

**CANADIAN SECURITIES ADMINISTRATORS NOTICE 51-322
REPORTING ISSUER DEFAULTS****Purpose of notice**

The Canadian securities regulatory authorities have developed a harmonized list of deficiencies that will generally result in a reporting issuer being noted in default of the securities laws of a particular jurisdiction. This notice describes those deficiencies.

Categories of default

The circumstances under which the securities regulatory authorities will consider a reporting issuer to be in default are:

1. The reporting issuer has failed to file the following continuous disclosure prescribed by securities laws:
 - (a) annual financial statements;
 - (b) interim financial statements;
 - (c) annual or interim management's discussion and analysis (MD&A) or annual or interim management report of fund performance (MRFP);
 - (d) annual information form (AIF);
 - (e) certification of annual or interim filings under Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (MI 52-109);
 - (f) proxy materials or a required information circular;
 - (g) issuer profile supplement on the System for Electronic Disclosure By Insiders (SEDI);
 - (h) material change report;
 - (i) written update after filing a confidential report of a material change;
 - (j) business acquisition report;
 - (k) annual oil and gas disclosure prescribed by National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101) or technical reports for a mineral project required under National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101);
 - (l) mandatory news release;
 - (m) corporate governance disclosure as required by National Instrument 58-101 *Disclosure of Corporate Governance Practices*;
 - (n) audit committee disclosure as required by Multilateral Instrument 52-110 *Audit Committees* or BC Instrument 52-509 *Audit Committees*; or

- (o) disclosure in an issuer's MD&A relating to disclosure controls and procedures and their effectiveness that is referred to in a certificate filed under MI 52-109.
2. The reporting issuer's continuous disclosure is deficient because:
 - (a) the financial statements of the reporting issuer, or the auditor's report accompanying the financial statements, do not comply with the requirements of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102), National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106) or National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;
 - (b) the reporting issuer has acknowledged that its financial statements, or the auditor's report accompanying the financial statements, may no longer be relied upon;
 - (c) the reporting issuer's AIF, MD&A, MRFP, information circular or business acquisition reports do not contain information for each of the content items required by NI 51-102 or NI 81-106; or
 - (d) the reporting issuer's technical disclosure or other reports do not comply with the disclosure requirements of NI 43-101 or NI 51-101.
 3. The reporting issuer has failed to pay a fee required by securities laws.
 4. The reporting issuer has failed to comply with any other requirement related to continuous disclosure.

Lists of defaulting reporting issuers

Certain securities regulatory authorities maintain lists that identify those reporting issuers that have been noted in default in the relevant jurisdiction. The lists identify the name of the reporting issuer, and the nature and description of the default. The lists, together with the harmonized categories of default and nomenclature used to identify each category, can be found on the following websites:

www.bsc.bc.ca
www.albertasecurities.com
www.sfsc.gov.sk.ca
www.msc.gov.mb.ca
www.osc.gov.on.ca
www.lautorite.qc.ca
www.nbsc-cvmnb.ca
www.gov.ns.ca/nssc

Certain securities regulatory authorities have also published policies or notices containing information relating to defaults by reporting issuers. These local policies or notices are:

| | |
|----------------|--|
| Alberta: | Alberta Securities Commission Policy 51-601 – <i>Reporting Issuers List</i> |
| Saskatchewan: | Saskatchewan Policy Statement 51-601 – <i>Reporting Issuers in Default</i> |
| Manitoba: | Manitoba Securities Commission Local Policy 51-601 – <i>Reporting Issuers List</i> |
| Ontario: | Ontario Securities Commission Policy 51-601 – <i>Reporting Issuer Defaults</i> |
| Quebec: | AMF Notice on Reporting Issuer Defaults |
| New Brunswick: | New Brunswick Securities Commission Policy 51-601 – <i>Reporting Issuers List</i> |

Questions

Please refer your questions to any of the following individuals:

Ontario Securities Commission

Kelly Gorman
Assistant Manager, Corporate Finance
416 593 8251
kgorman@osc.gov.on.ca

Viraf Nania
Senior Accountant, Corporate Finance
416 593 8267
vnania@osc.gov.on.ca

Lynne Woollcombe
Legal Counsel, Corporate Finance
416 204 8968
lwoollcombe@osc.gov.on.ca

Stacey Barker
Accountant, Investment Funds
416 593 2391
sbarker@osc.gov.on.ca

British Columbia Securities Commission

Andrew Richardson
Deputy Director, Corporate Finance
604 899 6730 (direct)
800 373 6393 (toll-free in BC and Alberta)
arichardson@bcsc.bc.ca

April Penn
Supervisor, Financial and Insider Reporting
604 899 6805 (direct)
800 373 6393 (toll-free in BC and Alberta)
apenn@bcsc.bc.ca

Sheryl Thomson
Senior Legal Counsel, Corporate Finance
604 899 6778 (direct)
800 373 6393 (toll-free in BC and Alberta)
sthomson@bcsc.bc.ca

Alberta Securities Commission

Lara Gaede
Associate Chief Accountant
403 297 3302
lara.gaede@seccom.ab.ca

Mike Mumby
Senior Securities Analyst
403 297 3826
mike.mumby@seccom.ab.ca

Saskatchewan Financial Services Commission

Ian McIntosh
Deputy Director, Corporate Finance
306 787 5867
imcintosh@sfsc.gov.sk.ca

Tony Herdzik
Senior Securities Analyst, Corporate Finance
306 787 5849
therdzik@sfsc.gov.sk.ca

Manitoba Securities Commission

Bob Bouchard
Director, Corporate Finance
204 945 2555
bbouchard@gov.mb.ca

Wayne Bridgeman
Senior Analyst, Corporate Finance
204 945 4905
wbridgeman@gov.mb.ca

Autorité des marchés financiers

Nicole Parent
Analyste
514 395 0558, poste 4455
nicole.parent@lautorite.qc.ca

Edvie Élysée
Analyste
514 395 0558, poste 4416
edvie.elysee@lautorite.qc.ca

Nova Scotia Securities Commission

Bill Slattery
Deputy Director Corporate Finance and
Administration
902 424 7355
slattejw@gov.ns.ca

New Brunswick Securities Commission

Kevin Hoyt
Director, Corporate Finance and Chief
Financial Officer
506 643 7691
kevin.hoyt@nbsc-cvmnb.ca

Pierre Thibodeau
Securities Analyst
506 643 7751
pierre.thibodeau@nbsc-cvmnb.ca

December 15, 2006