM OF \$3,225,000

Minimum of 2,000,000 and Maximum of 4,300,000 Units

by way of a New Issue AND 2,300,000 Common Shares

Underwriter(s) or Distributor(s):

Kingsale Capital Markets Inc.

Promoter(s):

Gang Chai

Project #601930

Issuer Name:

Microcell Telecommunications Inc.

Principal Regulator - Quebec

Type and Date:

Final Prospectus dated March 24, 2004

Mutual Reliance Review System Receipt dated March 24, 2004

Offering Price and Description:

\$99,431,992.00 - 22,598,184 rights to purchase 4,519,636 class B non-voting shares at a purchase price of \$22 per share

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #617132

Issuer Name:

MRF 2004 Resource Limited Partnership

Principal Regulator - Ontario

Type and Date:

Final Prospectus dated March 29, 2004

Mutual Reliance Review System Receipt dated March 29, 2004

Offering Price and Description:

Maximum: 4,000,000 Units @ \$25 Per Unit =

\$100,000,000

Minimum: 1,200,000 Units @ \$25 Per Unit = \$30,000,000

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.

RBC Dominion Securities Inc.

BMO Nesbitt Burns Inc.

Scotia Capital Inc.

TD Securities Inc.

National Bank Financial Inc.

Canaccord Capital Corporation

First Associates Investments Inc.

HSBC Securities (Canada) Inc.

Raymond James Ltd.

Dundee Securities Corporation

Wellington West Capital Inc.

Desjardins Securities Inc.

GMP Securities Ltd.

Haywood Securities Inc.

Middlefield Capital Corporation

Research Capital Corporation

TWC Securities Inc.

Promoter(s):

MRF 2004 Resource Management Limited

Middlefield Group Limited

Project #613761

Issuer Name:

Pan American Silver Corp.
Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated March 29, 2004
Mutual Reliance Review System Receipt dated March 29, 2004

Offering Price and Description:

US\$3,638,707.00 - 210,087 Common Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #623553

Issuer Name:

Procyon BioPharma Inc.
Principal Regulator - Quebec

Type and Date:

Final Short Form Prospectus dated March 26, 2004
Mutual Reliance Review System Receipt dated March 26, 2004

Offering Price and Description:

\$ 15,000,000.00 - 15,000,000 Units each Unit consisting of one Common Share and one-half of one Common Share Purchase Warrant

Underwriter(s) or Distributor(s):

DUNDEE SECURITIES CORPORATION
CANACCORD CAPITAL CORPORATION
LOEWEN, ONDAATJE McCUTCHEON LIMITED
RESEARCH CAPITAL CORPORATION

Promoter(s):

-

Project #621585

Issuer Name:

Richards Packaging Income Fund
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated March 30, 2004
Mutual Reliance Review System Receipt dated March 30, 2004

Offering Price and Description:

\$85,699,130.00 - 8,569,913 Units Price: \$10.00 per Unit

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
GMP Securities Ltd.
Scotia Capital Inc.
Westwind Partners Inc.

Promoter(s):

Richards Packaging Inc.

Project #617330

Issuer Name:

Shoppers Drug Mart Corporation
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated March 29, 2004
Mutual Reliance Review System Receipt dated March 29, 2004

Offering Price and Description:

\$800,000,000.00 - 25,000,000 COMMON SHARES Price: \$32.00 per Common Share

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
Merrill Lynch Canada Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
National Bank Financial Inc.
Credit Suisse First Boston Canada
Morgan Stanley Canada Limited

Promoter(s):

-

Project #622571

Issuer Name:

Sprott Energy Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus dated March 24, 2004
Mutual Reliance Review System Receipt dated March 26, 2004

Offering Price and Description:

Series A, I and F Units

Underwriter(s) or Distributor(s):

Sprott Asset Management Inc.
Sprott Asset Management Inc.

Promoter(s):

Sprott Asset Management Inc.

Project #614695

Issuer Name:

ViRexx Medical Corp.
Principal Regulator - Alberta

Type and Date:

Final Prospectus dated March 26, 2004
Mutual Reliance Review System Receipt dated March 29, 2004

Offering Price and Description:

10,000,000 Units (\$8,000,000) - \$0.80 per Unit Each Unit consists of one Common Share and one-half of one Common Share Purchase Warrant. Each whole Common Share Purchase Warrant entitles the holder to purchase one Common Share at \$1.00 for 18 months; And 5,000,000 Common Shares and 5,000,000 Common Share Purchase Warrants Issuable Upon Exercise of 5,000,000 Special Warrants

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

-

Project #612503

This page intentionally left blank

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Ensign Capital Inc.	Limited Market Dealer	March 29, 2004
New Registration	MacDougall Investment Counsel Inc.	Investment Counsel and Portfolio Manager	March 30, 2004
New Registration	Marathon Capital Advisors Inc.	Limited Market Dealer	March 24, 2004
Name Change	From: Brawley Cathers Limited To: Integral Wealth Securities Limited	Investment Dealer	February 27, 2004
Change in Category	Heathbridge Capital Management Ltd.	From: Investment Counsel and Portfolio Manager To: Investment Counsel and Portfolio Manager Limited Market Dealer	March 25, 2004
New Registration	Tanz Asset Management Inc.	Investment Counsel and Portfolio Manager	March 25, 2004

This page intentionally left blank

Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 Proposed Amendment to IDA Regulation 1300 – Discretionary Accounts – Withdrawal of Proposal

INVESTMENT DEALERS ASSOCIATION OF CANADA – PROPOSED AMENDMENT TO REGULATION 1300 – DISCRETIONARY ACCOUNTS – WITHDRAWAL OF PROPOSAL

I. OVERVIEW

On July 27, 2001 the Ontario Securities Commission published for comment a proposed amendment to an Association Regulation that would differentiate a managed account from a discretionary account and clearly set out who has responsibility for discretionary accounts and in what circumstances these accounts would be permitted. The amendments were also aimed at increasing the supervisory requirements for discretionary accounts and trying to reduce the amount of paperwork required.

II. WITHDRAWAL

The Association has informed the Canadian Securities Administrators that the Association has withdrawn the proposed amendments to the above noted Regulation at this time and plans to continue with the current requirements.

Questions may be referred to:

Deborah Wise
Legal and Policy Counsel
Investment Dealers Association of Canada
(416) 943 – 6994

March 25, 2004.

13.1.2 Amendments to IDA Policy 2, Part VII.E

INVESTMENT DEALERS ASSOCIATION OF CANADA – AMENDMENTS TO POLICY 2, PART VII.E

I Overview

A Current Rules

Policy 2 establishes minimum standards for the supervision of a retail account. Section VII.E establishes requirements for the opening and supervision of managed accounts.

B The Issue

Regulation 1300 is the source of rules regarding the opening and supervision of managed accounts. Policy 2 reiterates certain of those rules for ease of reference by Members.

The managed account provisions of Regulation 1300 have been changed. Changes to certain sections of Policy 2, Part VII.E are necessary to make it consistent with the changes to Regulation 1300.

C Objective

The objective of the rule change is to make Policy 2 consistent with changes to Regulation 1300.

D Effect of Proposed Rules

The proposed change will make Policy 2 consistent with Regulation 1300 as regards the opening and supervision of managed accounts.

II Detailed Analysis

A Present Rules, Relevant History and Proposed Policy

Policy 2, Part VII.E currently has two provisions that were changed in Regulation 1300 in January, 2004:

- 1) Subsection 3 requires that the opening of a managed account be approved by a partner, director or officer. Revised Regulation 1300.7(c) now permits a branch manager to approve the opening of a managed account.

The proposed changes permit branch managers to approve the opening of managed accounts, consistent with the change to Regulation 1300.

- 2) Subsection 4 requires that a partner, officer or director be assigned to supervise each managed

account and that the name of that supervisor be provided to the client.

The changes to Regulation 1300 have eliminated the notice provision, and changed the supervision requirement to a requirement to implement appropriate supervision policies and procedures (revised Regulation 1300.15(b)). While those policies and procedures must include the designation of qualified supervisors, it does not require the same kind of one-to-one assignment of a supervisor to an account or notification to the client of a supervisor's name.

The proposed changes to Policy 2 delete subsection 4 and renumber the following sections appropriately.

recognition orders. This is therefore a housekeeping amendment that does not require publication for comment.

Questions may be referred to:

Lawrence Boyce
Vice-President, Sales Compliance & Registration
Investment Dealers Association of Canada
(416)943-6903
lboyce@ida.ca

B Issues and Alternatives Considered

No alternatives were considered.

C Comparison with Similar Provisions

The revised Policy 2, Part VII.E is consistent with the revised Regulation 1300.

D Systems Impact of Rule

There is no systems impact.

E Best Interests of the Capital Markets

The Board has determined that the proposed amendment is not detrimental to the best interests of the capital markets.

III Commentary

A Filing in Other Jurisdictions

These proposed amendments will be filed for approval in Alberta, British Columbia and Ontario and will be filed for information in Nova Scotia and Saskatchewan.

B Process

The issue was discovered by Association Staff after the approval of the changes to Regulation 1300.

IV Sources

References:

IDA Regulation 1300.7(c)
IDA Regulation 1300.15(b)
IDA Policy 2, Part VII.E

V OSC Requirement to Publish for Comment

The amendments to Regulation 1300 have been published for comment and approved or not disapproved by the securities commissions required to do so under IDA

**INVESTMENT DEALERS ASSOCIATION OF CANADA
AMENDMENTS TO POLICY 2, PART VII.E**

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby amends the By-laws, Regulations, Forms and Policies of the Association by amending Policy 2.VII.E as follows:

“E. Managed Accounts

1. The Member must be approved by the Association to handle managed accounts and comply with all the requirements which are specifically detailed in the by-laws, regulations, rulings and policies of the Association. Only qualified portfolio managers may handle managed accounts.
2. The client must sign a managed account agreement.
3. Member must accept managed accounts in writing signed by a designated partner, director, ~~or officer or branch manager~~. The authorization must indicate the client's investment objectives.
4. ~~Member must designate in writing one of the partners, directors or officers to assume supervisory responsibility for each managed account and the client must be informed in writing of the identity of that individual or any subsequent changes thereto.~~
- ~~54.~~ In a managed account the Member cannot without the written consent of the client:
 - Invest in an issuer in which the responsible person is an officer or director. No such investment may be made unless such office or directorship has been disclosed to the client;
 - Invest in a security which is being bought or sold from a responsible person's account to a managed account;
 - Make a loan to a responsible person or to an associate.
- ~~65.~~ The Member must receive and acknowledge in writing cancellation by the client. The Member may terminate the arrangement in writing provided that it is not earlier than 30 days from the time of mailing.”

PASSED AND ENACTED by the Board of Directors, this 28th day of January 2004, to be effective on a date to be determined by Association staff.

13.1.3 Proposed Amendments to IDA By-law 29.7 – Advertisements, Sales Literature and Correspondence

INVESTMENT DEALERS ASSOCIATION OF CANADA

ADVERTISEMENTS, SALES LITERATURE AND CORRESPONDENCE

(The black-line reflects revisions to the proposed amendments to IDA By-law 29.7 originally published on November 8, 2002).

1. By-law 29.7 is repealed and replaced as follows:

29.7.

Definitions

For the purposes of this By-law 29.7:

"advertisement(s) or advertising" shall include television or radio commercials or commentaries, newspaper and magazine advertisements or commentaries, and any published material including materials disseminated or made available electronically promoting the business of a Member.

"sales literature" shall include any written or electronic communication other than advertisements and correspondence, distributed to or made generally available to a client or potential client which includes a recommendation with respect to a security or trading strategy. Sales literature includes but is not limited to records, videotapes and similar material, market letters, research reports, circulars, ~~performance reports or summaries~~, promotional seminar text, telemarketing scripts and reprints or excerpts of any other sales literature or published material, but does not include preliminary prospectuses and prospectuses.

"correspondence" means any written or electronic business related communication prepared for delivery to a single current or prospective client, and not for dissemination to multiple clients or to the general public.

"trading strategy" means a broad general approach to investments including matters such as the use of specific products, leverage, frequency of trading or a method of selecting particular investments but does not include specific trade or sectoral weighting recommendations.

29.7 (1) No Member shall issue to the public, participate in or knowingly allow its name to be used in respect of any advertisement, sales literature or correspondence, and no registered or approved persons shall issue or send any advertisement, sales literature or correspondence in connection with its or his or her business which:

- (a) contains any untrue statement or omission of a material fact or is otherwise false or misleading;

- (b) contains an unjustified promise of specific results;
- (c) uses unrepresentative statistics to suggest unwarranted or exaggerated conclusions, or fails to identify the material assumptions made in arriving at these conclusions;
- (d) contains any opinion or forecast of future events which is not clearly labeled as such;
- (e) fails to fairly present the potential risks to the client;
- (f) is detrimental to the interests of the public, the Association or its Members; or
- (g) does not comply with any applicable legislation or the guidelines, policies or directives of any regulatory authority having jurisdiction.

29.7 (2) ~~No Each Member shall be in breach of By-law 29.7(1) if it has exercised due diligence in establishing, implementing and monitoring internal develop written policies and procedures reasonably designed to ensure that that are appropriate for its size, structure, business and clients for the review and supervision of advertisements, sales literature and correspondence relating to its business. do not violate By-law 29.7(1). Such . All such appropriate for the Member's size, structure, business and clients and policies and procedures shall be approved by the Association.~~

29.7 (3) The policies and procedures referred to in subsection (2) may provide that such review and supervision will be done by pre-use approval, post use review or post use sampling, as appropriate to the type of material. However, the following types of advertisements, sales literature or correspondence must be approved prior to publication or use by a partner, director, officer or branch manager of the Member who is designated to approve such materials:

- (a) Research reports,
- (b) Market letters,
- (c) Telemarketing scripts,
- (d) Promotional seminar texts (not including educational seminar texts),
- (e) Original advertisements/original template advertisements; and
- (f) Any material used to solicit clients that contain performance reports or summaries.

29.7 (4) Where such policies and procedures do not require the approval of advertisements, sales literature or correspondence prior to being issued, the Member must include provisions for the education and training of registered and approved persons as to the Member's policies and procedures governing such materials as well as follow-ups to ensure that such procedures are implemented and adhered to.

29.7 (5) Copies of all advertisements, sales literature and correspondence and all records of supervision under the policies and procedures required by subsection (2) section 29.7(2) shall be retained so as to be readily available for inspection by the Association. All advertisements, sales literature and related documents must be retained for a period of 2 years from the date of creation and all correspondence and related documents must be retained for a period of 5 years from the date of creation.

This page intentionally left blank

Chapter 25

Other Information

25.1 Exemptions

25.1.1 Haywood Securities Inc. - s. 4.1 of OSC Rule 31-502

Headnote

Previously extra-provincially registered salespersons of the Applicants are exempt from the post registration proficiency requirements under paragraph 2.1(2) of Rule 31-502 Proficiency Requirements for Registrants, subject to conditions.

Rules Cited

Ontario Securities Commission Rule 31-502 Proficiency Requirements for Registrants, s. 2.1(2) and s. 4.1.

**IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, C. S.5, AS AMENDED (the "Act")**

AND

**IN THE MATTER OF
HAYWOOD SECURITIES INC.**

**EXEMPTION ORDER
(Rule 31-502)**

WHEREAS Haywood Securities Inc. (the "Applicant") has applied for an exemption pursuant to section 4.1 of Ontario Securities Commission Rule 31-502 – *Proficiency Requirements for Registrants* (the "OSC Proficiency Rule") from the provisions of paragraph 2.1(2) of the OSC Proficiency Rule (the "OSC Requirement").

AND WHEREAS, the OSC Requirement provides that the registration of a salesperson is suspended on the last day of the thirtieth month after the date registration as a salesperson was granted to that salesperson unless the salesperson has completed the Professional Financial Planning Course (the "PFP Course") or the first course of the Canadian Investment Management Program (the "CIM Program") and has delivered the prescribed notice to the Director of the Ontario Securities Commission;

AND WHEREAS unless otherwise defined or the context otherwise requires, terms used herein have the meaning set out in Ontario Securities Commission Rule 14-501 – *Definitions*;

AND WHEREAS the Director has considered the application and the recommendation of staff of the Ontario Securities Commission;

AND WHEREAS the Applicant has represented to the Director that:

1. The Applicant is registered under the Act as a dealer in the categories of broker and investment dealer. The Applicant is a member of the Investment Dealers Association of Canada (the "IDA") and is a participating organization of the Toronto Stock Exchange;
2. The requirement of the IDA that a registered representative (a "Salesperson") of an investment dealer that is a member of the IDA (a "Dealer") complete the first course of the CIM Program within thirty months of registration (the "IDA Requirement") first became effective on January 1, 1994 (the "IDA Effective Date");
3. Salespersons who were registered to trade on behalf of a Dealer in a jurisdiction immediately prior to the IDA Effective Date are exempt from the IDA Requirement;
4. The OSC Proficiency Rule which became effective on August 17, 2000 (the "Rule Effective Date") adopted and expanded the IDA Requirement, but did not exempt Salespersons who were registered to trade on behalf of a Dealer in another jurisdiction prior to the IDA Effective Date from the OSC Requirement; and
5. Salespersons of the Applicant who have been registered to trade on behalf of a Dealer under the securities legislation of a jurisdiction other than Ontario immediately prior to the IDA Effective Date and who were first registered to trade on behalf of a Dealer under the Act after the Rule Effective Date are subject to the OSC Requirement;

AND UPON the Director being satisfied that to do so would not be prejudicial to the public interest;

NOW THEREFORE, pursuant to section 4.1 of the OSC Proficiency Rule, Salespersons of the Applicant are not subject to the OSC Requirement;

PROVIDED THAT:

- (A) immediately prior to the IDA Effective Date, the particular Salesperson was registered under the securities legislation of one or more jurisdictions other than Ontario as a salesperson of a Dealer that was then registered under such legislation as an investment dealer (or the equivalent) and the registration of the

Other Information

Salesperson was not specifically restricted to the sale of mutual funds or non-retail trades; and

- (B) after the IDA Effective Date, that Salesperson was either registered to trade on behalf of a Dealer continuously in one or more jurisdictions other than Ontario, or any period after the IDA Effective Date in which the Salesperson's registration to trade on behalf of a Dealer was suspended or in which the Salesperson was not so registered does not exceed three years.

March 26, 2004.

"David M. Gilkes"

Index

AIC Limited		CSA News Release - New Rules Promote Investor Confidence, Change Issuers' Disclosure and Governance Practices	
MRRS Decision.....	3401	News Release	3398
Alcan Inc.		CSA Staff Notice 45-302, Frequently Asked Questions Regarding the Resale Rules	
MRRS Decision.....	3414	Notice	3395
Arcis Corporation		Current Proceedings Before The Ontario Securities Commission	
MRRS Decision.....	3423	Notice	3391
Assante Asset Management Ltd.		ENMAX Corporation	
MRRS Decision.....	3407	MRRS Decision	3411
Atlas Cold Storage Income Trust		Ensign Capital Inc.	
Cease trading Order	3437	New Registration	3737
Brawley Cathers Limited		Genoray Advanced Technologies Ltd.	
Name Change.....	3737	Cease Trading Orders.....	3437
Brompton Equity Split Corp.		Guinor Gold Corporation	
Ruling - ss. 74(1).....	3432	Order - cl. 104(2)(c) and ss. 74(1)	3429
Buckingham Securities Corporation		Haywood Securities Inc.	
Order - s. 127	3428	Exemption - s. 4.1 of OSC Rule 31-502	3745
CDC Software Acquisitionco II SRL		Heathbridge Capital Management Ltd.	
MRRS Decision.....	3410	Change in Category	3737
Cartier Mutual Funds Inc.		IDA By-law 29.7	
MRRS Decision.....	3420	Notice	3397
Cinar Corporation		SRO Notices and Disciplinary Proceedings.....	3742
MRRS Decision.....	3412	IDA Policy No. 2	
CINAR Corporation		Notice	3394
Order - s. 144.....	3425	SRO Notices and Disciplinary Proceedings.....	3739
Companion Policy 45-102CP, Resale of Securities		IDA Regulation 1300	
Rules and Policies	3580	SRO Notices and Disciplinary Proceedings.....	3739
Companion Policy 51-102CP, Continuous Disclosure Obligations		Integral Wealth Securities Limited	
Rules and Policies	3439	Name Change	3737
Companion Policy 51-801CP, Implementing National Instrument 51-102 Continuous Disclosure Obligations		Intelpro Media Group Inc.	
Rules and Policies	3555	Cease Trading Orders.....	3437
Companion Policy 71-102CP, Continuous Disclosure and Other Exemptions Relating to Foreign Issuers		Knowledge is Your Best Investment for April	
Rules and Policies	3560	News Release	3399
Companion Policy 71-802CP, Implementing National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers		MacDougall Investment Counsel Inc.	
Rules and Policies	3577	New Registration	3737
		Marathon Capital Advisors Inc.	
		New Registration	3737

Mawer Investment Management		SynX Pharma Inc.	
MRRS Decision.....	3405	MRRS Decision	3417
Multilateral Instrument 45-102, Resale of Securities		Tanz Asset Management Inc.	
Notice.....	3397	New Registration	3737
Rules and Policies	3580	Windsor Auto Trust	
Nanogen, Inc.		Order - s. 6.1 of OSC Rule 13-502	3427
MRRS Decision.....	3417		
National Bank Securities Inc.			
MRRS Decision.....	3421		
National Instrument 13-101, System for Electronic Document Analysis and Retrieval (SEDAR)			
Rules and Policies	3602		
National Instrument 51-102, Continuous Disclosure Obligations			
Notice.....	3392		
Rules and Policies	3439		
National Instrument 62-101, Control Block Distribution Issues			
Rules and Policies	3602		
National Instrument 71-102, Continuous Disclosure and Other Exemptions Relating to Foreign Issuers			
Notice.....	3394		
Rules and Policies	3560		
Norrep Fund			
MRRS Decision.....	3423		
Norrep II Fund Inc.			
MRRS Decision.....	3423		
Ontario Regulation 56/04			
Notice.....	3392		
Legislation.....	3725		
Ontario Regulation 57/04			
Notice.....	3394		
Legislation.....	3728		
OSC Rule 45-501, Exempt Distributions			
Rules and Policies	3603		
OSC Rule 51-801, Implementing National Instrument 51-102 Continuous Disclosure Obligations			
Notice.....	3392		
Rules and Policies	3555		
OSC Rule 71-802, Implementing National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers			
Notice.....	3394		
Rules and Policies	3577		
Polar Hedge Enhanced Income Trust			
MRRS Decision.....	3422		