NOTICE AND REQUEST FOR COMMENT

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS* AND
COMPANION POLICY 41-101CP *TO NATIONAL INSTRUMENT 41-101 GENERAL PROSPECTUS REQUIREMENTS*

AND

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 44-101 *SHORT FORM PROSPECTUS DISTRIBUTIONS*
AND COMPANION POLICY 44-101CP *TO NATIONAL INSTRUMENT 44-101 SHORT FORM PROSPECTUS DISTRIBUTIONS*

AND

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 44-102 *SHELF DISTRIBUTIONS* AND
COMPANION POLICY 44-102CP *TO NATIONAL INSTRUMENT 44-102 SHELF DISTRIBUTIONS*

AND

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*

AND

PROPOSED CONSEQUENTIAL AMENDMENTS

July 15, 2011

Introduction

We, the Canadian Securities Administrators (**CSA**), are publishing for a 90-day comment period proposed amendments to:

- National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**);
- Companion Policy 41-101CP *Companion Policy to National Instrument 41-101 General Prospectus Requirements* (**41-101CP**);

- National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**);
- Companion Policy 44-101CP *to National Instrument 44-101 Short Form Prospectus Distributions* (**44-101CP**);
- National Instrument 44-102 *Shelf Distributions* (**NI 44-102**);
- Companion Policy 44-102CP *to National Instrument 44-102 Shelf Distributions* (**44-102CP**); and
- National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**).

We are also publishing proposed consequential amendments to:

- National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (**NI 52-107**);
- Companion Policy 52-107CP to *National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards* (**52-107 CP**);
- National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**); and
- National Instrument 13-101 *System for Electronic Document and Analysis Retrieval* (**NI 13-101)**.

The references above to a national instrument include its form(s).

The proposed amendments to NI 41-101, 41-101CP, NI 44-101, 44-101CP, NI 44-102, 44-102CP and NI 81-101 are collectively referred to in this notice as the "**Proposed Amendments**".

Proposed Text

The text of the Proposed Amendments is contained in the following Appendices A to K.

Appendix A	Proposed Amendments to NI 41-101 and 41-101CP
Appendix B	Blackline Showing Proposed Changes to NI 41-101 and 41-101CP
Appendix C	Proposed Amendments to NI 44-101 and 44-101CP
Appendix D	Blackline Showing Proposed Changes to NI 44-101 and 44-101CP
Appendix E	Proposed Amendments to NI 44-102 and 44-102CP
Appendix F	Proposed Amendments to NI 81-101
Appendix G	Blackline Showing Proposed Changes to NI 81-101
Appendix H	Proposed Consequential Amendments to NI 52-107 and 52-107CP
Appendix I	Blackline Showing Proposed Changes to NI 52-107 and 52-107CP

Appendix J	Proposed Consequential Amendments to NI 51-102
Appendix K	Proposed Consequential Amendments to NI 13-101

We invite comment on the Proposed Amendments.

Background

NI 41-101 provides a comprehensive set of prospectus requirements for issuers. NI 44-101 sets out requirements for an issuer intending to file a prospectus in the form of a short form prospectus. NI 44-102 sets out requirements for a distribution under a short form prospectus using shelf procedures. NI 81-101 sets out requirements for an issuer that is a mutual fund to file a simplified prospectus, annual information form and fund facts document. NI 41-101, NI 44-101, NI 44-102 and NI 81-101 are collectively referred to in this notice as the "**Prospectus Rules**".

Purpose of the Proposed Amendments

The primary purpose of the Proposed Amendments is to amend the Prospectus Rules and their related companion policies to address user experience and the CSA's experience with the Prospectus Rules since the implementation of the general prospectus rule, NI 41-101, on March 17, 2008. As part of a post-adoption process following implementation of NI 41-101, the CSA has tracked issues that have arisen in connection with NI 41-101 and other Prospectus Rules and has developed amendments to address those issues where warranted.

The Proposed Amendments to the Prospectus Rules are intended to:

- clarify certain provisions of the Prospectus Rules;
- address significant identified gaps in the Prospectus Rules;
- modify certain requirements in the Prospectus Rules to enhance their effectiveness;
- remove or streamline certain requirements in the Prospectus Rules that are burdensome for issuers and of limited utility for investors or securityholders; and
- codify prospectus relief that has been granted in the past.

Summary of Key Proposed Amendments

This section describes the key Proposed Amendments. It is not a complete list of all the Proposed Amendments.

Certain key Proposed Amendments apply to all issuers other than investment funds. These are described below in Part I under sections (a) through (k). Other key Proposed Amendments apply specifically to investment funds. These are described below in Part II under sections (l) through (s).

Part I - Key Proposed Amendments Generally Applicable to Issuers

(a) No Minimum Offering Amount

In the course of conducting prospectus reviews, the CSA identified concerns with certain best effort offerings that were not subject to a minimum offering amount by issuers that:

- faced significant short-term non-discretionary expenditures or significant short-term capital or contractual commitments, and
- did not appear to have other readily accessible resources to satisfy those expenditures or commitments.

While an issuer may not propose to provide a minimum offering amount, the CSA has determined that additional disclosure is warranted in such cases. The CSA therefore proposes enhanced requirements in connection with the issuer's use of proceeds, as set out in proposed new subsections 6.3(3) and (4) of Form 41-101F1 *Information Required in a Prospectus* (**Form 41-101F1**) and equivalent new subsections 4.2(3) and (4) of Form 44-101F1 *Short Form Prospectus* (**Form 44-101F1**). However, regulators may still expect an issuer to provide a minimum offering amount in certain circumstances depending on the severity of the issuer's financial situation, results of the regulator's review and the application of receipt refusal provisions under securities law. This is clarified in a Proposed Amendment to section 2.2.1 of 41-101CP.

(b) Personal Information Form Reforms

In order to help regulators determine the suitability of directors and executive officers of an issuer filing a prospectus, the CSA introduced a detailed personal information form (**PIF**) for directors and executive officers in 2008. Since that time, we have identified a number of issues with the PIF filing requirement. For instance, under the current rules, an issuer is not required to submit a new PIF for an individual even if a number of years has passed since the filing of the previous PIF, nor is an issuer required to confirm that the previously filed PIF is still correct. Additionally, the rules do not permit us to accept the PIF that a different issuer may have filed for the same individual.

The CSA therefore proposes the following changes to the PIF:

1. We propose to define a "personal information form" in NI 41-101 to formally include a TSX or TSX Venture Exchange PIF, provided that an NI 41-101 certificate and consent is appended to it and the information contained in the PIF continues to be correct at the time that the NI 41-101 certificate and consent is executed.

2. We propose to require that an issuer file a PIF with the regulator for an individual (i.e. director, executive officer, etc. as prescribed under subparagraph 9.1(b)(ii) of NI 41-101) at the time of each prospectus filing.

3. We propose to exempt the issuer from the requirement described in paragraph 2 above if, at the time of the prospectus filing:

   (a) an issuer filed a PIF of that individual with the regulator within the past 3 years;

   (b) the responses of that individual to certain key questions in his or her PIF (questions 4(b) and (c) and questions 6 through 9 of the current PIF and questions 6 through 10 of the proposed amended PIF) have not changed; and

   (c) a certificate is filed by the issuer identifying the previous PIF filing (by either appending the previously filed PIF to the certificate or providing certain information) and giving the confirmation in paragraph (b) above.

4. We propose to make minor amendments to the PIF to remove certain personal questions that are of limited utility and to align with the TSX and TSX Venture Exchange PIFs.

(c) Contractual Rights of Rescission

The CSA has identified an investor protection concern that arises where the distribution of a convertible, exchangeable or exercisable security is qualified under a prospectus and the subsequent conversion, exchange or exercise is made on a prospectus-exempt basis within a short period of time following the purchase of the original security under the prospectus. Under provincial securities legislation in effect in most provinces, the purchaser does not have a right of rescission in respect of the underlying security.

For this reason, we propose to modify the guidance in section 2.9 of 41-101CP to clarify that in certain circumstances, the issuer should provide the purchaser with a contractual right of rescission in respect of the issuance of the underlying security where the conversion, exchange or exercise of the security could occur within a short period of time (generally within 180 days) of the purchase of the security under the prospectus.

(d) Interaction of Items 32 and 35 in Form 41-101F1: Significant Acquisitions that Are Also Acquisitions of a Primary Business or Predecessor Entity

A proposed or completed significant acquisition by an issuer filing a prospectus in the form of Form 41-101F1 may also constitute an acquisition of a primary business for the issuer or a predecessor entity of the issuer. For example, this is generally the case where the significance of the acquisition to the issuer exceeds 100%. In these circumstances, the issuer must include financial statements pursuant to Item 32 of Form 41-101F1 (by operation of section 32.1 of Form 41-101F1), rather than Item 35 of Form 41-101F1.

However, the interaction of Items 32 and 35 of Form 41-101F1 – both of which could apply to a significant acquisition by an issuer have been confusing to some users, particularly in the case of reporting issuers.

We have therefore clarified in both Items 32 and 35 of Form 41-101F1 that a non-reporting issuer or a shell reporting issuer that has carried out a significant acquisition that constitutes the acquisition of a primary business or predecessor entity of the issuer is required to disclose the financial statements under Item 32 and not under Item 35. The imposition of this clarifying provision regarding subsequent prospectus filings by shell reporting issuers does not represent a substantive new requirement because these issuers would generally have already had to report the significant acquisition in a previously filed information circular containing Item 32 prospectus-level disclosure for the significant acquisition.

The Proposed Amendments also clarify the circumstances when an issuer must provide pro forma financial statements if it has made an acquisition that constitutes the acquisition of a primary business or predecessor entity of the issuer.

Pursuant to new proposed section 32.7 of Form 41-101F1, we will only require the pro forma financial statement disclosure to reflect the effect of a proposed or completed acquisition of a primary business or predecessor entity by an issuer if such pro forma statements are necessary for full, true and plain disclosure of all material facts relating to the securities being distributed.

(e) Exemption from Incorporation by Reference of Reports/Opinions Produced in Information Circular

The CSA proposes to codify relief we have granted to issuers allowing them to exclude from their prospectuses reports or opinions of experts that are incorporated by reference into the prospectus indirectly through the incorporation by reference of a special meeting information circular. These circulars generally relate to a restructuring transaction or other special business of the issuer where the issuer or its board of directors engaged an expert to provide advice that is specific to the business transacted at the special meeting.

For example, a board may retain a firm to provide a fairness opinion to assist the board in determining whether to recommend that a proposed transaction be approved by the issuer's shareholders. Similarly, an issuer may include a tax opinion that is specific to the proposed transaction. Given the limited purpose and nature of the expert's engagement, the CSA has determined that in some cases it is not necessary to incorporate by reference those types of reports or opinions that are specific in nature and scope. This proposed exemption is set out in proposed new subsection 11.1(3) of Form 44-101F1.

(f) Prior Sales and Trading Price and Volume Disclosure

The CSA proposes to modify the prospectus disclosure relating to prior sales information and trading price and volume information contained in Item 13 of Form 41-101F1 and Item 7A of Form 44-101F1 as follows:

- clarify that if an issuer is distributing a series of debt under the prospectus, it must provide prior sales and trading price and volume disclosure in respect of that series of debt; and

- streamline the prior sales and trading price and volume disclosure so that it only applies to the class or series of securities that is being distributed under the prospectus, as that information is the most relevant to the investor purchasing that security.

(g) Non-Issuer's Submission to the Jurisdiction and Appointment of Agent for Service

We propose to amend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service contained in subparagraph 9.2(a)(vii) of NI 41-101, Appendix C of NI 41-101 and subparagraph 4.2(a)(vi) of NI 44-101. Under the current requirement in subparagraph 9.2(a)(vii) of NI 41-101, a person or company residing outside Canada that is required to sign or provide a certificate must submit to our jurisdiction and appoint an agent in Canada.

We propose to expand the existing requirement to all foreign directors of the issuer, as all directors are liable in our statutory liability regime for misrepresentations contained in the prospectus. The proposed amendments will be made to subparagraph 9.2(a)(vii) of NI 41-101 and subparagraph 4.2(a)(vi) of NI 44-101.

We also propose amendments to clarify the related disclosure on enforceability of judgments against foreign persons and companies in sections 1.12 of Form 41-101F1 and 1.11 of Form 44-101F1 accordingly.

Potential further extension of filing requirement to foreign experts

CSA staff are also considering, as part of the Proposed Amendments, to further extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to all foreign experts (such as, for example, "qualified persons" or auditors) who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them. These persons are liable under our statutory liability regime for misrepresentations in the prospectus that are derived from report, opinion or statement.

In order to effect this potential amendment subparagraph 9.2(a)(vii) of NI 41-101 would be amended to include "each person required to file a consent under section 10.1" and section 1.12 of Form 41-101F1 would be amended to encompass "a person who is required to file a consent under section 10.1 of the Instrument". Corresponding changes would also be made to NI 44-101 and Form 44-101F1.

We are interested in your comments on this potential change. Please refer to the "Comments" section of this Notice for our specific questions on the potential extension of the non-issuer's submission to the jurisdiction and appointment of an agent for service

form filing requirement to all foreign experts. Upon consideration of public comments, CSA staff may determine to implement this change as part of the Proposed Amendments.

(h) Successor Issuer

Based on our prospectus reviews, we have reconsidered the successor issuer criteria for purposes of short-form eligibility. In the Proposed Amendments we have modified the successor issuer definition to address areas where further clarification was required, including:

- in circumstances where the successor issuer acquired a business from a predecessor that represented less than all of the predecessor's business, we have clarified that substantially all of the business must have been divested by the predecessor to the successor in order for the issuer to be considered a successor issuer. This amendment is intended to ensure that an issuer will only be considered a successor issuer (and thereby become short-form eligible despite its fairly recent status as a reporting issuer) if the historical financial statements of its predecessor are a relevant, accurate proxy for the successor issuer's financial statements; and

- we have clarified that a successor issuer can include a reverse takeover (**RTO**) acquiree, i.e. an issuer can be a successor to itself.

We have also expanded the application of section 2.7 of NI 44-101 to permit a capital pool company listed on the TSX Venture Exchange to be considered short-form eligible under this provision if it is a successor issuer and has filed a filing statement in connection with an RTO or a qualifying transaction.

(i) Primary Business Oil & Gas Exemption to Provide Operating Statements

We propose to extend the exemption available to oil and gas issuers carrying out acquisitions that would be considered acquisitions of a primary business or predecessor entity to rely on operating statements (in lieu of financial statements) when providing financial statement disclosure about the acquisition. This proposed exemption is found in new proposed section 32.9 of Form 41-101F1.

Also, based on prior requests for relief which we have granted, we have developed a provision to exempt an oil and gas issuer from having to provide an audited operating statement the third year back if a recent independent reserves evaluation (in the forms of Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information*, Form 51-101F2 *Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor* and Form 51-101F3 *Report of Management and Directors on Oil and Gas Disclosure*) has been prepared (and included in the prospectus) with an effective date within 6 months of the preliminary prospectus receipt date.

(j) Notice of Intention Exemption

Presently an issuer that is new to the short form prospectus regime must file a notice declaring its intention to be qualified to file a short form prospectus at least 10 business days prior to the filing of the preliminary short form prospectus. We propose to exempt a successor issuer from having to wait the 10 business day period to file its preliminary prospectus if its predecessor issuer previously filed the notice of intention. The successor issuer would still need to file the notice of intention either prior to or concurrently with the filing of the preliminary prospectus. We also propose a similar exemption for a credit support issuer which relies upon the continuous disclosure record of its credit supporter.

(k) Time to File Final Prospectus

Presently, pursuant to subsection 2.3(1) of NI 41-101, an issuer must file its final prospectus no later than 90 days after the date of the receipt of its preliminary prospectus. We propose to clarify that if an issuer files an amendment to a preliminary prospectus, the 90-day time period will recommence from the date of the receipt of the amendment to the preliminary prospectus. However, irrespective of the filing of one or more amendments to the preliminary prospectus, an issuer shall not be permitted to file the final prospectus more than 180 days after the date of the receipt for the preliminary prospectus.

Part II - Key Proposed Amendments Applicable to Investment Funds

(l) Non-Canadian Investment Funds

We propose to extend the existing disclosure requirement for foreign investment fund managers to foreign investment funds and any other non-Canadian entity required to provide a certificate under Part 5 of NI 41-101 or other securities legislation.

(m) Leverage Disclosure for Investment Funds

We propose to enhance the disclosure requirements relating to the use of leverage as an investment strategy in the prospectus summary and body of a prospectus in the form of Form 41-101F2 *Information Required in an Investment Fund Prospectus* (**Form 41-101F2)**. The enhanced disclosure requirements are intended to provide investors with a better understanding of how the investment fund intends to utilize leverage and the nature of the leverage that may be used by the investment fund.

We propose to modify the prospectus disclosure in paragraph 3.3(1)(e) of Form 41-101F2 and paragraph 6.1(1)(b) of Form 41-101F2 as follows:

- for leverage created through borrowing or the issuance of preferred securities, the investment fund must disclose the maximum amount of leverage it may use as a ratio of its maximum total assets divided by its net asset value; and

- if leverage is created through the use of specified derivatives or similar instruments, the investment fund must disclose the maximum amount of leverage the investment fund may use as a multiple of net assets and explain how the investment fund uses the term "leverage" and the significance of the maximum and minimum amounts of leverage to the investment fund.

An instruction in Form 41-101F2 states that for the purposes of the above disclosure requirements, the term "specified derivative" has the same meaning as in National Instrument 81-102 *Mutual Funds*.

(n) Investment Fund Trading Expense Ratio Disclosure

In addition to the current requirement to disclose an investment fund's annual returns and management expense ratio for the past five years in subsection 3.6(4) of Form 41-101F2 and Item 11 of Form 41-101F2, we propose a requirement that the investment fund's trading expense ratio for the past five years be disclosed. An investment fund's trading expense ratio represents the total trading commissions and costs of the investment fund as a percentage of its net assets. This disclosure requirement will better enable investors to determine the full costs of owning an investment fund or compare the historical costs of different investment funds.

(o) Organization and Management Details of the Investment Fund

We propose to amend the current disclosure required by Item 19 of Form 41-101F2 relating to the organizational and management details of an investment fund to require the disclosure of the following additional information:

- an expanded requirement to disclose current or past bankruptcies of and cease trade orders against any issuer, as opposed to the current disclosure requirement that only applies to investment fund issuers, where the directors or executive officers of the investment fund or its investment fund manager were directors of or held specified executive positions with the issuer,

- enhanced disclosure of ownership interests in the investment fund and its investment fund manager for directors and executive officers of the investment fund and investment fund manager and members of the investment fund's independent review committee; and

- a new disclosure requirement relating to principal distributors of investment funds and a requirement that principal distributors of investment funds sign a prospectus certificate in the same form as the investment fund.

(p) Principal Securityholders

We propose to amend the disclosure of principal securityholders of the investment fund as required by subsection 28.1(1) of Form 41-101F2, to limit disclosure to circumstances

where this information is known or ought to be known by the investment fund or its investment fund manager. This amendment will predominantly affect exchange traded funds in continuous distribution (**ETFs**), who may not be able to readily determine their beneficial owners. Disclosure of this information has less utility for ETFs because it would only reflect ownership at a moment in time and beneficial securityholders of ETFs may change very quickly. The amendment is also consistent with exemptive relief from certain takeover bid requirements that many ETFs have received.

(q) Mutual Fund Personal Information Form Reforms

We have drafted reforms to the PIF delivery requirements in NI 81-101 that correspond with the proposed NI 41-101 reforms relating to the PIF. These amendments are intended to address the issues described above and conform the PIF delivery requirements for conventional mutual funds with those for other issuers.

(r) Documents Incorporated by Reference in a Mutual Fund Prospectus

We propose to amend section 3.1 of NI 81-101 to require the incorporation by reference, where a mutual fund has not yet filed interim or annual financial statements, of the audited balance sheet filed with the mutual fund's simplified prospectus. We also propose to require the incorporation by reference of a mutual fund's interim financial statements and interim management report of fund performance (**MRFP**), where the mutual fund has not yet filed its annual comparative financial statements and annual MRFP.

(s) Principal Distributor Certificate for Mutual Funds

We propose to amend the principal distributor certificate required by Form 81-101F2 *Contents of Annual Information Form* to require a principal distributor of a mutual fund to provide the same certificate as the mutual fund and the manager of the mutual fund.

Consequential Amendments

(a) Consequential Amendments to NI 52-107

We propose amendments to NI 52-107 to ensure that the operating statements which a prospectus filer is permitted to provide under new proposed section 32.9 of Form 41-101F1 (described under section (i) in Part I of the **Summary of Key Proposed Amendments** above) can benefit from the financial reporting framework available in NI 52-107 for oil and gas operating statements.

We also propose to repeal the financial reporting framework for carve-out financial statements presently found in subsection 3.11(6) of NI 52-107. As corroborated by external feedback, we do not feel it is necessary for the CSA to prescribe a separate financial reporting framework for carve-out financial statements. It is our view that auditors will generally be able to confirm that the carve-out financial statements have

been prepared in accordance with International Financial Reporting Standards, and that instances in which this is not the case will be relatively rare.

(b) Consequential Amendments to NI 51-102

Presently an issuer is permitted to utilize operating statements, in lieu of financial statements, if it complies with the requirements of section 8.10 of NI 51-102. One requirement is that the acquisition must be an asset acquisition. We propose to expand this provision's application to a share acquisition in certain restricted circumstances. Specifically, the vendor must have transferred the applicable oil and gas assets to a corporation that will be considered the transferor of the transaction and was created for the sole purpose of facilitating the acquisition, and this transferor had no assets or operations other than those attributable to the transferred oil and gas assets. A parallel proposed amendment is provided in section 32.9 of Form 41-101F1 for an acquisition that constitutes the acquisition of a primary business of the issuer.

(c) Consequential Amendments to NI 13-101

We propose amendments to NI 13-101 to update the terminology used for various types of prospectus forms referenced in Appendix A of NI 13-101. Certain of these references are out-of-date.

Anticipated Costs and Benefits

We are proposing the Proposed Amendments to the Prospectus Rules because of issues identified in prospectus reviews, applications for exemptive relief from prospectus requirements and recurring inquiries from prospectus filers or CSA staff concerning certain prospectus requirements.

The Proposed Amendments are designed to enhance the effectiveness of the prospectus disclosure standards, clarify the requirements, address significant identified gaps, and modify or streamline requirements where warranted. The CSA anticipates that these modifications will ease the process and burden of prospectus disclosure for issuers while at the same time delivering effective, relevant and meaningful disclosure to investors.

Alternatives Considered

We considered maintaining the status quo. However, as discussed above, many of the Proposed Amendments are intended to clarify the Prospectus Rules or to modify or streamline Prospectus Rule requirements where warranted.

Therefore, to provide the appropriate degree of certainty, clarity and consistency among affected issuers, we considered it preferable to amend, replace and add provisions to the Prospectus Rules and associated guidance.

Unpublished Materials

In developing the Proposed Amendments to the Prospectus Rules, we have not relied on any significant unpublished study, report, or other written materials.

Local Notices

Certain jurisdictions will publish other information required by local securities legislation in Appendix L to this notice.

Comments

We request your comments on the Proposed Amendments to the Prospectus Rules. In addition to any general comments you have, we also invite comments on the following specific topic:

Questions relating to Non-Issuer's Submission to the Jurisdiction and Appointment of Agent for Service

As described in paragraph (g) of the "Summary of Key Proposed Amendments" section of this Notice, we are considering further extending the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to all foreign experts who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them.

We are interested in your general comments on this potential change. In particular, we welcome your comments on the following questions:

(a) Do you believe that it is appropriate to extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to foreign experts who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them given that these persons are liable under our statutory liability regime for misrepresentations in the prospectus that are derived from that report, opinion or statement? Why or why not?

(b) If foreign experts are required to file a non-issuers' submission to the jurisdiction and appointment of an agent for service form, do you anticipate that this obligation will impose any significant practical or financial burden on these experts or issuers? If so, please explain why. Would your response change if the form requirement for foreign experts only concerned either submission to the jurisdiction or an appointment of an agent for service?

Please provide your comments in writing by **October 14, 2011**. Regardless of whether you are sending your comments by email, you should also send or attach your submissions in an electronic file in Microsoft Word, Windows format.

Address your submissions to the following Canadian securities regulatory authorities:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
New Brunswick Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

Deliver your comments **only** to the address that follows. Your comments will be distributed to the other participating CSA member jurisdictions.

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Please note that comments received will be made publicly available and posted at **www.albertasecurities.com** and the websites of certain other securities regulatory authorities. We cannot keep submissions confidential because securities legislation in certain provinces requires that a summary of the written comments received during the comment period be published.

Questions

A. Questions relating to Investment Funds

Certain Proposed Amendments apply only to investment funds. These amendments are found in Form 41-101F2 *Information Required in an Investment Fund Prospectus* and NI 81-101 including Form 81-101F2 *Contents of Annual Information Form*. Also, the key Proposed Amendments applicable to investment funds are described above under Part II of the **Summary of Key Proposed Amendments**. If your questions relate to these Proposed Amendments, please refer your questions to any of:

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B. All Other Questions relating to the Proposed Amendments

Certain Proposed Amendments apply to issuers other than investment funds. These amendments are found in NI 41-101 including Form 41-101F1 *Information Required in a Prospectus*, NI 44-101 including Form 44-101F1 *Short Form Prospectus*, NI 44-102 and the Consequential Amendments to NI 52-107, NI 51-102 and NI 13-101. Also, the key Proposed Amendments applicable to such issuers are described above under Part I of the **Summary of Key Proposed Amendments**. If your questions relate to these Proposed Amendments, please refer your questions to any of:

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Schedule A-1

Proposed Amendments to
National Instrument 41-101 *General Prospectus Requirements*

1. National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.

2. Section 1.1 is amended by

(a) in the definition of **"**executive officer***",***

(i) adding **"**or an investment fund manager,***" after*** **"**means, for an issuer***",***

(ii) inserting **"**(a.1) a chief executive officer or chief financial officer***" after*** **"**(a) a chair, vice-chair or president,***", and***

(iii) in paragraph (c), adding **"**or investment fund manager***" after*** **"**issuer***".***

(b) after the definition of **"**over-allotment option***", adding the following definition:***

""personal information form" means in respect of an individual,

(a) a completed Schedule 1 of Appendix A, or

(b) A TSX/TSXV personal information form submitted by an individual to the Toronto Stock Exchange or to the TSX Venture Exchange to which is attached a completed certificate and consent in the form set out in Schedule 1 – Part B of Appendix A, if the personal information in the form continues to be correct at the time that the certificate and consent is executed by the individual;***", and***

(c) after the definition of **"**transition year***", adding the following definition:***

""TSX/TSXV personal information form" means a completed personal information form of an individual in compliance with the requirements of Form 4 for the Toronto Stock Exchange or Form 2A for the TSX Venture Exchange, as applicable, each as amended from time to time;***".***

3. Subsection 2.3(1) is amended by

(a) replacing **"**a final prospectus***" with*** **"**an amendment to a preliminary prospectus***", and***

(b) ***deleting "***that relates to the final prospectus***".***

4. ***Section 2.3 is amended by adding the following subsections after subsection 2.3(1):***

"(1.1) An issuer must not file a final prospectus more than 90 days after the date of the receipt for the preliminary prospectus or an amendment to the preliminary prospectus which relate to the final prospectus.

(1.2) If an issuer files an amendment pursuant to subsection (1), the total period of time permitted to file the final prospectus under subsection (1.1) must not exceed 180 days from the date of the receipt of the preliminary prospectus.***".***

5. ***Part 5 is amended by adding the following section after section 5.10:***

"**Certificate of principal distributor**

5.10.1(1) If the issuer is an investment fund that has a principal distributor, a prospectus must contain a certificate, in the applicable issuer certificate form, signed by the principal distributor.

(2) If the principal distributor is a company, the certificate must be signed by any officer or director of the principal distributor duly authorized to sign.***"***

6. ***Section 9.1 is amended by renumbering it as subsection 9.1(1).***

7. ***Subparagraph 9.1(1)(b)(ii) is amended by***

(a) ***replacing "***Appendix A***" with "***personal information form***", and***

(b) ***replacing "***for;***" with "***for***".***

8. ***Clause 9.1(1)(b)(ii)(D) is amended by replacing "***for whom the issuer has not previously filed or delivered,***" with "***; and***".***

9. ***Clause 9.1(1)(b)(ii)(E) is deleted.***

10. ***Clause 9.1(1)(b)(ii)(F) is deleted.***

11. ***Clause 9.1(1)(b)(ii)(G) is deleted.***

12. ***Section 9.1 is amended by adding the following subsection after subsection (1):***

"(2) Despite subparagraph 9.1(1)(b)(ii), an issuer is not required to file a personal information form for an individual if all of the following are satisfied:

(a) a personal information form of the individual has been executed by the individual within three years preceding the date of the filing of the preliminary or pro forma long form prospectus;

(b) the personal information form was delivered to the regulator or, in Québec, the securities regulatory authority

(i) by an issuer on behalf of the individual on or after [insert effective date of amendments]; or

(ii) by the issuer on behalf of the individual after March 16, 2008 but before [insert effective date of amendments] in the form set out in Appendix A to NI 41-101 in effect during this period;

(c) the information concerning the individual contained in the responses to

(i) questions 6 through 10 of the personal information form referenced in subparagraph (b)(i) remains correct as at the date of the certificate referred to in paragraph (d); or

(ii) questions 4(B) or (C) and questions 6 through 9 of the personal information form referenced in subparagraph (b)(ii) remains correct as at the date of the certificate referred to in paragraph (d);

(d) the issuer delivers to the regulator or, in Québec, the securities regulatory authority, concurrently with the filing of the preliminary or pro forma long form prospectus, a certificate of the issuer in the form set out in Schedule 4 of Appendix A stating that the individual has provided the issuer with confirmation in respect of the requirement contained in paragraph (c);

(e) the certificate referenced in paragraph (d) is dated no earlier than 30 days before the filing of the preliminary or pro forma long form prospectus.***".***

13. Subparagraph 9.2(a)(vii) is amended by

(a) deleting "and***" in clause (A),***

(b) adding the following clause after clause (A)

"(A.1) each director of the issuer, and***", and***

(c) replacing "each person or company required to sign a certificate under Part 5***" in clause (B) with "***any other person or company that provides or signs a certificate under Part 5***".***

14. Subparagraph 9.2(a)(xii) is amended by

(a) after "Undertaking to File***", replacing "***Documents and Material Contracts***" with "***Agreements, Contracts and Material Contracts***",***

(b) replacing "a document referred to in subparagraph (ii), (iii) or (iv)***" with "***an agreement, contract or declaration of trust under subparagraph (ii) or (iv) or a material contract under subparagraph (iii)***",***

(c) deleting "or become effective***" wherever it appears,***

(d) replacing "to file the document***" with "***to file the agreement, contract, declaration of trust or material contract***", and***

(e) replacing "within seven days after the completion of the distribution; and***" with "***no later than seven days after execution of the agreement, contract, declaration of trust or material contract;***".***

15. Paragraph 9.2(a) is amended by adding the following subparagraph after subparagraph 9.2(a)(xii):

"(xii.1) **Undertaking to File Unexecuted Documents –** if a document referred to in subparagraph (ii) will not be executed in order to become effective and has not become effective before the filing of the final long form prospectus, but will become effective on or before the completion of the distribution, the issuer must file with the securities regulatory authority, no later than the time of filing of the final long form prospectus, an undertaking of the issuer to the securities regulatory authority to file the document promptly and in any event no later than seven days after the document becomes effective; and***"***

16. Subsection 10.1(1) is amended by

(a) replacing "An issuer***" with "***Subject to subsection (1.1), an issuer***".***

(b) adding a period at the end of paragraph (c), and

(c) deleting the following:

"if that person or company is named in a prospectus or an amendment to a prospectus, directly or, if applicable, in a document incorporated by reference,

(d) as having prepared or certified any part of the prospectus or the amendment,

(e) as having opined on financial statements from which selected information included in the prospectus has been derived and which audit opinion is referred to in the prospectus directly or in a document incorporated by reference, or

(f) as having prepared or certified a report, valuation, statement or opinion referred to in the prospectus or the amendment, directly or in a document incorporated by reference.***"***

17. Section 10.1 is amended by adding the following subsection after subsection (1):

"(1.1) Subsection (1) only applies if the person or company is named in a prospectus or an amendment to a prospectus, directly or, if applicable, in a document incorporated by reference,

(a) as having prepared or certified any part of the prospectus or the amendment,

(b) as having opined on financial statements from which selected information included in the prospectus has been derived and which audit opinion is referred to in the prospectus directly or in a document incorporated by reference, or

(c) as having prepared or certified a report, valuation, statement or opinion referred to in the prospectus or the amendment, directly or in a document incorporated by reference.***".***

18. Section 11.2 is amended by replacing "No***" with "***Except as required under section 11.3, no***".***

19. Paragraph 11.2(b) is amended by adding "on an as-if converted basis***" after "***offering***".***

20. Section 13.3 is amended by

(a) in paragraph (d), adding "fundamental***" before "***investment objective(s)***", and***

(b) adding the following paragraph after paragraph (h):

"(i) whether the security is or will be a qualified investment for a registered retirement savings plan, registered retirement income fund, registered education savings plan or tax free savings account or qualifies or will qualify the holder for special tax treatment.***".***

21. Section 14.5 is amended by

(a) in subsection 14.5(1), replacing "agreements between the investment fund and the custodian or the custodian and the sub-custodian***" with "***custodian agreements and sub-custodian agreements***",***

(b) in subparagraph 14.5(1)(g), striking out "," after "sub-custodian***", and***

(c) in subsection 14.5(3), replacing "An agreement between an investment fund and a custodian or a custodian and a sub-custodian respecting the portfolio assets***" with "***A custodian agreement or sub-custodian agreement concerning the portfolio assets of an investment fund***".***

22. Paragraph 19.3(2)(a) is amended by adding "pro forma or***" after "***the filing of the***" wherever it occurs.***

23. Appendix A is amended by repealing the following:

"PERSONAL INFORMATION FORM AND AUTHORIZATION OF INDIRECT COLLECTION, USE AND DISCLOSURE OF PERSONAL INFORMATION

In connection with an issuer's (the **"**Issuer**"**) filing of a prospectus, the attached Schedule 1 contains information (the **"**Information**"**) concerning every individual for whom the Issuer is required to provide the Information under Part 9 of this Instrument or Part 4 of NI 44-101. The Issuer is required by provincial and territorial securities legislation to deliver the Information to the regulators listed in Schedule 3.

The Issuer confirms that each individual who has completed a Schedule 1:

(a) has been notified by the Issuer

(i) of the Issuer's delivery to the regulator of the Information in Schedule 1 pertaining to that individual,

(ii) that the Information is being collected indirectly by the regulator under the authority granted to it by provincial and territorial securities legislation or provincial legislation relating to documents held by public bodies and the protection of personal information,

(iii) that the Information collected from each director and executive officer of the investment fund manager may be used in connection with the prospectus filing of the Issuer and the prospectus filing of any other issuer managed by the investment fund manager,

(iv) that the Information is being collected and used for the purpose of enabling the regulator to administer and enforce provincial and territorial securities legislation, including those obligations that require or permit the regulator to refuse to issue a receipt for a prospectus if it appears to the regulator that the past conduct of management, an investment fund manager or promoter of the Issuer affords reasonable grounds for belief that the business of the Issuer will not be conducted with integrity and in the best interests of its securityholders, and

(v) of the contact, business address and business telephone number of the regulator in the local jurisdiction as set out in the attached Schedule 3, who can answer questions about the regulator's indirect collection of the Information;

(b) has read and understands the Personal Information Collection Policy attached hereto as Schedule 2; and

(c) has, by signing the certificate and consent in Schedule 1, authorized the indirect collection, use and disclosure of the Information by the regulator as described in Schedule 2.

Date: _____

_____
Name of Issuer

Per:_____

_____
Name

_____
Official Capacity

(Please print the name of the person signing on behalf of the issuer)***".***

24. Schedule 1 of Appendix A is amended by renumbering it as Schedule 1, Part A.

25. Part A of Schedule 1 of Appendix A is amended by

(a) deleting the following from the end of Part A:

"CERTIFICATE AND CONSENT

I, _____ hereby certify that:
(Please Print – Name of Individual)

(a) I have read and understood the questions, cautions, acknowledgement and consent in this Form, and the answers I have given to the questions in this Form and in any attachments to it are true and correct, except where stated to be to the best of my knowledge, in which case I believe the answers to be true;

(b) I have read and understand the Personal Information Collection Policy attached hereto as Schedule 2 (the **"**Personal Information Collection Policy**"**);

(c) I consent to the collection, use and disclosure of the information in this Form and to the collection, use and disclosure of further personal information in accordance with the Personal Information Collection Policy; and

(d) I understand that I am providing this Form to a regulator listed in Schedule 3 attached hereto and I am under the jurisdiction of the regulator to which I submit this Form, and it is a breach of securities legislation to provide false or misleading information to the regulator.

Date [within 30 days of the date of the preliminary prospectus]

Signature of Person Completing this Form*", and*

(b) by replacing in the paragraph preceding the General Instructions of Part A of Schedule 1 of Appendix A

". Where an individual has submitted a personal information form (an **"**Exchange Form**"**) to the Toronto Stock Exchange or the TSX Venture Exchange and the information has not changed, the Exchange Form may be delivered in lieu of this Form; provided that the certificate and consent of this Form is completed and attached to the Exchange Form.***"***

with "or Part 2 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*.***".***

26. Part A of Schedule 1 of Appendix A, General Instructions, is amended by

(a) in "All Questions"

(i) adding "will not be accepted***" after "***"Not Applicable"***", and***

(ii) replacing "2B(iii) and 5 will not be accepted***" with the following:***

"2(iii) and (v) and 5.

For the purposes of answering the questions in this Form, the term ***"issuer"*** includes an **investment fund manager**.***",***

(b) in the title Questions 6 to 9, replacing "9***" with "***10 ***", and***

(c) in Questions 6 to 10,

(i) replacing "check***" with "***place a checkmark***", and***

(ii) replacing "questions 6 to 9***" with "***questions 6 to 10***".***

27. Part A of Schedule 1 of Appendix A, Definitions, is amended by

(a) in paragraph (b) of the definition of "Offence***", adding "***Canadian or foreign***" before "***jurisdiction***",***

(b) in paragraph (d)of the definition of "Offence***", adding "***other***" before "***foreign***",***

(c) in the NOTE to the definition of "Offence***",***

(i) replacing "and it has not been revoked***" with "***for an Offence that relates to fraud (including any type of fraudulent activity), misappropriation of money or other property, theft, forgery, falsification of books or documents or similar Offences,***", and***

(ii) replacing "offence***" with "***Offence***",***

(d) in paragraph (a) of the definition of "Proceedings***", adding "***which is currently***" after "***inquiry***",***

(e) in paragraph (d) of the definition of "Proceedings***"***

(i) replacing "self-regulatory organization***" wherever it occurs with "***self-regulatory entity***",***

(ii) replacing "and their representatives***" with "***(including where applicable, issuers listed on a stock exchange) and individuals associated with those members and issuers***",***

(iii) replacing "by-laws or rules***" with "***by-laws, rules or policies***", and***

(iv) replacing "for a hearing***" with "***to be heard***",***

(f) in the definition of "securities regulatory authority or (SRA)***"***

(i) deleting the brackets surrounding "(SRA)***",***

(ii) replacing "in any jurisdiction or in any foreign jurisdiction***" with "***in any Canadian or foreign jurisdiction***", and***

(iii) replacing "or professional organization***" with "***entity***",***

(g) ***in the definition of*** **"**securities regulatory or professional organization***", replacing*** **"**or professional organization***" with "***"entity" or "SRE"***",***

(h) ***in paragraph (a) of the definition of*** **"**securities regulatory entity or "SRE"***", adding*** **"**derivatives,***" after*** **"**stock,***",***

(i) ***in paragraph (e) of the definition of*** **"**securities regulatory entity or **"**SRE***",***

(i) ***replacing*** **"**self-regulatory entity***" with*** **"**self-regulatory organization***",***

(ii) ***adding*** **"**policies,***" after*** **"**rules,***", and***

(iii) ***replacing*** **"**a self-regulatory or professional organization***" with*** **"**an SRE***".***

28. ***Section 1.A. of Part A of Schedule 1 of Appendix A is amended by replacing*** **"**MIDDLE NAME(S) (If none, please state)***" with*** **"**FULL MIDDLE NAME(S) (No initials. If none, please state)***".***

29. ***Section 1.E. of Part A of Schedule 1of Appendix A is amended by***

(a) ***adding an asterisk immediately after*** **"**E-MAIL***", and***

(b) ***adding "****Please provide an email address that the regulator may use to contact you regarding this PIF. This email address may be used to exchange personal information relating to you.***" below the last information field.***

30. ***Section 1.F. of Part A of Schedule 1 of Appendix A is amended by replacing*** **"**correctly identify***" with*** **"**recall***".***

31. ***Section 2.A. of Part A of Schedule 1 of Appendix A is amended by***

(a) ***deleting the title*** **"**A. CANADIAN CITIZENSHIP***",***

(b) ***in subparagraph(i), replacing*** **"**Citizen***" with*** **"**citizen***", and***

(c) ***after subparagraph (iii), adding the following:***

"(iv) Do you hold citizenship in any country other than Canada?

(v) If **"**Yes**"** to Question 2(iv), the name of the country(ies):***".***

32. ***Section 2.B . of Part A of Schedule 1 of Appendix A is repealed.***

33. The introduction of section 3 of Part A of Schedule 1 of Appendix A is amended by

(a) adding "complete***" before "***employment history***",***

(b) replacing "10***" with "***5***", and***

(c) after the last sentence, adding "If you were unemployed during this period of time, please state this and identify the period of unemployment.***".***

34. Section 4 of Part A of Schedule 1 of Appendix A is amended by replacing

"4. POSITIONS WITH OTHER ISSUERS

		YES	NO
A.	While you were a director, officer or insider of an issuer, did any exchange or self-regulatory organization ever refuse approval for listing or quotation of that issuer (including a listing resulting from a qualifying transaction, reverse takeover, backdoor listing or change of business)? If yes, attach full particulars.		
B.	Has your employment in a sales, investment or advisory capacity with any firm or company engaged in the sale of real estate, insurance or mutual funds ever been terminated for cause?		
C.	Has a firm or company registered under the securities laws of any jurisdiction or of any foreign jurisdiction as a securities dealer, broker, investment advisor or underwriter, suspended or terminated your employment for cause?		
D.	Are you or have you during the last 10 years ever been a director, officer, promoter, insider or control person for any reporting issuer?		

E. If "YES" to 4D above, provide the names of each reporting issuer. State the position(s) held and the period(s) during which you held the position(s). Use an attachment if

NAME OF REPORTING ISSUER	POSITION(S) HELD	MARKET TRADED ON	FROM		TO	
			MM	YY	MM	YY"

with the following:

"4. INVOLVEMENT WITH ISSUERS

		YES	NO
A.	Are you or have you during the last 10 years ever been a director, officer, promoter, insider or control person for any reporting issuer?		

B. **If "YES" to 4A above, provide the names of each reporting issuer. State the position(s) held and the period(s) during which you held the position(s). Use an attachment if necessary.**

NAME OF REPORTING	POSITION(S)	MARKET TRADED ON	FROM		TO	
			MM	YY	MM	YY

C.	While you were a director, officer or insider of an issuer, did any exchange or other self-regulatory entity ever refuse approval for listing or quotation of the issuer, including (i) a listing resulting from a business combination, reverse take-over or similar transaction involving the issuer that is regulated by an SRE or SRA, (ii) a backdoor listing or qualifying acquisition involving the issuer (as those terms are defined in the TSX Company Manual as amended) or (iii) a Qualifying Transaction, Reverse Take Over or Change of Business involving the issuer (as those terms are defined in the TSX Venture Corporate Finance Manual as amended)? If yes, attach full particulars.**".**		

35. Section 5.A. of Part A of Schedule 1 of Appendix A is amended by replacing

"A. **PROFESSIONAL DESIGNATION(S) – Provide any professional designation held and professional associations to which you belong. For example, Barrister & Solicitor, C.A., C.M.A., C.G.A., P.Eng., P.Geol., and CFA, etc. and indicate which organization and the date the designations were granted.**

PROFESSIONAL DESIGNATION And MEMBERSHIP NUMBER	GRANTOR OF DESIGNATION And JURISDICTION OR FOREIGN JURISDICTION	DATE GRANTED	ACTIVE?

		MM	DD	YY	YES	NO ”

with the following:

“A.

PROFESSIONAL DESIGNATION(S) – Identify any professional designation held and professional associations to which you belong, for example, Barrister & Solicitor, C.A., C.M.A., C.G.A., P.Eng., P.Geol., CFA, etc. and indicate which organization and the date the designations were granted.			
PROFESSIONAL DESIGNATION And MEMBERSHIP NUMBER	**GRANTOR OF DESIGNATION And CANADIAN OR FOREIGN JURISDICTION**	**DATE GRANTED**	
		MM	**YY**

Describe the current status of any designation and/or association (e.g. active, retired, non-practicing, suspended)”.

36. Section 6 of Part A of Schedule 1 of Appendix A is amended by replacing

***"*6. OFFENCES –** If you answer **"**YES**"** to any item in Question 6, you must provide complete details in an attachment.

		YES	NO
A.	Have you ever pleaded guilty to or been found guilty of an offence?		
B.	Are you the subject of any current charge, indictment or proceeding for an offence?		
C.	To the best of your knowledge, are you or have you **ever** been a director, officer, promoter, insider, or control person of an issuer, in any jurisdiction or in any foreign jurisdiction, at the time of events, where the issuer:		
	(i) has ever pleaded guilty to or been found guilty of an offence?		
	(ii) is the subject of any current charge, indictment or proceeding for an offence?**"**		

with the following:

***"*6. OFFENCES –** If you answer **"**YES**"** to any item in Question 6, you must provide complete details in an attachment. **If you have received a pardon under the Criminal Records Act (Canada) for an Offence that relates to fraud (including any type of fraudulent activity), misappropriation of money or other property, theft, forgery, falsification of books or documents or similar Offences, you must disclose the pardoned Offence in this Form.**

		YES	NO
A.	Have you ever, in any Canadian or foreign jurisdiction, pled guilty to or been found guilty of an Offence?		
B.	Are you the subject of any current charge, indictment or proceeding for an Offence, in any Canadian or foreign jurisdiction?		
C.	To the best of your knowledge, are you currently or have you **ever** been a director, officer, promoter, insider or control person of an issuer, in any Canadian or foreign jurisdiction, at the time of events, where the issuer:		
	(i) pled guilty to or was found guilty of an Offence?		
	(ii) is now the subject of any charge, indictment or proceeding for an Offence?**".**		

37. The introduction of section 7 of Part A of Schedule 1 of Appendix A is amended by adding "You must answer **"**YES**"** or **"**NO**"** for EACH of (A), (B) and (C) below.***" after the last sentence.***

38. Section 7.A. of Part A of Schedule 1 of Appendix A is amended by replacing "jurisdiction or in any foreign jurisdiction***" with "***Canadian or foreign jurisdiction***".***

39. Section 7.C. of Part A of Schedule 1 of Appendix A is amended by

(a) adding "currently***" after "***are you***", and***

(b) replacing "jurisdiction or in any foreign jurisdiction***" with "***Canadian or foreign jurisdiction***".***

40. Section 8.A. of Part A of Schedule 1 of Appendix A is amended by replacing

		YES	NO
"A.	**CURRENT PROCEEDINGS BY SECURITIES REGULATORY AUTHORITY OR SELF REGULATORY OR PROFESSIONAL ORGANIZATION. Are you now, in any jurisdiction or in any foreign jurisdiction, the subject of:**		
(i)	a notice of hearing or similar notice issued by a SRA?		
(ii)	a proceeding or to your knowledge, under investigation, by an exchange or other self regulatory or professional organization?		
(iii)	settlement discussions or negotiations for settlement of any nature or kind whatsoever with a SRA or any self regulatory or professional organization?**"**		

with the following:

		YES	NO
"A.	**CURRENT PROCEEDINGS BY SECURITIES REGULATORY AUTHORITY OR SELF REGULATORY ENTITY. Are you now, in any Canadian or foreign jurisdiction, the subject of:**		
(i)	a notice of hearing or similar notice issued by an SRA or SRE?		
(ii)	a proceeding or to your knowledge, under investigation, by an SRA or SRE?		
(iii)	settlement discussions or negotiations for settlement of any nature or kind whatsoever with an SRA or SRE?***".***		

41. Section 8.B. of Part A of Schedule 1 of Appendix A is amended by replacing

		YES	NO
"B.	**PRIOR PROCEEDINGS BY SECURITIES REGULATORY AUTHORITY OR SELF REGULATORY OR PROFESSIONAL**		
(i)	been reprimanded, suspended, fined, been the subject of an administrative penalty, or otherwise been the subject of any disciplinary proceedings of any kind whatsoever, in any jurisdiction or in any foreign jurisdiction, by a SRA or self regulatory or professional organization?		
(ii)	had a registration or licence for the trading of securities, exchange or commodity futures contracts, real estate, insurance or mutual fund products cancelled, refused, restricted or suspended?		
(iii)	been prohibited or disqualified under securities, corporate or any other legislation from acting as a director or officer of a reporting issuer?		
(iv)	had a cease trading or similar order issued against you or an order issued against you that denied you the right to use any statutory prospectus or registration exemption?		
(v)	had any other proceeding of any nature or kind taken against you?**"**		

with the following:

		YES	NO
"B.	**PRIOR PROCEEDINGS BY SECURITIES REGULATORY AUTHORITY OR SELF REGULATORY ENTITY. Have you <u>ever</u>:**		
(i)	been reprimanded, suspended, fined, been the subject of an administrative penalty, or been the subject of any proceedings of any kind whatsoever, in any Canadian or foreign jurisdiction, by an SRA or SRE?		
(ii)	had a registration or licence for the trading of securities, exchange or commodity futures contracts, real estate, insurance or mutual fund products cancelled, refused, restricted or suspended, by an SRA or SRE?		
(iii)	been prohibited or disqualified by an SRA or SRE under securities, corporate or any other legislation from acting as a director or officer of a reporting issuer or been prohibited or restricted by an SRA or SRE from acting as a director, officer or employee of, or an agent or consultant to, a reporting issuer?		
(iv)	had a cease trading or similar order issued against you or an order issued against you by an SRA or SRE that denied you the right to use any statutory prospectus or registration exemption?		
(v)	had any other proceeding of any nature or kind taken against you by an SRA or SRE?**".**		

42. Section 8.C. of Part A of Schedule 1 of Appendix A is amended by

(a) replacing "a***" with "***an***" before "***SRA***",***

(b) replacing "self regulatory or professional organization***" with "***SRE***" wherever it appears,***

(c) replacing "any jurisdiction or in any foreign jurisdiction***" with "***any Canadian or foreign jurisdiction***",***

(d) replacing "a jurisdiction or in a foreign jurisdiction***" with "***a Canadian or foreign jurisdiction***", and***

(e) adding ", by-laws or policies***" after "***rules***".***

43. Section 8.D. of Part A of Schedule 1 of Appendix A is amended by

(a) replacing "any jurisdiction or in any foreign jurisdiction***" with "***any Canadian or foreign jurisdiction***", and***

(b) replacing "self regulatory or professional organization***" with "***self regulatory entity***".***

44. Subparagraph 8.D.(v) of Part A of Schedule 1 of Appendix A is amended by replacing

"(v) taken any other proceeding of any nature or kind against the issuer, including a trading halt, suspension or delisting of the issuer (other than in the normal course for proper dissemination of information, pursuant to a reverse takeover, backdoor listing or similar transaction)?***"***

with the following:

"(v) commenced any other proceeding of any nature or kind against the issuer, including a trading halt, suspension or delisting of the issuer, in connection with an alleged or actual contravention of an SRA's or SRE's rules, regulations, policies or other requirements, but excluding halts imposed (i) in the normal course for proper dissemination of information, or (ii) pursuant to a business combination, reverse take-over or similar transaction involving the issuer that is regulated by an SRE or SRA, including a Qualifying Transaction, Reverse Takeover or Change of Business involving the issuer (as those terms are defined in the TSX Venture Corporate Finance Manual as amended)?***".***

45. Subparagraph 8.D.(vi) of Part A of Schedule 1 of Appendix A is amended by

(a) deleting "involved in***", and***

(b) ***replacing "***in a jurisdiction or in a foreign jurisdiction or a self regulatory or professional organization's rules***" with "***or the rules, by-laws or policies of an SRE***".***

46. ***Section 9.A. of Part A of Schedule 1 of Appendix A is amended by replacing "***any jurisdiction or in any foreign jurisdiction***" with "***any Canadian or foreign jurisdiction***".***

47. ***Subparagraph 9.A.(i) of Part A of Schedule 1 of Appendix A is amended by adding a comma after "***changes***".***

48. ***Subparagraph 9.A.(ii) of Part A of Schedule 1 of Appendix A is amended by***

(a) ***replacing "***for***" with "***of***" after "***an issuer***",***

(b) ***deleting the comma after "***control person***", and***

(c) ***adding a comma after "***changes***".***

49. ***Subparagraph 9.B.(i) of Part A of Schedule 1 of Appendix A is amended by***

(a) ***replacing "***any jurisdiction or in any foreign jurisdiction***" with "***any Canadian or foreign jurisdiction***",***

(b) ***replacing "***of***" with "***to***" after "***jurisdiction,***", and***

(c) ***adding a comma after "***changes***".***

50. ***Subparagraph 9.B.(ii) of Part A of Schedule 1 of Appendix A is amended by***

(a) ***adding "***that is***" after "***an issuer***",***

(b) ***replacing "***any jurisdiction or in any foreign jurisdiction***" with "***any Canadian or foreign jurisdiction***",***

(c) ***replacing "***of***" with "***to***" after "***jurisdiction,***", and***

(d) ***adding a comma after "***changes***".***

51. ***Subparagraph 9.C.(i) of Part A of Schedule 1 of Appendix A is amended by***

(a) ***replacing "***any jurisdiction or in any foreign jurisdiction***" with "***any Canadian or foreign jurisdiction***", and***

(b) ***adding a comma after "***changes***".***

52. ***Subparagraph 9.C.(ii) of Part A of Schedule 1 of Appendix A is amended by***

(a) ***replacing "***any jurisdiction or in any foreign jurisdiction***" with "***any Canadian or foreign jurisdiction***", and***

(b) ***adding a comma after "***changes***".***

53. Part A of Schedule 1 of Appendix A is amended by adding the following after section 9:

"10. INVOLVEMENT WITH OTHER ENTITIES

		YES	NO
A.	Has your employment in a sales, investment or advisory capacity with any employer engaged in the sale of real estate, insurance or mutual funds ever been suspended or terminated for cause? If yes, attach full particulars.		
B.	Has your employment with a firm or company registered under the securities laws of any Canadian or foreign jurisdiction as a securities dealer, broker, investment advisor or underwriter, ever been suspended or terminated for cause? If yes, attach full particulars.		
C.	Has your employment as an officer of an issuer ever been suspended or terminated for cause? If yes, attach full particulars.***".***		

54. Schedule 1 of Appendix A is amended by adding the following part after Part A of Schedule 1 of Appendix A:

"Schedule 1
Part B

CERTIFICATE AND CONSENT

I, _____ hereby certify that:
(Please Print – Name of Individual)

(a) I have read and understood the questions, cautions, acknowledgement and consent in the personal information form to which this certificate and consent is attached or of which this certificate and consent forms part (the **"Form"**), and the answers I have given to the questions in the Form and in any attachments to it are correct, except where stated to be to the best of my knowledge, in which case I believe the answers to be correct;

(b) I have been provided with and have read and understand the Personal Information Collection Policy (the **"Personal Information Collection Policy"**) in Schedule 2 of Appendix A to National Instrument 41-101 *General Prospectus Requirements* (**"NI 41-101"**);

(c) I consent to the collection, use and disclosure by a regulator or a securities regulatory authority listed in Schedule 3 of Appendix A to NI 41-101 (collectively the **"regulators"**) of the information in the Form and to the collection, use and disclosure by the regulators of further personal information in accordance with the Personal Information Collection Policy including the collection, use and disclosure by the regulators of the information in the Form in respect of the prospectus filings of the Issuer and the prospectus filings of any other issuer in a situation where I am or will be:

(i) a director, executive officer or promoter of such issuer,
(ii) a director or executive officer of a promoter of such issuer, if the promoter is not an individual, or
(iii) where the issuer is an investment fund, a director or executive officer of the investment fund manager; and

(d) I understand that I am providing the Form to the regulators and I am under the jurisdiction of the regulators to which I submit the Form, and it is a breach of securities legislation to provide false or misleading information to the regulators, whenever the Form is provided in respect of the prospectus filings of the Issuer or the prospectus filings of any other issuer of which I am or will be a director, executive officer or promoter.

Date [within 30 days of the date of the preliminary prospectus]

Signature of Person Completing this Form".

55. The first paragraph of Schedule 2 of Appendix A is amended by

(a) adding "and securities regulatory authorities (the **"regulators"**)***" after "***The regulators***",***

(b) replacing "Regulators***" with "***of Appendix A to National Instrument 41-101 *General Prospectus Requirements* (**"NI 41-101"**)***",***

(c) ***replacing*** **"**personal information in Schedule 1 **Personal Information Form*****" with*** **"**personal information in the personal information form as this term is defined in NI 41-101 (the ***"Personal Information Form"***)***", and***

(d) ***replacing*** **"**information provided in Schedule 1***" with*** **"**information provided in the Personal Information Form***".***

56. The second paragraph of Schedule 2 of Appendix A is amended by replacing **"**Schedule 1***" with*** **"**the Personal Information Form***".***

57. The third paragraph of Schedule 2 of Appendix A is amended by

(a) ***replacing*** **"**Schedule 1***" with*** **"**the Personal Information Form***" wherever it occurs, and***

(b) ***at the end of the paragraph, adding the following:***

"Your consent would also extend to the collection, use and disclosure of the Information as described above in respect of other prospectus filings of the Issuer and the prospectus filings of any other issuer in a situation where you are or will be:

(a) a director, executive officer or promoter of such issuer,
(b) a director or executive officer of a promoter of such issuer, if the promoter is not an individual, or
(c) where the issuer is an investment fund, a director or executive officer of the investment fund manager.***".***

58. The title of Schedule 3 of Appendix A is amended by adding **"**and Securities Regulatory Authorities***" after*** **"**Regulators***".***

59. Schedule 3 of Appendix A is amended to replace the contact information of the Alberta Securities Commission with the following:

"Securities Review Officer
Alberta Securities Commission
Suite 600
250 – 5th Street S.W.
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
E-mail: inquiries@seccom.ab.ca
www.albertasecurities.com***".***

60. Appendix A is amended by adding the following schedule after Schedule 3:

"Schedule 4

PREVIOUSLY FILED PERSONAL INFORMATION FORMS

CERTIFICATE

In connection with the issuer's (the **"Issuer"**) filing of a prospectus, the personal information forms of the individuals named in the table below (the **"Individuals"**) were previously delivered to one or more regulators or securities regulatory authority listed in Schedule 3 (the **"Regulators"**) of Appendix **"**A**"** to NI 41-101 (the **"Personal Information Forms"**). The Personal Information Forms contain information concerning the Individuals for whom an issuer was previously required to provide the information under Part 9 of NI 41-101, Part 4 of NI 44-101 or Part 2 of NI 81-101.

The Issuer confirms that

(a) a true copy of the Personal Information Form of each of the Individuals

(i) is attached to this certificate, as noted in the table below, or

(ii) was filed under the issuer name and associated SEDAR project number referenced in the table below*;

Name of Individual	**Issuer Name and Associated SEDAR project number (if known)**	**Personal Information Form (check the box if attached)**

(b) each of the Individuals has advised the Issuer that the individual's responses to the following questions in his/her Personal Information Form remain correct as at the date noted below:

(i) questions 4(B) and (C) and questions 6 through 9 if the Personal Information Form was delivered to the Regulator before [insert effective date of amendments]; and

(ii) all of questions 6 through 10 if the Personal Information Form was delivered to the Regulator after [insert effective date of amendments]; and

(c) each Individual has advised the Issuer of the Individual's understanding that his or her statement as to the correctness of the above-noted responses in the Individual's Personal Information Form under paragraph (b) is provided to a Regulator listed in Schedule 3 of Appendix **"**A**"** to NI 41-101 and that it is a breach of securities legislation to provide false or misleading information to such Regulator.

Date: _____ [*within 30 days of the date of the preliminary prospectus*]

_____

Name of Issuer

Per:_____

_____

Name

_____

Official Capacity

(Please print the name of the person signing on behalf of the issuer)

* If the Personal Information Form for an Individual was not previously filed with the principal regulator of the Issuer (as the term **"**principal regulator**"** is defined in National Instrument 11-102 *Passport System*), the Issuer must attach a true copy of the Personal Information Form to this Certificate in accordance with subparagraph (a)(i) above, and may not rely on the option available under subparagraph (a)(ii) above. If such form was not previously filed with a non-principal regulator and the Issuer wishes to file its prospectus with the non-principal regulator, the non-principal regulator may request a copy of the Personal Information Form as contemplated in subparagraph (a)(i) above.***"***.**

61. Appendix C is amended by replacing "The undersigned accepts the appointment as agent for service of process of [insert name of Issuer]***" with "***The undersigned accepts the appointment as agent for service of process of [insert name of Filing Person]***".***

62. ***Subsection 1.4(2) of Form 41-101F1*** **Information Required in a Prospectus** ***is amended by replacing***

"(a) disclose that a purchaser who acquires securities forming part of the underwriters' over-allocation position acquires those securities under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases, and

(b) describe the terms of any over-allotment option or an option to increase the size of the distribution before closing.***"***

with the following:

"(a) describe the terms of the option, and

(b) provide the following disclosure:

"A purchaser who acquires [*insert type of securities qualified for distribution under the prospectus*] forming part of the underwriters' over-allocation position acquires those securities under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases."***"***

63. ***Subsection 1.4(3) of Form 41-101F1 is amended by replacing ",*** provide totals for both the minimum and maximum offering amount, if applicable.***" with "***and a minimum offering amount

(a) is required for the issuer to achieve one or more of the purposes of the offering, provide totals for both the minimum and maximum offering amount, or

(b) is not required for the issuer to achieve any of the purposes of the offering, state the following in boldface type:

"**There is no minimum amount of funds that must be raised under this offering. This means that the issuer could complete this offering after raising only a small proportion of the offering amount set out above**."***"***.

64. *Subsection 1.9(1) of Form 41-101F1 is amended by adding* ***"***or series***"*** *after* ***"***class***"***.

65. ***Section 1.12 of Form 41-101F1 is amended by***

(a) ***replacing "*****International issuers*****" with "*****Enforcement of judgments against foreign persons or companies*****",***

(b) ***adding "***a director of the issuer,***" after "***If the issuer,***",***

(c) ***adding "***other***" before "***person***",***

(d) ***by replacing "***required to provide***" with "***that is signing or providing***", and***

(e) ***replacing "***The [issuer, selling securityholder, or person or company providing a certificate***" with "***The [issuer, director of the issuer, selling securityholder, or any other person or company signing or providing a certificate***".***

66. ***Section 5.4 of Form 41-101F1 is amended by adding "***For the purposes of this section, the alternative disclosure permitted in Instruction (ii) to section 5.4 of Form 51-102F2 does not apply.***" after "***Form 51-102F2.***".***

67. ***Subsection 6.3(2) of Form 41-101F1 is amended by***

(a) ***replacing "***subscription***" with "***offering amount***", and***

(b) ***replacing "***subscriptions***" with "***offering amounts***".***

68. ***Section 6.3 of Form 41-101F1 is amended by adding the following subsections after subsection (2):***

"**(3)** If all of the following apply, disclose how the proceeds will be used by the issuer, with reference to various potential thresholds of proceeds raised, in the event that the issuer raises less than the maximum offering amount:

(a) the closing of the distribution is not subject to a minimum offering amount;
(b) the distribution of the securities is to be on a best efforts basis; and
(c) the issuer has significant short-term non-discretionary expenditures including those for general corporate purposes, or significant short-term capital or contractual commitments, and may not have other readily accessible resources to satisfy those expenditures or commitments.

(4) If the issuer is required to provide disclosure under subsection (3), the issuer must discuss, in respect of each threshold, the impact (if any) of raising this amount on its liquidity, operations, capital resources and solvency.

INSTRUCTIONS

*If the issuer is required to disclose the use of proceeds at various thresholds under subsections 6.3(3) and (4), include as an example a threshold that reflects the receipt of a small portion of the offering.****".***

69. Section 8.5 of Form 41-101F1 is amended by replacing "32.6(1)***" with "***32.6(2)***".***

70. Section 10.5 of Form 41-101F1 is amended by

(a) replacing "disclose***" with "***provide the following disclosure in the prospectus to indicate***", and***

(b) deleting "and provide the following disclosure in the prospectus, with the bracketed information completed***".***

71. Section 13.1 of Form 41-101F1 is amended by

(a) adding "or series***" after "***each class***",***

(b) adding "or exchangeable***" after "***convertible***", and***

(c) adding "or series***" after "***those classes***".***

72. Subsection 13.2(1) of Form 41-101F1 is amended by

(a) replacing "each class of***" with "***the following***",***

(b) replacing "is traded***" with "***are traded***",***

(c) adding "for the securities***" after "***quotation***", and***

(d) replacing "occurs.***" with the following:***

"occurs;

(a) each class or series of securities of the issuer distributed under the prospectus;

(b) securities of the issuer into which those classes or series of securities are convertible or exchangeable.***".***

73. Subsection 13.2(2) of Form 41-101F1 is amended by

(a) replacing "If a class of***" with "***For the following***",***

(b) replacing "issuer is***" with "***issuer that are***",***

(c) replacing "is traded***" with "***are traded***",***

(d) adding "for the securities***" after "***quotation***", and***

(e) replacing "occurs.***" with the following:***

"occurs;

(a) each class or series of securities of the issuer distributed under the prospectus;

(b) securities of the issuer into which those classes or series of securities are convertible or exchangeable.**".**

74. Item 30 is amended by adding the following section after section 30.2:

***"*Convertible, exchangeable or exercisable securities**

30.3 In the case of an offering of convertible, exchangeable or exercisable securities, provide a statement in the following form:

"In an offering of [state name of convertible, exchangeable or exercisable securities], investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial [or territorial] securities legislation, to the price at which the [state name of convertible, exchangeable or exercisable securities] is offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces [or territories], if the purchaser pays additional amounts upon [conversion, exchange or exercise] of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in such provinces [or territories]. The purchaser should refer to the applicable provisions of the purchaser's province [or territory] for the particulars of this right of action for damages or consult with a legal adviser."**"**

75. Section 32.1 of Form 41-101F1 is amended by

(a) renumbering it subsection 32.1(1),

(b) replacing "The***" with "***Subject to subsection (2), the***", and***

(c) adding the following subsection after subsection (1):

"(2) A reporting issuer is not required to include the financial statements for an acquisition to which paragraph (1)(a) or (b) applies if

(a) the issuer was a reporting issuer in any jurisdiction of Canada

(i) on the date of the acquisition, in the case of a completed acquisition; or

(ii) immediately before the filing of the prospectus, in the case of a proposed acquisition;

(b) the issuer's principal asset is not cash, cash equivalents, or its exchange listing; and

(c) the issuer provides disclosure in respect of the proposed or completed acquisition in accordance with Item 35.***"***.

76. Section 32.4 of Form 41-101F1 is amended by renumbering it subsection 32.4(1) and by adding the following subsection after subsection (1):

"(2) Paragraphs (1)(a), (b) and (d) do not apply to an issuer

(a) whose principal asset is cash, cash equivalents or its exchange listing; or

(b) in respect of financial statements of a reverse takeover acquirer for a completed or proposed transaction by the issuer that was or will be accounted for as a reverse takeover.***"***.

77. Subparagraph 32.5(b)(i) of Form 41-101F1 is amended by deleting "and***" after "***issuer,***".***

78. Paragraph 32.5(b) of Form 41-101F1 is amended by adding the following subparagraph after subparagraph (i):

"(i.1) an auditor has not issued an auditor's report on those financial statements, and***".***

79. Item 32 of Form 41-101F1 is amended by adding the following sections after subsection 32.6(2):

"Pro forma financial statements for an acquisition

32.7(1) Include the pro forma financial statements prescribed in subsection (2) in respect of a completed or proposed acquisition for which financial statement disclosure is required under section 32.1 if

(a) less than nine months of the acquired business operations have been reflected in the issuer's most recent audited financial statements included in the prospectus; and

(b) the inclusion of the pro forma financial statements is necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

(2) For the purposes of subsection (1), include the following:

(a) a pro forma statement of financial position of the issuer, as at the date of the issuer's most recent statement of financial position included in the prospectus, that gives effect, as if it had taken place as at the date of the pro forma statement of financial position, to the acquisition that has been completed, or that will be completed, but is not reflected in the issuer's most recent statement of financial position for an annual or interim period;

(b) a pro forma income statement of the issuer that gives effect to the acquisition completed, or that will be completed, since the beginning of the issuer's most recently completed financial year for which it has included financial statements in its prospectus, as if it had taken place at the beginning of that financial year, for each of the following periods:

(i) the most recently completed financial year for which the issuer has included financial statements in its prospectus; and

(ii) the interim period for which the issuer has included an interim financial report in its prospectus, that started after the after the financial year referred to in subparagraph (i) and ended

(A) in the case of a completed acquisition, immediately before the acquisition date or, in the issuer's discretion, after the acquisition date; and

(B) in the case of a proposed acquisition, immediately before the date of the filing of the prospectus, as if the acquisition had been completed before the filing of the prospectus and the acquisition date were the date of the prospectus; and

(c) pro forma earnings per share based on the pro forma financial statements referred to in paragraph (b).

(3) If an issuer is required to include pro forma financial statements in its prospectus under subsections (1) and (2),

(a) the issuer must identify in the pro forma financial statements each acquisition, if the pro forma financial statements give effect to more than one acquisition,

(b) the issuer must include in the pro forma financial statements

(i) adjustments attributable to the acquisition for which there are firm commitments and for which the complete financial effects are objectively determinable;

(ii) adjustments to conform amounts for the business to the issuer's accounting policies; and

(iii) a description of the underlying assumptions on which the pro forma financial statements are prepared, cross-referenced to each related pro forma adjustment;

(c) if the financial year-end of the business differs from the issuer's year-end by more than 93 days, for the purpose of preparing the pro forma income statement of the issuer's most recently completed financial year, the 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 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 prospectus;

(e) if an issuer is required to prepare a pro forma income statement for an interim period required by paragraph (2)(b), and the pro forma income statement for the most recently completed financial year includes results of the business which are also included in the pro forma income statement for the interim period, the issuer must disclose in a note to the pro forma financial statements the revenue, expenses, and profit or loss from continuing operations included in each pro forma income statement for the overlapping period; and

(f) a constructed period referred to in paragraph (c) does not have to be audited.

Pro forma financial statements for multiple acquisitions

32.8 Despite subsection 32.7(1), an issuer is not required to include in its prospectus the pro forma financial statements otherwise required for each acquisition, if the issuer includes in its prospectus one set of pro forma financial statements that

(a) reflects the results of each acquisition since the beginning of the issuer's most recently completed financial year for which financial statements of the issuer are included in the prospectus, and

(b) is prepared as if each acquisition had occurred at the beginning of the most recently completed financial year of the issuer for which financial statements of the issuer are included in the prospectus.

Exemption from financial statement disclosure for oil & gas acquisitions

32.9(1) The issuer is exempt from sections 32.2, 32.3 and 32.7 that apply to a completed or proposed acquisition by operation of section 32.1 if

(a) the acquisition is an acquisition of a business which is an interest in an oil and gas property;

(b) the acquisition is an acquisition to which section 32.1 applies;

(c) the acquisition is not an acquisition of securities of another issuer, unless the vendor transferred the business referenced in paragraph (1)(a) to such other issuer which

(i) was created for the sole purpose of facilitating the acquisition; and

(ii) other than assets or operations relating to the transferred business, has no

(A) substantial assets; or

(B) operating history;

(d) the issuer is unable to provide the financial statements in respect of the acquisition otherwise required under sections 32.2 and 32.3 because those financial statements do not exist or because the issuer does not have access to those financial statements;

(e) the acquisition does not constitute a reverse takeover;

(f) subject to subsections (2) and (3), in respect of the business for each of the financial periods for which financial statements would, but for this section, be required under sections 32.2 and 32.3, the prospectus includes

(i) an operating statement for the business prepared in accordance with section 3.17 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

(ii) a pro forma operating statement of the issuer that gives effect to the acquisition completed or to be completed since the beginning of the issuer's most recently completed financial year for which financial statements are required to have been filed, as if the acquisition had taken place at the beginning of that financial year, for each of the financial periods referred to in paragraph 32.7(2)(b), unless

(A) more than nine months of the acquired business operations have been reflected in the issuer's most recent audited financial statements included in the prospectus; or

(B) the inclusion of the pro forma financial statements is not necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed;

(iii) a description of the property or properties and the interest acquired by the issuer; and

(iv) disclosure of the annual oil and gas production volumes from the business;

(g) the operating statement for the three most recently completed financial years has been audited;

(h) the prospectus discloses

(i) the estimated reserves and related future net revenue attributable to the business, the material assumptions used in preparing the estimates and the identity and relationship to the issuer or to the vendor of the person who prepared the estimates; and

(ii) the estimated oil and gas production volumes from the business for the first year reflected in the estimated disclosure under subparagraph (i).

(2) An issuer is exempted from subparagraphs (1)(f)(i), (ii) and (iv), if

(a) production, gross revenue, royalty expenses, production costs and operating income were nil, or are reasonably expected to be nil for the business for each financial period; and

(b) the prospectus discloses the applicable facts referred to in paragraph (a).

(3) An issuer is exempted from paragraphs 32.9(1)(f) and (g) in respect of the third most recently completed financial year if the issuer has completed the acquisition and has included in the prospectus the following:

(a) information in accordance with Form 51-101F1 as of a date commencing on or after the acquisition date and within 6 months of the date of the preliminary prospectus;

(b) a report in the form of Form 51-101F2 on the reserves data included in the disclosure required under paragraph (a);

(c) a report in the form of Form 51-101F3 that refers to the information disclosed under paragraph (a).***"***.

80. Subsection 35.1(1) of Form 41-101F1 is amended by replacing

"*35.1(1)** This Item does not apply to a completed or proposed transaction by the issuer that was or will be a reverse takeover or a transaction that is a proposed reverse takeover that has progressed to a state where a reasonable person would believe that the likelihood of the reverse takeover being completed is high."***

with the following:

***"*35.1(1)** This Item does not apply to

(a) a completed or proposed transaction by the issuer that was or will be a reverse takeover or a transaction that is a proposed reverse takeover that has progressed to a state where a reasonable person would believe that the likelihood of the reverse takeover being completed is high; or

(b) a completed or proposed acquisition

(i) by the issuer if

(A) the issuer's principal asset is cash, cash equivalents or its exchange listing; or

(B) the issuer was not a reporting issuer in any jurisdiction

(I) on the acquisition date, in the case of a completed acquisition; and

(II) immediately before filing the prospectus, in the case of a proposed acquisition; and

(ii) to which Item 32 applies by operation of section 32.1.***"***.

81. Paragraph 35.1(1)(a) of Form 41-101F1 is amended by replacing "high***" with "***high; or***".***

82. Subsection 35.1(2) of Form 41-101F1 is repealed.

83. Paragraph 35.3(1)(d) of Form 41-101F1 is amended by

(a) adding "date***" after "***acquisition***", and***

(b) deleting "completed***".***

84. General Instruction (7) of Form 41-101F2* Information Required in an Investment Fund Prospectus *is amended by replacing

"(7) The disclosure required in this Form must be presented in the order and using the headings specified in the Form. However, scholarship plans may make modifications to the disclosure items in order to reflect the special nature of their investment structure and distribution mechanism."

with the following:

"(7) The disclosure required in this Form must be presented in the order and using the headings specified in the Form. If no sub-heading for an Item is stipulated in this Form, an investment fund may include sub-headings, under the required headings, at its option."

85. Subsection 1.4(3) of Form 41-101F2 is amended by replacing

"(a) disclose that a purchaser who acquires securities forming part of the underwriters' over-allocation position acquires those securities under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases, and

(b) describe the terms of the option.**"**

with the following:

"(a) describe the terms of the option, and

(b) provide the following disclosure:

"A purchaser who acquires [*insert type of securities qualified for distribution under the prospectus*] forming part of the underwriters' over-allocation position acquires those securities under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases."**"**

86. Subsection 1.4(4) of Form 41-101F2 is amended by replacing "provide totals for both the minimum and maximum offering amount, if applicable.***" with "***and a minimum offering amount

(a) is required for the issuer to achieve one or more of the purposes of the offering, provide totals for both the minimum and maximum offering amount, or

(b) is not required for the issuer to achieve any of the purposes of the offering, state the following in boldface type:

"**There is no minimum amount of funds that must be raised under this offering. This means that the issuer could complete this offering after raising only a small proportion of the offering amount set out above.**"***".***

87. Subsection 1.11(2) of Form 41-101F2 is amended by deleting "*Underwriting Conflicts****".***

88. Subsection 1.12(4) of Form 41-101F2 is amended by adding "of***" after "***execution, delivery and clearing***".***

89. Section 1.14 of Form 41-101F2 is amended by replacing

***"*1.14 - Non-Canadian Manager**

If the investment fund manager is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, state the following with the bracketed information completed:

> "The manager is incorporated, continued or otherwise governed under the laws of a foreign jurisdiction or resides outside Canada. Although the manager has appointed [name and address of agent for service] as its agent for service of process in Canada, it may not be possible for investors to realize on judgements obtained in Canada against the manager."***"***

with the following:

***"*1.14 – Non-Canadian Investment Fund**

If the investment fund, investment fund manager or any other person or company required to provide a certificate under Part 5 of the Instrument or other securities legislation, is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, state the following on the cover page or under a separate heading elsewhere in the prospectus, with the bracketed information completed:

> "The [investment fund, investment fund manager or any other person or company required to provide a certificate under Part 5 of the Instrument or other securities legislation] is incorporated, continued or otherwise governed under the laws of a foreign jurisdiction or resides outside Canada. Although the [person or company described above] has appointed [name(s) and address(es) of agent(s) for service] as its agent for service of process in [list jurisdictions], it may not be possible for investors to realize on judgments obtained in Canada against the [person or company described above]."***".***

90. Section 3.3 is amended by:

(a) in paragraph 3.3(1)(e), replacing

"(e) the use of leverage, including any restrictions and the maximum amount of leverage the fund could use expressed as a ratio as follows: (total long positions including leveraged positions plus total short positions) divided by the net assets of the investment fund,**"**

with the following:

"(e) the use of leverage, including the following:

(i) if leverage is created through borrowing or the issuance of preferred securities, disclose any restrictions on the leverage used or to be used and whether the investment fund will borrow a minimum amount. Disclose the maximum amount of leverage the investment fund may use as a ratio calculated by dividing the maximum total assets of the investment fund by the net asset value of the investment fund, and

(ii) if leverage is created through the use of specified derivatives or by other means not disclosed in subparagraph (i), disclose any restrictions on the leverage used or to be used by the investment fund and whether the investment fund will use a minimum amount of leverage. Disclose the maximum amount of leverage the fund may use as a multiple of net assets. Provide a brief explanation of how the investment fund uses the term **"**leverage**"** and the significance of the maximum and minimum amounts of leverage to the investment fund,***", and***

(b) inserting the following after subsection (2):

"*INSTRUCTIONS*

(1) For the purposes of Item 3.3(1)(e)(i), a fund must calculate its maximum total assets by aggregating the maximum value of its long positions, short positions and the maximum amount that may be borrowed.

*(2) For the purposes of the disclosure required by Item 3.3(1)(e)(ii), the term **"**specified derivative**"** has the same meaning as in NI 81-102. The description of an investment fund's use of leverage under Item 3.3(1)(e)(ii) must provide investors with sufficient information to understand the magnitude of the market exposure of the investment fund as compared to the amount of money raised by the investment fund from investors.**"***

91. Subsection 3.4(1) of Form 41-101F2 is amended by replacing **"**registrar and transfer agent and auditor***" with*** **"**registrar and transfer agent, auditor and principal distributor***".***

92. Subsection 3.6(4) of Form 41-101F2 is amended by replacing

"(4) Under the sub-heading **"**Annual Returns and Management Expense Ratio**"**, provide, in the following table, returns for each of the past five years and the management expense ratio for each of the past five years as disclosed in the most recently filed annual management report of fund performance of the investment fund:

	[specify year]	[specify year]	[specify year]	[specify year]	[specify year]
Annual Returns					
MER					

"MER" means management expense ratio."

with the following:

"(4) Under the sub-heading **"**Annual Returns, Management Expense Ratio and Trading Expense Ratio**"**, provide, in the following table, returns for each of the past five years, the management expense ratio for each of the past five years and the trading expense ratio for each of the past five years as disclosed in the most recently filed annual management report of fund performance of the investment fund:

	[specify year]	[specify year]	[specify year]	[specify year]	[specify year]
Annual Returns	…….	…….	…….	…….	…….
MER	…….	…….	…….	…….	…….
TER	…….	…….	…….	…….	…….

"MER" means management expense ratio and is based on total expenses (excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of daily average net asset value.

"TER" means trading expense ratio and represents total commissions and portfolio transaction costs expressed as an annualized percentage of daily average net asset value."

93. Section 6.1 of Form 41-101F2 is amended by:

(a) in paragraph 6.1(1)(b), replacing

"(b) the use of leverage, including any restrictions and the maximum amount of leverage the fund can use, expressed as a ratio as follows: (total long positions including leveraged positions plus total short positions) divided by the net assets of the investment fund, and**"**

with the following:

"(b) the use of leverage, including the following:

(i) if leverage is created through borrowing or the issuance of preferred securities, disclose any restrictions on the leverage used or to be used and whether the investment fund will borrow a minimum amount. Disclose the maximum amount of leverage the investment fund may use as a ratio calculated by dividing the maximum total assets of the investment fund by the net asset value of the investment fund, and

(ii) if leverage is created through the use of specified derivatives or by other means not disclosed in subparagraph (i), disclose any restrictions on the leverage used or to be used by the investment fund and whether the investment fund will use a minimum amount of leverage. Disclose the maximum amount of leverage the fund may use as a multiple of net assets. Provide a brief explanation of how the investment fund uses the term **"**leverage**"** and the significance of the maximum and minimum amounts of leverage to the investment fund, and***", and***

(b) inserting the following after subsection (5):

"*INSTRUCTIONS:*

(1) For the purposes of Item 6.1(1)(b)(i), a fund must calculate its maximum total assets by aggregating the maximum value of its long positions, short positions and the maximum amount that may be borrowed.

*(2) For the purposes of the disclosure required by Item 6.1(1)(b)(ii), the term **"**specified derivative**"** has the same meaning as in NI 81-102. The description of an investment fund's use of leverage under Item 6.1(1)(b)(ii) must provide investors with sufficient information to understand the magnitude of the market exposure of the investment fund as compared to the amount of money raised by the investment fund from investors.**"***

94. Section 11.1 of Form 41-101F2 is replaced with the following:

"11.1 – Annual Returns, Management Expense Ratio and Trading Expense Ratio

Under the heading **"**Annual Returns, Management Expense Ratio and Trading Expense Ratio**"**, provide, in the following table, returns for each of the past five years, the management expense ratio for each of the past five years and the trading expense ratio for each of the past five years as disclosed in the most recently filed annual management report of fund performance of the investment fund:

	[specify year]	[specify year]	[specify year]	[specify year]	[specify year]
Annual Returns	…….	…….	…….	…….	…….
MER	…….	…….	…….	…….	…….
TER	…….	…….	…….	…….	…….

"MER" means management expense ratio and is based on total expenses (excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of daily average net asset value.

"TER" means trading expense ratio and represents total commissions and portfolio transaction costs expressed as an annualized percentage of daily average net asset value."

95. Section 19.1 of Form 41-101F2 is amended by

(a) repealing paragraph 19.1(1)(c),

(b) replacing "investment fund***" with "***issuer***" after the words "***officer of any other***" in subsection 19.1(2),***

(c) replacing "investment fund***" with "***issuer***" after the words "***executive officer of any***" in paragraph 19.1(4)(a),***

(d) adding the following after subsection (9):

"(10) Under the heading **"**Ownership of Securities of the Investment Fund and of the Manager**"** disclose

(a) the percentage of securities of each class or series of voting or equity securities beneficially owned, directly or indirectly, in aggregate, by all the directors and executive officers of the investment fund

(i) in the investment fund if the aggregate level of ownership exceeds 10 percent,

(ii) in the manager, or

(iii) in any person or company that provides services to the investment fund or the manager; and

(b) the percentage of securities of each class or series of voting or equity securities beneficially owned, directly or indirectly, in aggregate, by all the directors and executive officers of the manager of the investment fund

(i) in the investment fund if the aggregate level of ownership exceeds 10 percent,

(ii) in the manager, or

(iii) in any person or company that provides services to the investment fund or the manager; and

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

(i) in the investment fund if the aggregate level of ownership exceeds 10 percent,

(ii) in the manager, or

(iii) in any person or company that provides services to the investment fund or the manager.

(11) If the management functions of the investment fund are carried out by employees of the investment fund, provide for those employees the disclosure concerning executive compensation that is required to be provided for executive officers of an issuer under securities legislation.

(12) Describe any arrangements under which compensation was paid or payable by the investment fund during the most recently completed financial year of the investment fund, for the services of directors of the investment fund, members of an independent board of governors or advisory board of the investment fund and members of the independent review committee of the investment fund, including the amounts paid, the

name of the individual and any expenses reimbursed by the investment fund to the individual

(a) in that capacity, including any additional amounts payable for committee participation or special assignments; and

(b) as consultant or expert.

(13) For an investment fund that is a trust, describe the arrangements, including the amounts paid and expenses reimbursed, under which compensation was paid or payable by the investment fund during the most recently completed financial year of the investment fund for the services of the trustee or trustees of the investment fund.***", and***

(e) inserting the following after Instruction (4):

"*(5) The disclosure required under Item 19.1(10) regarding executive compensation for management functions carried out by employees of an investment fund must be made in accordance with the disclosure requirements of Form 51-102F6.****".***

96. Section 19 of Form 41-101F2 is amended by adding the following after section 19.9:

"19.10 – Principal Distributor

(1) If applicable, state the name and address of the principal distributor of the investment fund.

(2) Describe the circumstances under which any agreement with the principal distributor of the investment fund may be terminated and include a brief description of the essential terms of this agreement.***"***

97. Paragraph 21.2(f) of Form 41-101F2 is amended by replacing "dividends***" with "***distributions***".***

98. Subsection 21.6(1) of Form 41-101F2 is amended by replacing "the***" with "***a***" after the words "***proposes to distribute under***".***

99. Subsection 28.1(1) of Form 41-101F2 is amended by adding ", if known or if ought to be known by the investment fund or the manager***" after the words "***securityholder of the investment fund***".***

100. Section 33.2 of Form 41-101F2 is amended by adding the following after subsection 33.2(3):

"(4) Despite subsection (1), an auditor who is independent in accordance with the auditor's rules of professional conduct in a jurisdiction of Canada or has

performed an audit in accordance with US GAAS is not required to provide the disclosure in subsection (1) if there is disclosure that the auditor is independent in accordance with the auditor's rules of professional conduct in a jurisdiction of Canada or that the auditor has complied with the SEC's rules on auditor independence.**"**

Section 39 of Form 41-101F2 is amended by adding the following after section 39.4:

"39.4.1 – Certificate of the Principal Distributor

If there is a principal distributor of the investment fund, include a certificate in the same form as the certificate of the investment fund.**"**

101. This Instrument comes into force on ●, 2012.

Appendix A

Schedule A-2

Proposed Amendments to
Companion Policy 41-101CP to *National Instrument 41-101*
General Prospectus Requirements

1. Companion Policy 41-101CP to National Instrument 41-101 General Prospectus Requirements is amended.

2. Subsection 1.2(5) is amended by replacing "Companion Policy***" with "***companion policy***".***

3. The following section is added after section 2.2:

"Minimum offering amount

2.2.1 If the distribution of securities is being done on a best efforts basis, an issuer will need to determine if a minimum offering is required for the issuer to achieve one or more of the stated purposes of the offering, as expressed in the **"**Use of Proceeds**"** section of the prospectus. If this is the case, the issuer will need to provide a minimum and maximum offering amount. Otherwise, the issuer is required to provide the cautionary statement prescribed in paragraph 1.4(3)(b) of Form 41-101F1.

Although an issuer may determine that a minimum offering amount is not necessary for the prospectus offering, a regulator may reasonably infer that a minimum offering amount is appropriate in certain circumstances. This could occur, for example, if we have concerns that a minimum amount of proceeds must be raised in order for the issuer to achieve its stated objectives. Also, if we have concerns about an issuer continuing as a going concern, we may take the view that the issuer cannot achieve its stated objectives unless a minimum offering amount is raised. The imposition of a minimum offering amount by a regulator derives from the general responsibility of a regulator under securities laws to refuse a receipt for a prospectus if it appears that the aggregate of the proceeds from the sale of the securities under the prospectus and other resources of the issuer are insufficient to accomplish the purposes stated in the prospectus, or if it would not be in the public interest to issue a receipt. A benefit of the imposition of a minimum offering amount is that if the issuer fails to raise the minimum amount, investors benefit from an investor protection mechanism that facilitates the return of their subscription funds to them, if previously deposited.**".**

4. Section 2.9 is replaced with the following:

"Offerings of convertible, exchangeable or exercisable securities

2.9 Investor protection concerns may arise where the distribution of a convertible, exchangeable or exercisable security is qualified under a prospectus and the subsequent conversion, exchange or exercise of this security is made on a prospectus-exempt basis. Specifically, this concern arises when the subsequent conversion, exchange or exercise occurs within a short period of time – generally 180 days or less - following the purchase of the original security.

The concerns arise because the conversion, exchange or exercise feature of the security may operate to limit or "strip away" the remedies available to an investor for a misrepresentation in a prospectus.

In particular, we are concerned about offerings of subscription receipts, or other types of securities which may be convertible, exchangeable or exercisable within a short period of time following the purchase of the original security (generally 180 days or less), where the investor, when purchasing the subscription receipt, or other similar type of security, is in effect also making an investment decision in respect of the underlying security.

Public interest concerns arise if the subsequent distribution of the underlying security is not part of the initial distribution and is not qualified by the prospectus. These concerns arise because when the security is converted, exchanged or exercised prior to the end of the statutory period for a right of action for rescission under securities legislation (which in many jurisdictions is 180 days from the date of purchase of the original security), the purchaser of a convertible, exchangeable or exercisable security does not retain the same rights to rescission because the convertible, exchangeable or exercisable security that was issued under the prospectus has been replaced by the underlying security. In these circumstances, the original purchaser should retain the benefit of any remaining statutory right of rescission that would otherwise apply in respect of the convertible, exchangeable or exercisable security. As such, the issuer should provide the original purchaser of the convertible, exchangeable or exercisable security with a contractual right of rescission in respect of the conversion, exchange or exercise transaction.

In some cases, the subsequent distribution of the underlying security may be part of the initial distribution as it is part of a series of transactions involving further purchases and sales in the course of or incidental to a distribution. If this is the case the issuer should consider whether its prospectus should qualify the distribution of both the subscription receipt, or other similar type of security, as well as the underlying security.

The guidance above would not apply to an offering of warrants where the warrants may reasonably be regarded as incidental to the offering as a whole. For example, in the case of a typical special warrant offering, the special warrant

converts into i) a common share, and ii) a common share purchase warrant (or a fraction thereof). In such cases, we have generally accepted that the common share purchase warrant component merely represents a "sweetener", and that the primary investment decision relates to the common share underlying the special warrant. This would also generally be the case with a unit offering where the unit consists of a common share, and a common share purchase warrant. Therefore, the regulator would not generally request that the issuer provide the original purchaser with a contractual right of rescission in respect of the sweetener warrants."

5. The second paragraph of section 3.4 is amended by replacing "10.1(1)***" with "***10.1(1.1)***".***

6. Section 4.2 is amended by adding the following subsection after subsection (2):

"(3) If a minimum offering amount is not provided and the issuer faces significant short-term expenditures or commitments, the issuer must provide additional disclosure as required under subsections 6.3(3) and (4) of Form 41-101F1 or subsections 4.2(3) and (4) of Form 44-101F1. The issuer must provide disclosure of how it will use the proceeds at different thresholds, describing what business objectives will be accomplished at each threshold as well as the priority of how the proceeds will be used. In describing the use of proceeds under each threshold, the disclosure must also include an assessment of the impact of raising this amount on the issuer's liquidity, operations, capital resources and solvency.

Disclosures that may be necessary to understand this impact may include the following examples:

(a) for issuers without significant revenue and available working capital, disclose the anticipated length of time that the proceeds at each threshold will suffice to meet expected cash requirements;

(b) for issuers that have or anticipate having within the next 12 months any cash flow or liquidity problems, disclose how the proceeds at each threshold may impact the issuer's ability to continue in operation for the foreseeable future and realize assets and discharge liabilities in the normal course of operations;

(c) for issuers that have significant projects that have not yet commenced operations and the projects have therefore not yet generated revenue, describe how the proceeds at each threshold may impact the anticipated timing and costs of the project and other critical milestones;

(d) for issuers that have exploration and development expenditures or research and development expenditures required to maintain properties or agreements in good standing, describe how the proceeds at each threshold may impact these properties or agreements.

If the issuer anticipates additional funds from other sources are to be used in conjunction with the proceeds and the available working capital, the issuer will need to sufficiently describe the amounts of those funds, the source of those funds and whether those funds are firm or contingent. If the funds are contingent, the issuer should describe the nature of the contingency.

Depending on the particular circumstances of the issuer, one or more of the above examples may require the provision of a minimum offering amount in the prospectus. Refer to section 2.2.1 of this Policy for additional guidance.***".***

7. Subsection 5.3(1) is amended by

(a) in the first paragraph, adding the following after the first sentence:

"However, if the issuer is a reporting issuer whose principal assets are not cash, cash equivalents or an exchange listing, and the acquisition of the primary business represents a significant acquisition for the issuer, the reporting issuer is subject to the requirements of Item 35 in respect of the financial statement and other disclosure for the acquisition.

An acquisition does not include a reverse takeover, as defined in NI 41-101 which cross-references the meaning of acquisition as used in Part 8 of NI 51-102. Therefore a reporting issuer cannot rely on the exemption in subsection 32.1(2) if the applicable transaction is a reverse takeover.***", and***

(b) in the third paragraph, adding ", thereby triggering the application of Item 32,***" before "***are when the acquisition(s) was***".***

8. Subsection 5.3(2) is amended by adding the following paragraph at the end:

"The issuer must also consider the necessity of including pro forma financial statements pursuant to section 32.7 of Form 41-101F1 to illustrate the impact of the acquisition of the primary business on the issuer's financial position and results of operations. For additional guidance, an issuer should refer to section 5.10 of this Policy.***".***

9. Subsection 5.4(1) is amended by replacing "In these circumstances, the issuer should consider including pro forma financial statements in the prospectus giving effect to the recently completed or proposed acquisition of a predecessor entity.***" with the following:***

"However, if the issuer is a reporting issuer whose principal assets are not cash, cash equivalents or an exchange listing, and the acquisition of the predecessor entity represents a significant acquisition for the issuer, the reporting issuer is subject to the requirements of Item 35 in respect of the financial statement and other disclosure for the acquisition.

The issuer must also consider the necessity of including pro forma financial statements pursuant to section 32.7 of Form 41-101F1 to illustrate the impact of the acquisition of the predecessor entity on the issuer's financial position and results of operations. For additional guidance, an issuer should refer to section 5.10 of this Policy.**".**

10. Subsection 5.9(7) is amended by

(a) adding "to***" before "***private enterprises in certain circumstances.***", and***

(b) adding "and the issuer must provide financial statements for this acquisition under Item 32***" after "***predecessor of the issuer***".***

11. Section 5.10 is replaced with the following:

***"*Financial statements for acquisitions of a predecessor entity, a business or businesses acquired by reporting and non-reporting issuers**

5.10(1) The financial statements for acquisitions of a predecessor entity, a business or businesses acquired by the issuer, or other entity must be included in the prospectus under Item 32 of Form 41-101F1, if the entities or businesses satisfy the conditions of paragraph 32.1(1)(a), (b), or (c) of Form 41-101F1 and

(a) the issuer was not a reporting issuer in any jurisdiction on the acquisition date in the case of a completed acquisition or immediately prior to the prospectus filing in the case of a proposed acquisition, as set out in section 35.1 of Form 41-101F1; or

(b) the issuer was a reporting issuer with only cash, cash equivalents or an exchange listing as its principal asset.

If the issuer was a reporting issuer prior to the filing of the prospectus, but its principal asset was not cash, cash equivalents or its exchange listing, the issuer would be eligible to disclose the above-noted acquisitions in accordance with Item 35. The disclosure requirements applicable to a reporting issuer in Item 35 are intended to reflect the requirements that would be prescribed for such acquisitions in the reporting issuer's business acquisition report.

(2) An issuer that is subject to Item 32 must also consider the necessity of including pro forma financial statements pursuant to section 32.7 of Form 41-101F1 to illustrate the impact of the acquisition on the issuer's financial position and results of operations. However, these pro forma financial statements are only required if their inclusion is necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed. Examples of when pro forma financial statements would likely be necessary are in cases where:

(a) the issuer has acquired multiple businesses over the relevant period; or

(b) the issuer has an active business and has acquired another business that will constitute its primary business going forward.

In certain circumstances, an issuer may need to disclose multiple acquisitions in its prospectus where the acquisitions include an acquisition of a primary business or predecessor entity to which section 32.1 of Form 41-101F1 applies and a significant acquisition to which only item 35 of Form 41-101F1 applies. In this case, the issuer may wish to present one set of pro forma financial statements reflecting the results of all of the acquisitions, as contemplated separately in each of sections 32.8 and 35.7 of Form 41-101F1. The securities regulatory authority or regulator would not generally object to providing this relief. However the issuer must request the relief when filing its preliminary prospectus.**".**

12. These amendments become effective on ●, 2012.

Appendix B

Schedule B-1

NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

TABLE OF CONTENTS

NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

PART 1: Definitions and Interpretations

Definitions

1.1 In this Instrument:

"acquisition" has the same meaning as in Part 8 of NI 51-102;

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

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

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

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

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

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

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

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

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

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

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

"class" has the same meaning as in section 1.1 of NI 51-102;

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

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

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

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

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

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

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

"executive officer" means, for an issuer or an investment fund manager, an individual who is

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

(a.1) a chief executive officer or chief financial officer,

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

(c) performing a policy-making function in respect of the issuer; or investment fund manager;

"financial statements" includes interim financial reports;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"full and unconditional credit support" means

(a) alternative credit support that

(i) entitles the holder of the securities to receive payment from the credit supporter, or enables the holder to receive payment from the issuer, within 15 days of any failure by the issuer to make a payment, and

(ii) results in the securities receiving the same credit rating as, or a higher credit rating than, the credit rating they would have received if payment had been fully and unconditionally guaranteed by the credit supporter, or would result in the securities receiving such a rating if they were rated, or

(b) a full and unconditional guarantee of the payments to be made, as interpreted in section 1.5, by the issuer of securities, as stipulated in the terms of the securities or in an agreement governing rights of holders of the securities, that results in the holder of such securities being entitled to receive payment from the credit supporter within 15 days of any failure by the issuer to make a payment;

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

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

"interim period" has the same meaning as in

(a) section 1.1 of NI 51-102 for an issuer other than an investment fund, or

(b) section 1.1 of NI 81-106 for an investment fund;

"IPO venture issuer" means an issuer that

(a) files a long form prospectus,

(b) is not a reporting issuer in any jurisdiction immediately before the date of the final long form prospectus, and

(c) at the date of the long form prospectus, does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on

(i) the Toronto Stock Exchange,

(ii) a U.S. marketplace, or

(iii) a marketplace outside of Canada and the United States of America, other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc;

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

"junior issuer" means an issuer

(a) that files a preliminary prospectus,

(b) that is not a reporting issuer in any jurisdiction,

(c) whose total consolidated assets as at the date of the most recent statement of financial position of the issuer included in the preliminary prospectus are less than $10,000,000,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) expires not later than the 60th day after the date of the closing of the distribution, and

(b) is exercisable for a number or principal amount of securities that is limited to the lesser of

(i) the over-allocation position, and

(ii) 15% of the base offering;

"personal information form" means in respect of an individual,

(a) a completed Schedule 1 of Appendix A, or

(b) a TSX/TSXV personal information form submitted by an individual to the Toronto Stock Exchange or to the TSX Venture Exchange to which is attached a completed certificate and consent in the form set out in Schedule 1 – Part B of Appendix A, if the personal information in the form continues to be correct at the time that the certificate and consent is executed by the individual;

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

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

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

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

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

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

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

(a) there is another class of securities of the issuer that carries a greater number of votes per security relative to the equity security,

(b) the conditions attached to the class of equity securities, the conditions attached to another class of securities of the issuer, or the issuer's constating documents have provisions that nullify or significantly restrict the voting rights of the equity securities,

(c) the issuer has issued another class of equity securities that entitle the owners of securities of that other class to participate in the earnings or assets of the issuer to a greater extent, on a per security basis, than the owners of the first class of equity securities, or

(d) except in Ontario and British Columbia, the regulator determines that the equity security is a restricted security;

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

(a) any

(i) amendment to an issuer's constating documents,

(ii) resolution of the board of directors of an issuer setting the terms of a series of securities of the issuer, or

(iii) restructuring, recapitalization, reclassification, arrangement, amalgamation or merger, or

(b) if the issuer has one or more classes of restricted securities outstanding, an amendment to an issuer's constating documents to increase

(i) the per security voting rights attached to any class of securities without at the same time making a proportionate increase in the per security voting rights attached to any other securities of the issuer, or

(ii) the number of a class of securities authorized, other than a restricted security;

"restricted security term" means each of the terms "non-voting security", "subordinate voting security", and "restricted voting security";

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

(a) permitted or prescribed by statute or regulation, and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"TSX/TSXV personal information form" means a completed personal information form of an individual in compliance with the requirements of Form 4 for the Toronto Stock Exchange or Form 2A for the TSX Venture Exchange, as applicable, each as amended from time to time;

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

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

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

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

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

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

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

1.2(1) In this Instrument, a reference to a "prospectus" includes a preliminary long form prospectus, a final long form prospectus, a preliminary short form prospectus, and a final short form prospectus.

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

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

(4) In this Instrument, a reference to a "long form prospectus" includes a preliminary long form prospectus and a final long form prospectus.

(5) In this Instrument, a reference to a "short form prospectus" includes a preliminary short form prospectus and a final short form prospectus.

(6) Despite subsections (1), (2), and (3), in Form 41-101F1 and Form 41-101F2,

(a) a reference to a "prospectus" only includes a preliminary long form prospectus and a final long form prospectus,

(b) a reference to a "preliminary prospectus" only includes a preliminary long form prospectus, and

(c) a reference to a "final prospectus" only includes a final long form prospectus.

Interpretation of "business"

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

Interpretation of "affiliate"

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

Interpretation of "payments to be made"

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

(a) any amounts to be paid as dividends in accordance with, and on the dividend payment dates stipulated in, the provisions of the securities, whether or not the dividends have been declared, and

(b) any discretionary dividends, provided that the terms of the securities or an agreement governing rights of holders of the securities expressly provides that the holder of the securities will be entitled, once the discretionary dividend is declared, to receive payment from the credit supporter within 15 days of any failure by the issuer to pay the declared dividend.

PART 2: Requirements for All Prospectus Distributions

Application of the Instrument

2.1(1) Subject to subsection (2), this Instrument applies to a prospectus filed under securities legislation and a distribution of securities subject to the prospectus requirement.

(2) This Instrument does not apply to a prospectus filed under NI 81-101 or a distribution of securities under such a prospectus.

Language

2.2(1) An issuer must file a prospectus and any other document required to be filed under this Instrument or NI 44-101 in French or in English.

(2) In Québec, a prospectus and any document required to be incorporated by reference into a prospectus must be in French or in French and English.

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

(4) If an issuer files a document under this Instrument that is a translation of a document prepared in a language other than French or English, the issuer must

(a) attach a certificate as to the accuracy of the translation to the filed document, and

(b) make a copy of the document in the original language available on request.

General requirements

2.3(1) An issuer must not file ~~a final~~an amendment to a preliminary prospectus more than 90 days after the date of the receipt for the preliminary prospectus~~ that relates to the final prospectus~~.

(1.1) An issuer must not file a final prospectus more than 90 days after the date of the receipt for the preliminary prospectus or an amendment to the preliminary prospectus which relate to the final prospectus.

(1.2) If an issuer files an amendment to a preliminary prospectus pursuant to subsection (1), the total period of time permitted to file the final prospectus under subsection (1.1) must not exceed 180 days from the date of the receipt of the preliminary prospectus.

(2) An issuer must not file

(a) a prospectus more than three business days after the date of the prospectus, and

(b) an amendment to a prospectus more than three business days after the date of the amendment to the prospectus.

Special warrants

2.4(1) An issuer must not file a prospectus or an amendment to a prospectus to qualify the distribution of securities issued upon the exercise of special warrants or other securities acquired on a prospectus-exempt basis unless holders of the special warrants or other securities have been provided with a contractual right of rescission.

(2) A contractual right of rescission under subsection (1) must provide that, if a holder of a special warrant who acquires another security of the issuer on exercise of the special warrant as provided for in the prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the prospectus or an amendment to the prospectus containing a misrepresentation,

(a) the holder is entitled to rescission of both the holder's exercise of its special warrant and the private placement transaction under which the special warrant was initially acquired,

(b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the underwriter or issuer, as the case may be, on the acquisition of the special warrant, and

(c) if the holder is a permitted assignee of the interest of the original special warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

PART 3: Form of Prospectus

Form of prospectus

3.1(1) Subject to subsection (2) and (3), an issuer filing a prospectus must file the prospectus in the form of Form 41-101F1.

(2) An issuer that is an investment fund filing a prospectus must file the prospectus in the form of Form 41-101F2.

(3) An issuer that is qualified to file a short form prospectus may file a short form prospectus.

PART 4: Financial Statements and Related Documents in a Long Form Prospectus

Application

4.1(1) An issuer, other than an investment fund, that files a long form prospectus must include in the long form prospectus the financial statements and the management's discussion and analysis required by this Instrument.

(2) Subject to Part 15, an investment fund that files a long form prospectus must include in the long form prospectus the financial statements and the management reports of fund performance required by this Instrument.

(3) For the purposes of this Part, "**financial statements**" do not include pro forma financial statements.

Audit of financial statements

4.2(1) Any financial statements included in a long form prospectus filed in the form of Form 41-101F1 must be audited in accordance with NI 52-107 unless an exception in section 32.5 or subsection 35.1(3) of Form 41-101F1 applies.

(2) Any financial statements, other than an interim financial report, included in or incorporated by reference into a long form prospectus of an investment fund filed in the form of Form of 41-101F2 must meet the audit requirements of Part 2 of NI 81-106.

Review of unaudited financial statements

4.3(1) Subject to subsection (2) and (3), any unaudited financial statements included in, or incorporated by reference into, a long form prospectus must have been reviewed in accordance with the relevant standards set out in the Handbook for a review of financial statements by the person or company's auditor or a review of financial statements by a public accountant.

(2) Subsection (1) does not apply to an investment fund's unaudited financial statements filed after the date of filing of the prospectus that are incorporated by reference into the prospectus under Part 15.

(3) If NI 52-107 permits the financial statements of the person or company in subsection (1) to be audited in accordance with

(a) U.S. AICPA GAAS, the unaudited financial statements may be reviewed in accordance with the review standards issued by the American Institute of Certified Public Accountants,

(a.1) U.S. PCAOB GAAS, the unaudited financial statements may be reviewed in accordance with the review standards issued by the Public Company Accounting Oversight Board (United States of America),

(b) International Standards on Auditing, the unaudited financial statements may be reviewed in accordance with International Standards on Review Engagement issued by the International Auditing and Assurance Standards Board, or

(c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the person or company is subject, the unaudited financial statements

(i) may be reviewed in accordance with review standards that meet the foreign disclosure requirements of the designated foreign jurisdiction, or

(ii) do not have to be reviewed if

(A) the designated foreign jurisdiction does not have review standards for unaudited financial statements, and

(B) the long form prospectus includes disclosure that the unaudited financial statements have not been reviewed.

Approval of financial statements and related documents

4.4(1) An issuer must not file a long form prospectus unless each financial statement, each management's discussion and analysis, and each management report of fund performance, as applicable, of a person or company included in, or incorporated by reference into, the long form prospectus has been approved by the board of directors of the person or company.

(2) An investment fund that is a trust must not file a long form prospectus unless each financial statement and each management report of fund performance of the investment fund included in, or incorporated by reference into, the long form prospectus has been

approved by the trustee or trustees of the investment fund or another person or company authorized to do so by the constating documents of the investment fund.

PART 5: Certificates

Interpretation

5.1 For the purposes of this Part,

(a) **"issuer certificate form"** means a certificate in the form set out in

(i) section 37.2 of Form 41-101F1,

(ii) section 39.1 of Form 41-101F2,

(iii) section 21.2 of Form 44-101F1,

(iv) NI 44-102 in

(A) section 1.1 of Appendix A,

(B) section 2.1 of Appendix A,

(C) section 1.1 of Appendix B, or

(D) section 2.1 of Appendix B, or

(v) NI 44-103 in

(A) paragraph 7 of subsection 3.2(1), or

(B) paragraph 3 of subsection 4.5(2), and

(b) **"underwriter certificate form"** means a certificate in the form set out in

(i) section 37.3 of Form 41-101F1,

(ii) section 39.3 of Form 41-101F2,

(iii) section 21.3 of Form 44-101F1,

(iv) NI 44-102 in

(A) section 1.2 of Appendix A,

(B) section 2.2 of Appendix A,

(C) section 1.2 of Appendix B, or

(D) section 2.2 of Appendix B, or

(v) NI 44-103 in

(A) paragraph 8 of subsection 3.2(1), or

(B) paragraph 4 of subsection 4.5(2).

Date of certificates

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

Certificate of issuer

5.3(1) Except in Ontario, a prospectus must contain a certificate signed by the issuer.

[**Note:** In Ontario, section 58 of the *Securities Act* (Ontario) imposes a similar requirement that a prospectus contain a certificate of the issuer.][1]

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

Corporate issuer

5.4(1) Except in Ontario, if the issuer is a company, a prospectus certificate that is required to be signed by the issuer under this Instrument or other securities legislation must be signed

(a) by the chief executive officer and the chief financial officer of the issuer, and

(b) on behalf of the board of directors, by

(i) any two directors of the issuer, other than the persons referred to in paragraph (a) above, or

(ii) if the issuer has only three directors, two of whom are the persons referred to in paragraph (a), all of the directors of the issuer.

[1] In Ontario, a number of prospectus related requirements in this Instrument are either set out in the *Securities Act* (Ontario) or Ontario does not have a similar requirement. We have identified carve-outs from the Instrument where a similar requirement is set out in the Securities Act (Ontario). Where no corresponding statutory provision has been identified for an Ontario carve-out, Ontario has generally not adopted a similar requirement. Notes included in this Instrument have been inserted for convenience of reference only and do not form part of this Instrument or have any force or effect as a rule or policy.

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

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

Trust issuer

5.5(1) If the issuer is a trust, a prospectus certificate that is required to be signed by the issuer under this Instrument or other securities legislation must be signed by

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

(b) two trustees of the issuer, on behalf of the trustees of the issuer.

(2) If a trustee that is signing the certificate of the issuer is

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

(b) a company, the certificate must be signed

(i) by the chief executive officer and the chief financial officer of the trustee, and

(ii) on behalf of the board of directors of the trustee, by

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

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

(c) a limited partnership, the certificate must be signed by each general partner of the limited partnership as described in subsection 5.6(2) in relation to an issuer that is a limited partnership, or

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

(3) Despite subsections (1) and (2), if the issuer is an investment fund and the declaration of trust, trust indenture or trust agreement establishing the investment fund delegates the authority to do so, or otherwise authorizes an individual or company to do so, the certificate may be signed by the individual or company to whom the authority is delegated or that is authorized to sign the certificate.

(4) Despite subsections (1) and (2), if the trustees of an issuer, other than an investment fund, do not perform functions for the issuer similar to those performed by the directors of a company, the trustees are not required to sign the prospectus certificate of the issuer provided that at least two individuals who do perform functions for the issuer similar to those performed by the directors of a company sign the certificate.

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

Limited partnership issuer

5.6(1) If the issuer is a limited partnership, a prospectus certificate that is required to be signed by the issuer under this Instrument or other securities legislation must be signed by

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

(b) each general partner of the issuer.

(2) If a general partner of the issuer is

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

(b) a company, the certificate must be signed

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

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

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

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

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

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

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

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

Other issuer

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

Reverse takeovers

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

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

(b) on behalf of the board of directors of the reverse takeover acquirer, by

(i) any two directors of the reverse takeover acquirer, other than the persons referred to in paragraph (a) above, or

(ii) if the reverse takeover acquirer has only three directors, two of whom are the persons referred to in paragraph (a), all of the directors of the reverse takeover acquirer.

Certificate of underwriter

5.9(1) Except in Ontario, a prospectus must contain a certificate signed by each underwriter who, with respect to the securities offered by the prospectus, is in a contractual relationship with the issuer or a securityholder whose securities are being offered by the prospectus.

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

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

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

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

Certificate of investment fund manager

5.10(1) If the issuer has an investment fund manager, a prospectus must contain a certificate, in the applicable issuer certificate form, signed by the investment fund manager.

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

(a) by the chief executive officer and the chief financial officer of the investment fund manager, and

(b) on behalf of the board of directors, by

(i) any two directors of the investment fund manager, other than the persons referred to in paragraph (a) above, or

(ii) if the investment fund manager has only three directors, two of whom are the persons referred to in paragraph (a), all of the directors of the investment fund manager.

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

Certificate of principal distributor

5.10.1(1) If the issuer is an investment fund that has a principal distributor, a prospectus must contain a certificate, in the applicable issuer certificate form, signed by the principal distributor.

(2) If the principal distributor is a company, the certificate must be signed by any officer or director of the principal distributor duly authorized to sign.

Certificate of promoter

5.11(1) Except in Ontario, a prospectus must contain a certificate signed by each promoter of the issuer.

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

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

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

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

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

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

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

Certificate of credit supporter

5.12(1) If there is a related credit supporter of the issuer or a subsidiary of the issuer, a prospectus must contain a certificate of the related credit supporter, in the applicable issuer certificate form, signed

(a) by the chief executive officer and the chief financial officer of the credit supporter, and

(b) on behalf of the board of directors of the credit supporter, by

(i) any two directors of the credit supporter, other than the persons referred to in paragraph (a) above, or

(ii) if the credit supporter has only three directors, two of whom are the persons referred to in paragraph (a), all of the directors of the credit supporter.

(2) With the consent of the regulator, a certificate in a prospectus may be signed by the credit supporter's agent duly authorized in writing by the credit supporter.

(3) Except in Ontario, the regulator may require any other person or company that is a credit supporter of either the issuer or a subsidiary of the issuer to sign a certificate to the prospectus, in the applicable issuer certificate form.

[**Note:** In Ontario, subsection 58(6) of the *Securities Act* (Ontario) provides the Director with similar discretion to require a person or company who is a guarantor of the securities being distributed to sign a prospectus certificate, subject to such conditions as the Director considers proper.]

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

Certificate of selling securityholders

5.13(1) Except in Ontario, the regulator may require any person or company that is a selling securityholder to sign a certificate to the prospectus, in the applicable issuer certificate form.

(2) Despite subsection (1), in British Columbia, the powers of the regulator with respect to the matters described in subsection (1) are set out in the *Securities Act* (British Columbia).

Certificate of operating entity

5.14(1) For the purposes of this section, the term "operating entity" means, in relation to an issuer, a person or company through which the business of the issuer, or a material part of the business of the issuer, is conducted and for which the issuer is required under securities legislation, or has undertaken, to provide to its securityholders separate financial statements of the person or company if the issuer's financial statements do not include consolidated information concerning the person or company.

(2) A prospectus of an issuer that is a trust must contain a certificate, in the applicable issuer certificate form, signed

(a) by the chief executive officer and the chief financial officer of the operating entity, and

(b) on behalf of the board of directors of the operating entity, by

(i) any two directors of the operating entity, other than the persons referred to in paragraph (a) above, or

(ii) if the operating entity has only three directors, two of whom are the persons referred to in paragraph (a), all of the directors of the operating entity.

Certificate of other persons

5.15(1) Except in Ontario, the regulator may, in its discretion, require any person or company to sign a certificate to the prospectus, in the form that the regulator considers appropriate.

(2) Despite subsection (1), in British Columbia, the powers of the regulator with respect to the matters described in subsection (1) are set out in the *Securities Act* (British Columbia).

PART 6: Amendments

Form of amendment

6.1(1) An amendment to a prospectus must be either

(a) an amendment that does not fully restate the text of the prospectus, or

(b) an amended and restated prospectus.

(2) An amendment to a prospectus must be identified as follows:

(a) for an amendment that does not restate the text of the prospectus:

"Amendment no. [insert amendment number] dated [insert date of amendment] to [identify prospectus] dated [insert date of prospectus being amended]."; or

(b) for an amended and restated prospectus:

"Amended and restated [identify prospectus] dated [insert date of amendment], amending and restating [identify prospectus] dated [insert date of prospectus being amended]."

Required documents for filing an amendment

6.2 An issuer that files an amendment to a prospectus must

(a) file a signed copy of the amendment,

(b) deliver to the regulator a copy of the prospectus blacklined to show the changes made by the amendment, if the amendment is also a restatement of the prospectus,

(c) file or deliver any supporting documents required under this Instrument or other securities legislation to be filed or delivered with a prospectus, unless the documents originally filed or delivered with the prospectus are correct as of the date the amendment is filed, and

(d) in case of an amendment to a final prospectus, file any consent letter required to be filed with a final prospectus, dated as of the date of the amendment.

Auditor's comfort letter

6.3 An issuer must deliver a new auditor's comfort letter, if an amendment to

(a) a preliminary long form prospectus materially affects, or relates to, an auditor's comfort letter delivered under subparagraph 9.1(b)(iii),

(b) a preliminary short form prospectus materially affects, or relates to, an auditor's comfort letter delivered under subparagraph 4.1(b)(ii) of NI 44-101.

Delivery of amendments

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

[**Note:** In Ontario, subsection 57(3) of the *Securities Act* (Ontario) imposes a similar requirement regarding the delivery of amendments to a preliminary prospectus.]

Amendment to a preliminary prospectus

6.5(1) Except in Ontario, if, after a receipt for a preliminary prospectus is issued but before a receipt for the final prospectus is issued, a material adverse change occurs, an amendment to the preliminary prospectus must be filed as soon as practicable, but in any event within 10 days after the day the change occurs.

[**Note:** In Ontario, subsection 57(1) of the *Securities Act* (Ontario) imposes a similar requirement to file an amendment to a preliminary prospectus where there has been a material adverse change.]

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

Amendment to a final prospectus

6.6(1) Except in Ontario, if, after a receipt for a final prospectus is issued but before the completion of the distribution under the final prospectus, a material change occurs, an issuer must file an amendment to the final prospectus as soon as practicable, but in any event within 10 days after the day the change occurs.

[**Note:** In Ontario, subsection 57(1) of the *Securities Act* (Ontario) imposes a similar requirement to file an amendment to a final prospectus where there has been a material change.]

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

[**Note:** In Ontario, subsection 57(2) of the *Securities Act* (Ontario) imposes a similar requirement to file an amendment to a prospectus any time there is a proposed distribution of securities in addition to that disclosed under the prospectus.]

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

[**Note:** In Ontario, subsection 57(2.1) of the *Securities Act* (Ontario) imposes a similar obligation for the Director to issue a receipt for an amendment to a prospectus unless there are proper grounds for refusing the receipt.]

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

[**Note:** In Ontario, subsections 57(2.1) and 61(3) of the *Securities Act* (Ontario) impose a similar restriction on the Director to refuse to issue a receipt for a prospectus without first giving an issuer an opportunity to be heard.]

(5) Except in Ontario, an issuer must not proceed with a distribution or additional distribution if an amendment to a final prospectus is required to be filed until a receipt for the amendment to the final prospectus is issued by the regulator.

[**Note:** In Ontario, subsection 57(2.2) of the *Securities Act* (Ontario) imposes a similar restriction in respect of a distribution or additional distribution before a receipt is issued for an amendment to the final prospectus.]

(6) Subsection (5) does not apply to an investment fund in continuous distribution.

[**Note:** In Ontario, section 2.2 of OSC Rule 41-801 *Implementing National Instrument 41-101 General Prospectus Requirements and Consequential Amendments* provides a similar exemption for an investment fund in continuous distribution from the requirement to obtain a receipt prior to making a distribution or additional distribution under an amendment to a final prospectus.]

PART 7: Non-fixed Price Offerings and Reduction of Offering Price under a Final Prospectus

Application

7.1 This Part does not apply to an investment fund in continuous distribution.

Non-fixed price offerings and reduction of offering price

7.2(1) A person or company distributing a security under a prospectus must do so at a fixed price.

(2) Despite subsection (1), securities may be distributed for cash at non-fixed prices under a prospectus if the securities have received a rating, on a provisional or final basis, from at least one approved rating organization at the time of

(a) the filing of the preliminary short form prospectus, if the issuer is filing a prospectus in the form of a short form prospectus under NI 44-101, or

(b) the filing of the long form prospectus.

(3) Despite subsection (1), if securities are distributed for cash under a prospectus, the price of the securities may be decreased from the initial offering price disclosed in the prospectus and, after such a decrease, changed from time to time to an amount not greater than the initial offering price, without filing an amendment to the prospectus to reflect the change, if

(a) the securities are distributed through one or more underwriters that have agreed to purchase all of the securities at a specified price,

(b) the proceeds to be received by the issuer or selling securityholders are disclosed in the prospectus as being fixed, and

(c) the underwriters have made a reasonable effort to sell all of the securities distributed under the prospectus at the initial offering price disclosed in the final prospectus.

(4) Despite subsections (2) and (3), the price at which securities may be acquired on exercise of rights must be fixed.

PART 8: Best Efforts Distributions

Application

8.1 This Part does not apply to an investment fund in continuous distribution.

Distribution period

8.2(1) Unless an amendment to the final prospectus is filed and the regulator has issued a receipt for the amendment, if securities are being distributed on a best efforts basis, the distribution must cease within 90 days after the date of the receipt for the final prospectus.

(2) Unless a further amendment to the final prospectus is filed and the regulator has issued a receipt for the further amendment, if an amendment to a final prospectus is filed and the regulator has issued a receipt for the amendment under subsection (1), the distribution must cease within 90 days after the date of the receipt for the amendment to the final prospectus.

(3) The total period of the distribution under subsections (1) and (2) must not end more than 180 days from the date of receipt for the final prospectus.

Minimum amount of funds

8.3 If securities are being distributed on a best efforts basis, other than an offering of securities to be distributed continuously, and the prospectus discloses that a minimum amount of funds must be raised,

(a) the issuer must appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practicing member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until the minimum amount of funds stipulated in the final prospectus has been raised, and

(b) if the minimum amount of funds is not raised within the appropriate period of the distribution prescribed by section 8.2, the person or company holding the funds in trust referred to in paragraph (a) must return the funds to the subscribers without any deductions.

PART 9: Requirements for Filing a Long Form Prospectus

Required documents for filing a preliminary or pro forma long form prospectus

9.1(1) An issuer that files a preliminary or pro forma long form prospectus must

(a) file the following with the preliminary or pro forma long form prospectus

(i) **Signed Copy** – in the case of a preliminary long form prospectus, a signed copy of the preliminary long form prospectus;

(ii) **Documents Affecting the Rights of Securityholders** – a copy of the following documents, and any amendments to the following documents, that have not previously been filed:

(A) articles of incorporation, amalgamation, continuation or any other constating or establishing documents of the issuer, unless the constating or establishing document is a statutory or regulatory instrument,

(B) by-laws or other corresponding instruments currently in effect,

(C) any securityholder or voting trust agreement that the issuer has access to and that can reasonably be regarded as material to an investor in securities of the issuer,

(D) any securityholders' rights plans or other similar plans, and

(E) any other contract of the issuer or a subsidiary of the issuer that creates or can reasonably be regarded as materially affecting the rights or obligations of the issuer's securityholders generally;

(iii) **Material Contracts** – a copy of any material contract required to be filed under section 9.3;

(iv) **Investment Fund Documents** – if the issuer is an investment fund, the documents filed under subparagraphs (ii) and (iii) must include a copy of

(A) any declaration of trust or trust agreement of the investment fund, limited partnership agreement, or any other constating or establishing documents of the investment fund,

(B) any agreement of the investment fund or the trustee with the manager of the investment fund,

(C) any agreement of the investment fund, the manager or trustee with the portfolio advisers of the investment fund,

(D) any agreement of the investment fund, the manager or trustee with the custodian of the investment fund, and

(E) any agreement of the investment fund, the manager or trustee with the principal distributor of the investment fund;

(v) **Mining Reports** – if the issuer has a mineral project, the technical reports required to be filed with a preliminary long form prospectus under NI 43-101; and

(vi) **Reports and Valuations** – a copy of each report or valuation referred to in the preliminary long form prospectus for which a consent is required to be filed under section 10.1 and that has not previously been filed, other than a technical report that

(A) deals with a mineral project or oil and gas activities, and

(B) is not otherwise required to be filed under subparagraph (v); and

(b) deliver to the regulator, concurrently with the filing of the preliminary or pro forma long form prospectus, the following:

(i) **Blacklined Copy** – in the case of a pro forma prospectus, a copy of the pro forma prospectus blacklined to show changes and the text of deletions from the latest prospectus previously filed;

(ii) **Personal Information Form and Authorization to Collect, Use and Disclose Personal Information** – a completed ~~Appendix A~~personal information form for~~,~~

(A) each director and executive officer of an issuer,

(B) if the issuer is an investment fund, each director and executive officer of the manager of the issuer,

(C) each promoter of the issuer, and

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

~~for whom the issuer has not previously filed or delivered,~~

~~(E) a completed personal information form and authorization in the form set out in Appendix A,~~

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

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

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

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

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

(iii) **Auditor's Comfort Letter regarding Audited Financial Statements** – if a financial statement of an issuer or a business included in, or incorporated by reference into, a preliminary or pro forma long form prospectus is accompanied by an unsigned auditor's report, a signed letter addressed to the regulator from the auditor of the issuer or of the business, as applicable, prepared in accordance with the form suggested for this circumstance in the Handbook.

(2) Despite subparagraph 9.1(1)(b)(ii), an issuer is not required to file a personal information form for an individual if all of the following are satisfied:

(a) a personal information form of the individual has been executed by the individual within three years preceding the date of the filing of the preliminary or pro forma long form prospectus;

(b) the personal information form was delivered to the regulator or, in Québec, the securities regulatory authority

(i) by an issuer on behalf of the individual on or after [insert effective date of amendments]; or

(ii) by the issuer on behalf of the individual after March 16, 2008 but before [insert effective date of amendments] in the form set out in Appendix A to NI 41-101 in effect during this period;

(c) the information concerning the individual contained in the responses to

(i) questions 6 through 10 of the personal information form referenced in subparagraph (b)(i) remains correct as at the date of the certificate referred to in paragraph (d); or

(ii) questions 4(B) and (C) and questions 6 through 9 of the personal information form referenced in subparagraph (b)(ii) remains correct as at the date of the certificate referred to in paragraph (d);

(d) the issuer delivers to the regulator or, in Québec, the securities regulatory authority, concurrently with the filing of the preliminary or pro forma long form prospectus, a certificate of the issuer in the form set out in Schedule 4 of Appendix A stating that the individual has provided the issuer with confirmation in respect of the requirement contained in paragraph (c);

(e) the certificate referenced in paragraph (d) is dated no earlier than 30 days before the filing of the preliminary or pro forma long form prospectus.

Required documents for filing a final long form prospectus

9.2 An issuer that files a final long form prospectus must

(a) file the following with the final long form prospectus:

(i) **Signed Copy** – a signed copy of the final long form prospectus;

(ii) **Documents Affecting the Rights of Securityholders** – a copy of any document described under subparagraph 9.1(a)(ii) that has not previously been filed;

(iii) **Material Contracts** – a copy of each material contract required to be filed under section 9.3 that has not previously been filed under subparagraph 9.1(a)(iii);

(iv) **Investment Fund Documents** – a copy of any document described under subparagraph 9.1(a)(iv) that has not previously been filed;

(v) **Other Reports and Valuations** – a copy of any report or valuation referred to in the final long form prospectus, for which a consent is required to be filed under section 10.1 and that has not previously been filed, other than a technical report that

(A) deals with a mineral project or oil and gas activities of the issuer, and

(B) is not otherwise required to be filed under subparagraph 9.1(a)(v) or 9.1(a)(vi);

(vi) **Issuer's Submission to Jurisdiction** – a submission to jurisdiction and appointment of agent for service of process of the issuer in the form set out in Appendix B, if an issuer is incorporated or organized in a foreign jurisdiction and does not have an office in Canada;

(vii) **Non-Issuer's Submission to Jurisdiction** – a submission to jurisdiction and appointment of agent for service of process of

(A) ~~(A)~~ each selling securityholder,

(A.1) each director of the issuer, and

(B) ~~each~~any other person or company ~~required to sign~~that provides or signs a certificate under Part 5 or other securities legislation, other than an issuer,

in the form set out in Appendix C, if the person or company is incorporated or organized in a foreign jurisdiction and does not have an office in Canada or is an individual who resides outside of Canada;

(viii) **Expert's Consents** – the consents required to be filed under section 10.1;

(ix) **Credit Supporter's Consent** – the written consent of the credit supporter to the inclusion of its financial statements in the final long form prospectus, if financial statements of a credit supporter are required under Item 33 of Form 41-101F1 to be included in a final long form prospectus and a certificate of the credit supporter is not required under section 5.12 to be included in the final long form prospectus;

(x) **Undertaking in Respect of Credit Supporter Disclosure** – an undertaking of the issuer to file the periodic and timely disclosure of a credit supporter similar to the disclosure provided under section 12.1 of Form 44-101F1, so long as the securities being distributed are issued and outstanding;

(xi) **Undertaking in Respect of Continuous Disclosure** – An undertaking of the issuer to provide to its securityholders separate financial statements for an operating entity that investors need to make an informed decision about investing in the issuer's securities if

(A) the issuer is an income trust that is formed as a mutual fund trust as that term is used in the *Income Tax Act* (Canada), other than an "investment fund" as defined in section 1.1 of NI 81-106,

(B) the underlying business or income producing assets of the operating entity generate net cash flow available for distribution to the issuer's securityholders, and

(C) the issuer's performance and prospects depend primarily on the performance and operations of the operating entity;

(xii) **Undertaking to File ~~Documents~~Agreements, Contracts and Material Contracts** – if an agreement, contract or declaration of trust under

subparagraph (ii) or (iv) or a material contract under subparagraph (iii) has not been executed before the filing of the final long form prospectus but will be executed on or before the completion of the distribution, the issuer must file with the securities regulatory authority, no later than the time of filing of the final long form prospectus, an undertaking of the issuer to the securities regulatory authority to file the agreement, contract, declaration of trust or material contract promptly and in any event no later than seven days after execution of the agreement, contract, declaration of trust or material contract;

(xii.1) **Undertaking to File Unexecuted Documents –** if a document referred to in subparagraph (ii), ~~(iii) or (iv)~~ will not be executed in order to become effective and has not ~~been executed or~~ become effective before the filing of the final long form prospectus, but will ~~be executed or~~ become effective on or before the completion of the distribution, the issuer must file with the securities regulatory authority, no later than the time of filing of the final long form prospectus, an undertaking of the issuer to the securities regulatory authority to file the document promptly and in any event ~~within~~no later than seven days after the ~~completion of the distribution~~document becomes effective; and

(xiii) **Undertaking in Respect of Restricted Securities** – for distributions of non-voting securities, an undertaking of the issuer to give notice to holders of non-voting securities of a meeting of securityholders if a notice of such a meeting is given to its registered holders of voting securities; and

(b) deliver to the regulator, no later than the filing of the final long form prospectus

(i) **Blackline Copy** – a copy of the final long form prospectus blacklined to show changes from the preliminary or pro forma long form prospectus; and

(ii) **Communication with Exchange** – if the issuer has made an application to list the securities being distributed on an exchange in Canada, a copy of a communication in writing from the exchange stating that the application for listing has been made and has been accepted subject to the issuer meeting the requirements for listing of the exchange.

Material contracts

9.3(1) Unless previously filed, an issuer that files a long form prospectus must file a material contract entered into

(a) since the beginning of the last financial year ending before the date of the prospectus, or

(b) before the beginning of the last financial year ending before the date of the prospectus if that material contract is still in effect.

(2) Despite subsection (1), an issuer is not required to file a material contract entered into in the ordinary course of business unless the material contract is

(a) a contract to which directors, officers, promoters, selling securityholders or underwriters are parties, other than a contract of employment,

(b) a continuing contract to sell the majority of the issuer's products or services or to purchase the majority of the issuer's requirements of goods, services, or raw materials,

(c) a franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name,

(d) a financing or credit agreement with terms that have a direct correlation with anticipated cash distributions,

(e) an external management or external administration agreement, or

(f) a contract on which the issuer's business is substantially dependent.

(3) A provision in a material contract filed pursuant to subsections (1) or (2) may be omitted or marked to be unreadable if an executive officer of the issuer reasonably believes that disclosure of that provision would be seriously prejudicial to the interests of the issuer or would violate confidentiality provisions.

(4) Subsection (3) does not apply if the provision relates to

(a) debt covenants and ratios in financing or credit agreements,

(b) events of default or other terms relating to the termination of the material contract, or

(c) other terms necessary for understanding the impact of the material contract on the business of the issuer.

(5) If a provision is omitted or marked to be unreadable under subsection (3), the issuer must include a description of the type of information that has been omitted or marked to be unreadable immediately after the provision in the copy of the material contract filed by the issuer.

(6) Despite subsections (1) and (2), an issuer is not required to file a material contract entered into before January 1, 2002 if the issuer is a reporting issuer in at least one jurisdiction immediately before filing the prospectus.

PART 10: Consents and Licences, Registrations and Approvals

Consents of experts

10.1(1) ~~An~~Subject to subsection (1.1), an issuer must file the written consent of

(a) any solicitor, auditor, accountant, engineer, or appraiser,

(b) any notary in Québec, and

(c) any person or company whose profession or business gives authority to a statement made by that person or company

~~if that~~**(1.1)** Subsection (1) only applies if the person or company is named in a prospectus or an amendment to a prospectus, directly or, if applicable, in a document incorporated by reference,

(~~d~~a) as having prepared or certified any part of the prospectus or the amendment,

(~~e~~b) as having opined on financial statements from which selected information included in the prospectus has been derived and which audit opinion is referred to in the prospectus directly or in a document incorporated by reference, or

(~~f~~c) as having prepared or certified a report, valuation, statement or opinion referred to in the prospectus or the amendment, directly or in a document incorporated by reference.

(2) A consent referred to in subsection (1) must

(a) be filed no later than the time the final prospectus or the amendment to the final prospectus is filed or, for the purposes of future financial statements that have been incorporated by reference in a prospectus under subsection 15.2(3), no later than the date that those financial statements are filed,

(b) state that the person or company being named consents

(i) to being named, and

(ii) to the use of that person or company's report, valuation, statement or opinion,

(c) refer to the report, valuation, statement or opinion stating the date of the report, valuation, statement or opinion, and

(d) contain a statement that the person or company referred to in subsection (1)

(i) has read the prospectus, and

(ii) has no reason to believe that there are any misrepresentations in the information contained in it that are

(A) derived from the report, valuation, statement or opinion, or

(B) within the knowledge of the person or company as a result of the services performed by the person or company in connection with the report, financial statements, valuation, statement or opinion.

(3) In addition to any other requirement of this section, the consent of an auditor or accountant must also state

(a) the dates of the financial statements on which the report of the person or company is made, and

(b) that the person or company has no reason to believe that there are any misrepresentations in the information contained in the prospectus that are

(i) derived from the financial statements on which the person or company has reported, or

(ii) within the knowledge of the person or company as a result of the audit of the financial statements.

(4) Subsection (1) does not apply to an approved rating organization that issues a rating to the securities being distributed under the prospectus.

Licences, registrations and approvals

10.2 If the proceeds of the distribution will be used to substantially fund a material undertaking that would constitute a material departure from the business or operations of the issuer and the issuer has not obtained all material licences, registrations and approvals necessary for the stated principal use of proceeds,

(a) the issuer must appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practicing member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until all material licences, registrations and approvals necessary for the stated principal use of proceeds have been obtained, and

(b) if all material licences, registrations and approvals necessary for the operation of the stated principal use of proceeds have not been obtained within 90 days from

the date of receipt of the final prospectus, the trustee must return the funds to subscribers.

PART 11: Over-Allocation and Underwriters

Over-allocation

11.1 Securities that are sold to create the over-allocation position in connection with a distribution under a prospectus must be distributed under the prospectus.

Distribution of securities under a prospectus to an underwriter

11.2 ~~No~~Except as required under section 11.3, no person or company may distribute securities under a prospectus to any person or company acting as an underwriter in connection with the distribution of securities under the prospectus, other than

(a) an over-allotment option granted to one or more persons or companies for acting as an underwriter in connection with the distribution or any security issuable or transferable on the exercise of such an over-allotment option; or

(b) securities issued or paid as compensation to one or more persons or companies for acting as an underwriter in respect of other securities that are distributed under the prospectus, where the number or principal amount of the securities issued as compensation, on an as-if-converted basis, does not in the aggregate exceed 10% of the total of the base offering on an as-if converted basis plus any securities that would be acquired upon the exercise of an over-allotment option.

Take-up by underwriter

11.3 If an underwriter has agreed to purchase a specified number or principal amount of the securities at a specified price, the underwriter must take up the securities, if at all, within 42 days after the date of the receipt for the final prospectus.

PART 12: Restricted Securities

Application

12.1 This Part does not apply to

(a) securities of mutual funds,

(b) securities that carry a right to vote subject to a restriction on the number or percentage of securities that may be voted or owned by persons or companies that are not citizens or residents of Canada or that are otherwise considered as a result of any law applicable to the issuer to be non-Canadians, but only to the extent of the restriction, and

(c) securities that are subject to a restriction, imposed by any law governing the issuer, on the level of ownership of the securities by a person, company or combination of persons or companies, but only to the extent of the restriction.

Use of restricted security term

12.2(1) An issuer must not refer to a security in a prospectus by a term or a defined term that includes the word "common" unless the security is an equity security to which are attached voting rights exercisable in all circumstances, irrespective of the number or percentage of securities owned, that are not less, per security, than the voting rights attached to any other outstanding security of the issuer.

(2) An issuer must not refer in a prospectus to a term or defined term that includes the word "preference" or "preferred", unless the security is a security, other than an equity security, to which is attached a preference or right over any class of equity security of the issuer.

(3) If restricted securities are referred to in the constating documents of the issuer by a term that is different from the appropriate restricted security term, the restricted securities may be described, in one place only in the prospectus, by the term used in the constating documents of the issuer; provided that, the description is not on the front page of the prospectus and is in the same type face and type size as that used generally in the body of the prospectus.

(4) A class of securities that is or may become restricted securities must be referred to in a prospectus using a term or a defined term that includes the appropriate restricted security term.

Prospectus filing eligibility

12.3(1) Subject to subsection (3), an issuer must not file a prospectus under which restricted securities, subject securities or securities that are, directly or indirectly, convertible into, or exercisable or exchangeable for, restricted securities or subject securities, are distributed unless

(a) the distribution has received prior majority approval of the securityholders of the issuer in accordance with applicable law, including approval on a class basis if required and excluding any votes attaching at the time to securities held, directly or indirectly, by affiliates of the issuer or control persons of the issuer, or

(b) at the time of any restricted security reorganization related to the securities to be distributed

(i) the restricted security reorganization received prior majority approval of the securityholders of the issuer in accordance with applicable law,

including approval on a class basis if required and excluding any votes attaching at the time to securities held, directly or indirectly, by affiliates of the issuer or control persons of the issuer,

(ii) the issuer was a reporting issuer in at least one jurisdiction, and

(iii) no purposes or business reasons for the creation of restricted securities were disclosed that are inconsistent with the purpose of the distribution.

(2) Subject to subsection (3), for each approval referred to in subsection (1), the issuer must have provided prior written disclosure in an information circular or notice to its securityholders that included

(a) the name of each affiliate of the issuer that was a beneficial owner of securities of the issuer and the number of securities beneficially owned, directly or indirectly, by the affiliate as of the date of the information circular or notice to the extent known to the issuer after reasonable inquiry,

(b) the name of each control person and the number of securities beneficially owned, directly or indirectly, by the control person as of the date of the information circular or notice, to the extent known to the issuer after reasonable inquiry,

(c) a statement of the number of votes attaching to the securities that were excluded for the purpose of the approval to the extent known to the issuer after reasonable inquiry, and

(d) the purpose and business reasons for the creation of restricted securities.

(3) Subsections (1) and (2) do not apply if

(a) the securities offered by the prospectus are of an existing class of restricted securities that were created before December 21, 1984,

(b) the issuer was a private issuer immediately before filing the prospectus,

(c) the securities offered by the prospectus are of the same class as securities distributed under a previous prospectus that was filed by an issuer that was, at the time of filing the previous prospectus, a private issuer,

(d) the securities offered by the prospectus are previously unissued restricted securities distributed by way of stock dividend in the ordinary course to securityholders instead of a cash dividend if at the time of distribution there is a published market for the restricted securities,

(e) the securities offered by the prospectus are distributed as a stock split that takes the form of a distribution of previously unissued restricted securities by way of

stock dividend to holders of the same class of restricted securities if at the time of distribution there is a published market for the restricted securities and the distribution is part of a concurrent distribution by way of stock dividend to holders of all equity securities under which all outstanding equity securities of the issuer are increased in the same proportion, or

(f) as of a date not more than seven days before the date of the prospectus, the issuer expects that in each local jurisdiction in which the prospectus will be filed the number of securities of each class of equity securities held by registered holders whose last address as shown on the books of the issuer is in the local jurisdiction, or beneficially owned by persons or companies in the local jurisdiction, will be less than two percent of the outstanding number of securities of the class after giving effect to the proposed distribution.

PART 13: Advertising and Marketing in Connection with Prospectus Offerings

Legend for communications during the waiting period

13.1(1) A notice, circular, advertisement, letter or other communication used in connection with a prospectus offering during the waiting period must contain the following legend or words to the same effect:

> "A preliminary prospectus containing important information relating to these securities has been filed with securities commissions or similar authorities in certain jurisdictions of Canada. The preliminary prospectus is still subject to completion or amendment. Copies of the preliminary prospectus may be obtained from [insert name and contact information for dealer or other relevant person or entity.] There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final prospectus has been issued."

(2) If the notice, circular, advertisement, letter or other communication is in writing, set out the language in subsection (1) in boldface type that is at least as large as that used generally in the body of the text.

Legend for communications following receipt for the final prospectus

13.2(1) A notice, circular, advertisement, letter or other communication used in connection with a prospectus offering following the issuance of a receipt for the final prospectus must contain the following legend or words to the same effect:

> "This offering is only made by prospectus. The prospectus contains important detailed information about the securities being offered. Copies of the prospectus may be obtained from [insert name and contact information for dealer or other relevant person or entity.] Investors should read the prospectus before making an investment decision."

(2) If the notice, circular, advertisement, letter or other communication is in writing, set out the language in subsection (1) in boldface type that is at least as large as that used generally in the body of the text.

Advertising for investment funds during the waiting period

13.3 If the issuer is an investment fund, an advertisement used in connection with a prospectus offering during the waiting period may state only the following information:

(a) whether the security represents a share in a company or an interest in a non-corporate entity such as a trust unit or a partnership interest;

(b) the name of the issuer;

(c) the price of the security;

(d) the fundamental investment objective(s) of the investment fund;

(e) the name of the manager of the investment fund;

(f) the name of the portfolio adviser of the investment fund;

(g) the name and address of a person or company from whom a preliminary prospectus may be obtained and purchases of securities may be made; ~~and~~

(h) how many securities will be made available; and

(i) whether the security is or will be a qualified investment for a registered retirement savings plan, registered retirement income fund, registered education savings plan or tax free savings account or qualifies or will qualify the holder for special tax treatment.

Part 14: Custodianship of Portfolio Assets of an Investment Fund

General

14.1(1) This Part applies to an investment fund that prepares a prospectus in accordance with this Instrument, other than an investment fund subject to NI 81-102.

(2) Subject to sections 14.8 and 14.9, all portfolio assets of an investment fund must be held under the custodianship of one custodian that satisfies the requirements of section 14.2.

(3) No manager of an investment fund may act as a custodian or sub-custodian of the investment fund.

Who may act as custodian or sub-custodian

14.2(1) If portfolio assets are held in Canada by a custodian or sub-custodian, the custodian or sub-custodian must be one of the following:

(a) a bank listed in Schedule I, II or III of the *Bank Act* (Canada);

(b) a trust company that

(i) is incorporated and licenced or registered under the laws of Canada or a jurisdiction, and

(ii) has equity, as reported in its most recent audited financial statement, of not less than $10,000,000;

(c) a company that is incorporated under the laws of Canada or a jurisdiction and is an affiliate of a bank or trust company referred to in paragraph (a) or (b), if

(i) the company has equity, as reported in its most recent audited financial statements that have been made public, of not less than $10,000,000, or

(ii) the bank or trust company has assumed responsibility for all of the custodial obligations of the company for that investment fund.

(2) If portfolio assets are held outside of Canada by a sub-custodian, the sub-custodian must be one of the following:

(a) an entity referred to in subsection (1);

(b) an entity that

(i) is incorporated or organized under the law of a country, or a political subdivision of a country, other than Canada,

(ii) is regulated as a banking institution or trust company by the government, or an agency of the government of the country or political subdivision of the country under whose laws it is incorporated or organized, and

(iii) has equity, as reported in its most recent audited financial statements of not less than the equivalent of $100,000,000;

(c) an affiliate of an entity referred to in paragraph (a) or (b) if

(i) the affiliate has equity, as reported in its most recent audited financial statements that have been made public, of not less than the equivalent of $100,000,000, or

(ii) the entity referred to in paragraphs (a) or (b) has assumed responsibility for all of the custodial obligations of the affiliate for that investment fund.

Standard of care

14.3(1) The custodian and each sub-custodian of an investment fund, in carrying out their duties concerning the safekeeping of, and dealing with, the portfolio assets of the investment fund, must exercise

(a) the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances, or

(b) at least the same degree of care as they exercise with respect to their own property of a similar kind, if this is a higher degree of care than the degree of care referred to in paragraph (a).

(2) No investment fund may relieve the custodian or a sub-custodian of the investment fund from liability to the investment fund or to a securityholder of the investment fund for loss that arises out of the failure of the custodian or sub-custodian to exercise the standard of care imposed by subsection (1).

(3) An investment fund may indemnify a custodian or sub-custodian against legal fees, judgments and amounts paid in settlement, actually and reasonably incurred by that entity in connection with custodial or sub-custodial services provided by that entity to the investment fund, if those fees, judgments and amounts were not incurred as a result of a breach of the standard of care described in subsection (1).

(4) No investment fund may incur the cost of any portion of liability insurance that insures a custodian or sub-custodian for a liability, except to the extent that the custodian or sub-custodian may be indemnified for that liability under this section.

Appointment of sub-custodian

14.4(1) The custodian or a sub-custodian of an investment fund may appoint one or more sub-custodians to hold portfolio assets of the investment fund if,

(a) in the case where the appointment is by the custodian, the investment fund gives written consent to each appointment,

(b) in the case where the appointment is by a sub-custodian, the investment fund and the custodian of the investment fund give written consent to each appointment,

(c) the sub-custodian is an entity described in subsection 14.2(1) or (2), as applicable,

(d) the arrangements under which a sub-custodian is appointed are such that the investment fund may enforce rights directly, or require the custodian or a sub-custodian to enforce rights on behalf of the investment fund, to the portfolio assets held by the appointed sub-custodian, and

(e) the appointment is otherwise in compliance with this Instrument.

(2) Despite paragraphs (1)(a) and (b), a general consent to the appointment of persons or companies that are part of an international network of sub-custodians within the organization of the custodian appointed by the investment fund or the sub-custodian appointed by the custodian is sufficient if that general consent is part of an agreement governing the relationship between the investment fund and the appointed custodian or the custodian and the appointed sub-custodian.

(3) A custodian or sub-custodian must provide to the investment fund a list of each person or company that is appointed sub-custodian under a general consent referred to in subsection (2).

Content of agreements

14.5(1) All custodian agreements ~~between the investment fund and the custodian or the custodian and the~~and sub-custodian agreements of an investment fund must provide for

(a) the location of portfolio assets,

(b) the appointment of a sub-custodian, if any,

(c) the provision of lists of sub-custodians,

(d) the method of holding portfolio assets,

(e) the standard of care and responsibility for loss,

(f) review and compliance reports, and

(g) the safekeeping of portfolio assets on terms consistent with the agreement between the investment fund and the custodian, for an agreement between a custodian and a sub-custodian~~,~~.

(2) The provisions of an agreement referred to under subsection (1) must comply with the requirements of this Part.

(3) ~~An agreement between an investment fund and a~~A custodian agreement or ~~a custodian and a~~ sub-custodian ~~respecting~~agreement concerning the portfolio assets of an investment fund must not

(a) provide for the creation of any security interest on the portfolio assets except for a good faith claim for payment of the fees and expenses of the custodian or sub-custodian for acting in that capacity or to secure the obligations of the investment fund to repay borrowings by the investment fund from a custodian or sub-custodian for the purpose of settling portfolio transactions, or

(b) contain a provision that would require the payment of a fee to the custodian or sub-custodian for the transfer of the beneficial ownership of portfolio assets, other than for safekeeping and administrative services in connection with acting as custodian or sub-custodian.

Review and compliance reports

14.6(1) The custodian of an investment fund must, on a periodic basis and at least annually,

(a) review the agreements referred to in section 14.5 to determine if those agreements are in compliance with this Part,

(b) make reasonable enquiries to ensure that each sub-custodian is an entity referred to in subsection 14.2(1) or (2), as applicable, and

(c) make or cause to be made any changes that may be necessary to ensure that

(i) the agreements are in compliance with this Part, and

(ii) each sub-custodian is an entity referred to in subsection 14.2(1) or (2), as applicable.

(2) The custodian of an investment fund must, within 60 days after the end of each financial year of the investment fund, advise the investment fund in writing

(a) of the names and addresses of all sub-custodians of the investment fund,

(b) if the agreements are in compliance with this Part, and

(c) if, to the best of the knowledge and belief of the custodian, each sub-custodian is an entity that satisfies the requirements of subsection 14.2(1) or (2), as applicable.

(3) A copy of the report referred to in subsection (2) must be delivered by or on behalf of the investment fund to the securities regulatory authority within 30 days after the filing of the annual financial statements of the investment fund.

Holding of portfolio assets and payment of fees

14.7(1) Except as provided in subsections (2) and (3) and sections 14.8 and 14.9, portfolio assets not registered in the name of the investment fund must be registered in the name of the

custodian or a sub-custodian of the investment fund or any of their respective nominees with an account number or other designation in the records of the custodian sufficient to show that the beneficial ownership of the portfolio assets is vested in the investment fund.

(2) The custodian or a sub-custodian of the investment fund or the applicable nominee must segregate portfolio assets issued in bearer form to show that the beneficial ownership of the property is vested in the investment fund.

(3) A custodian or sub-custodian of an investment fund may deposit portfolio assets with a depository or a clearing agency that operates a book-based system.

(4) The custodian or sub-custodian of an investment fund arranging for the deposit of portfolio assets with, and their delivery to, a depository, or clearing agency, that operates a book-based system must ensure that the records of any of the applicable participants in that book-based system or the custodian contain an account number or other designation sufficient to show that the beneficial ownership of the portfolio assets is vested in the investment fund.

(5) No investment fund may pay a fee to a custodian or sub-custodian for the transfer of beneficial ownership of portfolio assets other than for safekeeping and administrative services in connection with acting as custodian or sub-custodian.

Custodial provisions relating to derivatives and securities lending, repurchases and reverse repurchase agreements

14.8(1) For the purposes of subsection (4), "specified derivative" has the same meaning as in NI 81-102.

(2) An investment fund may deposit portfolio assets as margin for transactions in Canada involving clearing corporation options, options on futures or standardized futures with a dealer that is a member of an SRO that is a participating member of CIPF if the amount of margin deposited does not, when aggregated with the amount of margin already held by the dealer on behalf of the investment fund, exceed 10% of the net assets of the investment fund, taken at market value as at the time of deposit.

(3) An investment fund may deposit portfolio assets with a dealer as margin for transactions outside Canada involving clearing corporation options, options on futures or standardized futures if

(a) in the case of standardized futures and options on futures, the dealer is a member of a futures exchange or, in the case of clearing corporation options, is a member of a stock exchange, and, as a result in either case, is subject to a regulatory audit,

(b) the dealer has a net worth, determined from its most recent audited financial statements that have been made public, in excess of the equivalent of $50 million, and

(c) the amount of margin deposited does not, when aggregated with the amount of margin already held by the dealer on behalf of the investment fund, exceed 10% of the net assets of the investment fund, taken at market value as at the time of deposit.

(4) An investment fund may deposit with its counterparty portfolio assets over which it has granted a security interest in connection with a particular specified derivatives transaction.

(5) The agreement by which portfolio assets are deposited in accordance with subsection (2), (3) or (4) must require the person or company holding the portfolio assets to ensure that its records show that the investment fund is the beneficial owner of the portfolio assets.

(6) An investment fund may deliver portfolio assets to a person or company in satisfaction of its obligations under a securities lending, repurchase or reverse purchase agreement if the collateral, cash proceeds or purchased securities that are delivered to the investment fund in connection with the transaction are held under the custodianship of the custodian or a sub-custodian of the investment fund in compliance with this Part.

Separate account for paying expenses

14.9 An investment fund may deposit cash in Canada with an entity referred to in paragraph (a) or (b) of subsection 14.2(1) to facilitate the payment of regular operating expenses of the investment fund.

PART 15: Documents Incorporated by Reference by Investment Funds

Application

15.1 This Part applies only to an investment fund in continuous distribution, other than scholarship plans.

Incorporation by reference

15.2(1) An investment fund must incorporate by reference into its long form prospectus, by means of a statement to that effect, the filed documents listed in section 37.1 of Form 41-101F2.

(2) If an investment fund does not incorporate by reference into its long form prospectus a document referred to in subsection (1), the document is deemed, for the purposes of securities legislation, to be incorporated by reference in the investment fund's long form prospectus as of the date of the long form prospectus.

(3) An investment fund must incorporate by reference in its long form prospectus, by means of a statement to that effect, the subsequently filed documents referred to in section 37.2 of Form 41-101F2.

(4) If an investment fund does not incorporate by reference into its long form prospectus a document referred to in subsection (3), the document is deemed, for the purposes of securities legislation, to be incorporated by reference in the investment fund's long form prospectus as of the date the investment fund filed the document.

PART 16: Distribution of Preliminary Prospectus and Distribution List

Distribution of preliminary prospectus and distribution list

16.1 Except in Ontario, any dealer distributing a security during the waiting period must

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

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

[**Note:** In Ontario, sections 66 and 67 of the *Securities Act* (Ontario) impose similar requirements regarding the distribution of a preliminary prospectus and maintaining a distribution list.]

PART 17: Lapse Date

Pro forma prospectus

17.1(1) In this Part, **"pro forma prospectus"** means a long form prospectus that complies with the requirements described in subsection (2).

(2) A pro forma prospectus must be prepared in the form of a long form prospectus in accordance with Form 41-101F1 or Form 41-101F2, as applicable, and other securities legislation, except that a pro forma prospectus is not required to contain prospectus certificates or to comply with sections 4.2, 4.3 and 4.4 of this Instrument.

(3) This Part does not apply to a prospectus filed in accordance with NI 44-101, NI 44-102 or NI 44-103.

Refiling of prospectus

17.2(1) This section does not apply in Ontario.

(2) In this section, **"lapse date"** means, with reference to the distribution of a security that has been qualified under a prospectus, the date that is 12 months after the date of the most recent final prospectus relating to the security.

(3) An issuer must not continue the distribution of a security to which the prospectus requirement applies after the lapse date unless the issuer files a new prospectus that complies with securities legislation and a receipt for that new prospectus is issued by the regulator.

(4) Despite subsection (3), a distribution may be continued for a further 12 months after a lapse date if,

(a) the issuer delivers a pro forma prospectus not less than 30 days before the lapse date of the previous prospectus;

(b) the issuer files a new final prospectus not later than 10 days after the lapse date of the previous prospectus; and

(c) a receipt for the new final prospectus is issued by the regulator within 20 days after the lapse date of the previous prospectus.

(5) The continued distribution of securities after the lapse date does not contravene subsection (3) unless and until any of the conditions of subsection (4) are not complied with.

(6) Subject to any extension granted under subsection (7), if a condition in subsection (4) is not complied with, a purchaser may cancel a purchase made in a distribution after the lapse date in reliance on subsection (4) within 90 days after the purchaser first became aware of the failure to comply with the condition.

(7) The regulator may, on an application of a reporting issuer, extend, subject to such terms and conditions as it may impose, the times provided by subsection (4) where in its opinion it would not be prejudicial to the public interest to do so.

[**Note:** In Ontario, section 62 of the *Securities Act* (Ontario) imposes similar requirements and procedures regarding refiling of prospectuses.]

PART 18: Statement of Rights

Statement of rights

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

[**Note:** In Ontario, section 60 of the *Securities Act* (Ontario) imposes a similar requirement for the inclusion of a statement of rights in a prospectus.]

PART 19: Exemption

Exemption

19.1(1) The regulator or the securities regulatory authority may grant an exemption from the provisions of this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of NI 14-101 opposite the name of the local jurisdiction.

Application for exemption

19.2 An application made to the securities regulatory authority or regulator for an exemption from the provisions of this Instrument must include a letter or memorandum describing the matters relating to the exemption, and indicating why consideration should be given to the granting of the exemption.

Evidence of exemption

19.3(1) Subject to subsection (2) and without limiting the manner in which an exemption under this Part may be evidenced, the granting under this Part of an exemption, other than an exemption from subsection 2.2(2), may be evidenced by the issuance of a receipt for a final prospectus or an amendment to a final prospectus.

(2) The issuance of a receipt for a final prospectus or an amendment to a final prospectus is not evidence that the exemption has been granted unless

(a) the person or company that sought the exemption sent to the regulator

(i) the letter or memorandum referred to in section 19.2 on or before the date of the filing of the pro forma or preliminary prospectus, or

(ii) the letter or memorandum referred to in section 19.2 after the date of the filing of the pro forma or preliminary prospectus and received a written acknowledgement from the regulator that the exemption may be evidenced in the manner set out in subsection (1), and

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

PART 20: Transition, Effective Date, and Repeal

Transition

20.1(1) [Repealed]

(2) [Repealed]

Effective Date

20.2 This Instrument comes into force on March 17, 2008.

Repeal

20.3 National Instrument 41-101 *Prospectus Disclosure Requirements*, which came into force on December 31, 2000, is repealed.

APPENDIX A TO NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

~~PERSONAL INFORMATION FORM AND AUTHORIZATION OF INDIRECT COLLECTION, USE AND DISCLOSURE OF PERSONAL INFORMATION~~

~~In connection with an issuer's (the "Issuer") filing of a prospectus, the attached Schedule 1 contains information (the "Information") concerning every individual for whom the Issuer is required to provide the Information under Part 9 of this Instrument or Part 4 of NI 44-101. The Issuer is required by provincial and territorial securities legislation to deliver the Information to the regulators listed in Schedule 3.~~

~~The Issuer confirms that each individual who has completed a Schedule 1:~~

~~(a) has been notified by the Issuer~~

~~(i) of the Issuer's delivery to the regulator of the Information in Schedule 1 pertaining to that individual,~~

~~(ii) that the Information is being collected indirectly by the regulator under the authority granted to it by provincial and territorial securities legislation or provincial legislation relating to documents held by public bodies and the protection of personal information,~~

~~(iii) that the Information collected from each director and executive officer of the investment fund manager may be used in connection with the prospectus filing of the Issuer and the prospectus filing of any other issuer managed by the investment fund manager,~~

~~(iv) that the Information is being collected and used for the purpose of enabling the regulator to administer and enforce provincial and territorial securities legislation, including those obligations that require or permit the regulator to refuse to issue a receipt for a prospectus if it appears to the regulator that the past conduct of management, an investment fund manager or promoter of the Issuer affords reasonable grounds for belief that the business of the Issuer will not be conducted with integrity and in the best interests of its securityholders, and~~

~~(v) of the contact, business address and business telephone number of the regulator in the local jurisdiction as set out in the attached Schedule 3, who can answer questions about the regulator's indirect collection of the Information;~~

~~(b) has read and understands the Personal Information Collection Policy attached hereto as Schedule 2; and~~

(c) has, by signing the certificate and consent in Schedule 1, authorized the indirect collection, use and disclosure of the Information by the regulator as described in Schedule 2.

Date: _____

_____

Name of Issuer

Per: _____

_____

Name

_____

Official Capacity

(Please print the name of the person signing on behalf of the issuer)

~~**APPENDIX A TO NATIONAL INSTRUMENT 41-101**~~
~~**GENERAL PROSPECTUS REQUIREMENTS**~~

~~**PERSONAL INFORMATION FORM**~~
~~**AND AUTHORIZATION OF INDIRECT COLLECTION,**~~
~~**USE AND DISCLOSURE OF PERSONAL INFORMATION**~~

Schedule 1
Part A

Personal Information Form and Authorization of Indirect Collection, Use and Disclosure of Personal Information

This Personal Information Form and Authorization of Indirect Collection, Use and Disclosure of Personal Information (the "Form") is to be completed by every individual who, in connection with an issuer filing a prospectus (the "Issuer"), is required to do so under Part 9 of National Instrument 41-101 *General Prospectus Requirements* ~~or~~, Part 4 of National Instrument 44-101 *Short Form Prospectus Distributions*~~. Where an individual has submitted a personal information form (an "Exchange Form") to the Toronto Stock Exchange or the TSX Venture Exchange and the information has not changed, the Exchange Form may be delivered in lieu of this Form; provided that the certificate and consent of this Form is completed and attached to the Exchange Form.~~ or Part 2 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*.

The securities regulatory authorities do not make any of the information provided in this Form public.

General Instructions:

All Questions — **All questions must have a response.** The response of "N/A" or "Not Applicable" will not be accepted for any questions, except Questions 1(B), 2~~B(iii) and 5 will not be accepted~~(iii) and (v) and 5.

For the purposes of answering the questions in this Form, the term "**issuer**" includes an **investment fund manager**.

Questions 6 to ~~9~~10 — Please ~~check~~place a checkmark (√) in the appropriate space provided. If your answer to any of questions 6 to ~~9~~10 is "YES", you must, in an attachment, provide complete details, including the circumstances, relevant dates, names of the parties involved and final disposition, if known. **Any attachment must be initialled by the person completing this Form.** Responses must consider all time periods.

Delivery — **The issuer should deliver completed Forms electronically via the System for Electronic Document Analysis and Retrieval (SEDAR) under the document type "Personal Information Form and**

Authorization". Access to this document type is not available to the public.

CAUTION

An individual who makes a false statement commits an offence under securities legislation. Steps may be taken to verify the answers you have given in this Form, including verification of information relating to any previous criminal record.

DEFINITIONS

"Offence" An offence includes:

(a) a summary conviction or indictable offence under the *Criminal Code* (Canada);

(b) a quasi-criminal offence (for example under the *Income Tax Act* (Canada), the *Immigration Act* (Canada) or the tax, immigration, drugs, firearms, money laundering or securities legislation of any Canadian or foreign jurisdiction);

(c) a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory therein; or

(d) an offence under the criminal legislation of any other foreign jurisdiction;

NOTE: If you have received a pardon under the *Criminal Records Act* (Canada) ~~and it has not been revoked~~for an Offence that relates to fraud (including any type of fraudulent activity), misappropriation of money or other property, theft, forgery, falsification of books or documents or similar Offences, you must disclose the pardoned ~~offence~~Offence in this Form. In such circumstances:

(a) the appropriate written response would be "Yes, pardon granted on (date)"; and

(b) you must provide complete details in an attachment to this Form.

"Proceedings" means:

(a) a civil or criminal proceeding or inquiry which is currently before a court;

(b) a proceeding before an arbitrator or umpire or a person or group of persons authorized by law to make an inquiry and take evidence under oath in the matter;

(c) a proceeding before a tribunal in the exercise of a statutory power of decision making where the tribunal is required by law to hold or afford the parties to the proceeding an opportunity for a hearing before making a decision; or

(d) a proceeding before a self-regulatory ~~organization~~entity authorized by law to regulate the operations and the standards of practice and business conduct of its members ~~and their representatives~~(including where applicable, issuers listed on a stock exchange) and individuals associated with those members and issuers, in which the self-regulatory ~~organization~~entity is required under its by-laws ~~or~~, rules or policies to hold or afford the parties the opportunity ~~for a hearing~~to be heard before making a decision, but does not apply to a proceeding in which one or more persons are required to make an investigation and to make a report, with or without recommendations, if the report is for the information or advice of the person to whom it is made and does not in any way bind or limit that person in any decision the person may have the power to make;

"securities regulatory authority" ~~(~~**or "SRA"**~~)~~ means a body created by statute in any ~~jurisdiction~~Canadian or ~~in any~~ foreign jurisdiction to administer securities law, regulation and policy (e.g. securities commission), but does not include an exchange or other self regulatory ~~or professional organization~~entity;

"self regulatory ~~or professional organization~~entity" or "SRE" means:

(a) a stock, derivatives, commodities, futures or options exchange;

(b) an association of investment, securities, mutual fund, commodities, or future dealers;

(c) an association of investment counsel or portfolio managers;

(d) an association of other professionals (e.g. legal, accounting, engineering); and

(e) any other group, institution or self-regulatory ~~entity~~organization, recognized by a securities regulatory authority, that is responsible for the enforcement of rules, policies, disciplines or codes under any applicable legislation, or considered ~~a self regulatory or professional organization~~an SRE in another country.

1. A. IDENTIFICATION OF INDIVIDUAL COMPLETING FORM

LAST NAME(S)	**FIRST NAME(S)**	**FULL MIDDLE NAME(S) (No initials. If none, please state)**

NAME(S) MOST COMMONLY KNOWN BY:
NAME OF ISSUER

PRESENT or PROPOSED POSITION(S) WITH THE ISSUER – check (√) all positions below that are applicable.	**(√)**	**IF DIRECTOR / OFFICER DISCLOSE THE DATE ELECTED / APPOINTED**			**IF OFFICER – PROVIDE TITLE IF OTHER – PROVIDE DETAILS**
		Month	**Day**	**Year**	
Director					
Officer					

Other					

B. **Other than the name given in Question 1A above, provide any legal names, assumed names or nicknames under which you have carried on business or have otherwise been known, including information regarding any name change(s) resulting from marriage, divorce, court order or any other process. Use an attachment if necessary.**

	FROM		TO	
	MM	YY	MM	YY

C.

GENDER		DATE OF BIRTH			PLACE OF BIRTH		
		Month	Day	Year	City	Province /State	Country
Male							
Female							

D.

MARITAL STATUS	FULL NAME OF SPOUSE – include common-law	OCCUPATION OF SPOUSE

E. **TELEPHONE AND FACSIMILE NUMBERS AND E-MAIL ADDRESS**

RESIDENTIAL	**( )**	**FACSIMILE**	**( )**
BUSINESS	**( )**	**E-MAIL***	

* Please provide an email address that the regulator may use to contact you regarding this PIF. This email address may be used to exchange personal information relating to you.

F. **RESIDENTIAL HISTORY – Provide all residential addresses for the past 10 YEARS starting with your current principal residential address. If you are unable to ~~correctly identify~~recall the complete residential address for a period~~,~~ which is beyond five years from the date of completion of this Form, the municipality and province or state and country must be identified. The regulator reserves the right to require the full address.**

STREET ADDRESS, CITY, PROVINCE/STATE, COUNTRY & POSTAL/ZIP CODE	FROM		TO	
	MM	YY	MM	YY

2. CITIZENSHIP

~~A.~~ ~~CANADIAN CITIZENSHIP~~		YES	NO
(i)	Are you a Canadian ~~Citizen~~citizen?		
(ii)	Are you a person lawfully in Canada as an immigrant but are not yet a Canadian citizen?		
(iii)	If "Yes" to Question 2~~A~~(ii), the number of years of continuous residence in Canada:		
(iv)	Do you hold citizenship in any country other than Canada?		
(v)	If "Yes" to Question 2(iv), the name of the country(ies):		

~~B.~~	~~OTHER CITIZENSHIP~~	~~YES~~	~~NO~~
~~(i)~~	~~Do you hold citizenship in any country other than Canada?~~		
~~(ii)~~	~~If "Yes" to Question 2B(i), the name of the country(s):~~		
~~(iii)~~	~~Please provide U.S. Social Security number, where you have such a number~~		

3. EMPLOYMENT HISTORY

Provide your complete employment history for the ~~10~~**5 YEARS** immediately prior to the date of this Form starting with your current employment. Use an attachment if necessary. If you were unemployed during this period of time, please state this and identify the period of unemployment.

EMPLOYER NAME	EMPLOYER ADDRESS	POSITION HELD	FROM		TO	
			MM	YY	MM	YY

4. ~~POSITIONS~~INVOLVEMENT WITH ~~OTHER~~ ISSUERS

		~~YES~~	~~NO~~
~~A.~~	~~While you were a director, officer or insider of an issuer, did any exchange or self-regulatory organization ever refuse approval for listing or quotation of that issuer (including a listing resulting from a qualifying transaction, reverse takeover, backdoor listing or change of business)? If yes, attach full particulars.~~		
~~B.~~	~~Has your employment in a sales, investment or advisory capacity with any firm or company engaged in the sale of real estate, insurance or mutual funds ever been terminated for cause?~~		
~~C.~~	~~Has a firm or company registered under the securities laws of any jurisdiction or of any foreign jurisdiction as a securities dealer, broker, investment advisor or underwriter, suspended or terminated your employment for cause?~~		

~~D~~ A	Are you or have you during the last 10 years ever been a director, officer, promoter, insider or control person for any reporting issuer?	Y	N

~~E~~B. **If "YES" to 4~~D~~A above, provide the names of each reporting issuer. State the position(s) held and the period(s) during which you held the position(s). Use an attachment if necessary.**

NAME OF REPORTING ISSUER	POSITION(S) HELD	MARKET TRADED ON	FROM		TO	
			MM	YY	MM	YY

C.	While you were a director, officer or insider of an issuer, did any exchange or other self-regulatory entity ever refuse approval for listing or quotation of the issuer, including (i) a listing resulting from a business combination, reverse take-over or similar transaction involving the issuer that is regulated by an SRE or SRA, (ii) a backdoor listing or qualifying acquisition involving the issuer (as those terms are defined in the TSX Company Manual as amended) or (iii) a Qualifying Transaction, Reverse Take Over or Change of Business involving the issuer (as those terms are defined in the TSX Venture Corporate Finance Manual as amended)? If yes, attach full particulars.		

5. EDUCATIONAL HISTORY

A. PROFESSIONAL DESIGNATION(S) – ~~Provide~~Identify any professional designation held and professional associations to which you belong~~. For~~, for example, Barrister & Solicitor, C.A., C.M.A., C.G.A., P.Eng., P.Geol., ~~and~~ CFA, etc. and indicate which organization and the date the designations were granted.

PROFESSIONAL DESIGNATION And MEMBERSHIP NUMBER	GRANTOR OF DESIGNATION And ~~JURISDICTION~~CANADIAN OR FOREIGN JURISDICTION	DATE GRANTED				
		MM	~~D D~~	YY	~~YES~~	~~NO~~

Describe the current status of any designation and/or association (e.g. active, retired, non-practicing, suspended)

B.	Provide your post-secondary educational history starting with the most recent.

SCHOOL	LOCATION	DEGREE OR DIPLOMA	DATE OBTAINED		
			MM	DD	YY

6. **OFFENCES –** If you answer "YES" to any item in Question 6, you must provide complete details in an attachment. **If you have received a pardon under the Criminal Records Act (Canada) for an Offence that relates to fraud (including any type of fraudulent activity), misappropriation of money or other property, theft, forgery, falsification of books or documents or similar Offences, you must disclose the pardoned Offence in this Form.**

		YES	NO
A.	Have you ever ~~pleaded~~, in any Canadian or foreign jurisdiction, pled guilty to or been found guilty of an ~~offence~~Offence?		
B.	Are you the subject of any current charge, indictment or proceeding for an ~~offence~~Offence, in any Canadian or foreign jurisdiction?		
C.	To the best of your knowledge, are you currently or have you **ever** been a director, officer, promoter, insider~~,~~ or control person of an issuer, in any ~~jurisdiction~~Canadian or ~~in any~~ foreign jurisdiction, at the time of events, where the issuer:		
(i)	~~has ever pleaded~~pled guilty to or ~~been~~was found guilty of an ~~offence~~Offence?		
(ii)	is now the subject of any ~~current~~ charge, indictment or proceeding for an ~~offence~~Offence?		

7. **BANKRUPTCY** – If you answer "YES" to any item in Question 7, you must provide complete details in an attachment and attach a copy of any discharge, release or other applicable document. You must answer "YES" or "NO" for EACH of (A), (B) and (C), below.

		YES	NO
A.	Have you, in any ~~jurisdiction~~Canadian or ~~in any~~ foreign jurisdiction, within the past **10 years** had a petition in bankruptcy issued against you, made a voluntary assignment in bankruptcy, made a proposal under any bankruptcy or insolvency legislation, been subject to any proceeding, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to manage your assets?		
B.	Are you now an undischarged bankrupt?		
C.	To the best of your knowledge, are you currently or have you **ever** been a director, officer, promoter, insider~~,~~ or control person of an issuer, in any ~~jurisdiction~~Canadian or ~~in any~~ foreign jurisdiction, at the time of events, or for a period of 12 months preceding the time of events, where the issuer:		

(i)	has made a petition in bankruptcy, a voluntary assignment in bankruptcy, a proposal under any bankruptcy or insolvency legislation, been subject to any proceeding, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to manage the issuer's assets?		
(ii)	is now an undischarged bankrupt?		

8. PROCEEDINGS – If you answer "YES" to any item in Question 8, you must provide complete details in an attachment.

		YES	NO
A.	**CURRENT PROCEEDINGS BY SECURITIES REGULATORY AUTHORITY OR SELF REGULATORY ~~OR PROFESSIONAL ORGANIZATION~~ENTITY. Are you now, in any ~~jurisdiction~~Canadian or ~~in any~~ foreign jurisdiction, the subject of:**		
(i)	a notice of hearing or similar notice issued by ~~a~~an SRA or SRE?		
(ii)	a proceeding or to your knowledge, under investigation, by an ~~exchange or other self regulatory or professional organization~~SRA or SRE?		
(iii)	settlement discussions or negotiations for settlement of any nature or kind whatsoever with ~~a~~an SRA or ~~any self regulatory or professional organization~~SRE?		

		YES	NO
B.	**PRIOR PROCEEDINGS BY SECURITIES REGULATORY AUTHORITY OR SELF REGULATORY ~~OR PROFESSIONAL ORGANIZATION~~ENTITY. Have you ever:**		
(i)	been reprimanded, suspended, fined, been the subject of an administrative penalty, or ~~otherwise~~ been the subject of any ~~disciplinary~~ proceedings of any kind whatsoever, in any ~~jurisdiction~~Canadian or ~~in any~~ foreign jurisdiction, by ~~a~~an SRA or ~~self regulatory or professional organization~~SRE?		
(ii)	had a registration or licence for the trading of securities, exchange or commodity futures contracts, real estate, insurance or mutual fund products cancelled, refused, restricted or suspended, by an SRA or SRE?		
(iii)	been prohibited or disqualified by an SRA or SRE under securities, corporate or any other legislation from acting as a director or officer of a reporting issuer or been prohibited or restricted by an SRA or SRE from acting as a director, officer or employee of, or an agent or consultant to, a reporting issuer?		
(iv)	had a cease trading or similar order issued against you or an order issued against you by an SRA or SRE that denied you the right to use any statutory prospectus or registration exemption?		
(v)	had any other proceeding of any nature or kind taken against you by an SRA or SRE?		

C.	**SETTLEMENT AGREEMENT(S)**		
	Have you ever entered into a settlement agreement with ~~a~~an SRA, ~~self regulatory or professional organization~~SRE, attorney general or comparable official or body, in any ~~jurisdiction~~Canadian or ~~in any~~ foreign jurisdiction, in a matter that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading in securities or exchange or commodity futures contracts, illegal distributions, failure to disclose material facts or changes or similar conduct, or any other settlement agreement with respect to any other violation of securities legislation in a ~~jurisdiction~~Canadian or ~~in a~~ foreign jurisdiction or the rules, by-laws or policies of any ~~self regulatory or professional organization~~SRE?		

D.	**To the best of your knowledge, are you now or have you ever been a director, officer, promoter, insider, or control person of an issuer at the time of such event, in any ~~jurisdiction~~Canadian or ~~in any~~ foreign jurisdiction, for which a securities regulatory authority or self regulatory ~~or professional organization~~entity has:**		
(i)	refused, restricted, suspended or cancelled the registration or licensing of an issuer to trade securities, exchange or commodity futures contracts, or to sell or trade real estate, insurance or mutual fund products?		
(ii)	issued a cease trade or similar order or imposed an administrative penalty of any nature or kind whatsoever against the issuer, other than an order for failure to file financial statements that was revoked within 30 days of its issuance?		
(iii)	refused a receipt for a prospectus or other offering document, denied any application for listing or quotation or any other similar application, or issued an order that denied the issuer the right to use any statutory prospectus or registration exemptions?		
(iv)	issued a notice of hearing, notice as to a proceeding or similar notice against the issuer?		
(v)	~~taken~~commenced any other proceeding of any nature or kind against the issuer, including a trading halt, suspension or delisting of the issuer ~~(other than~~, in connection with an alleged or actual contravention of an SRA's or SRE's rules, regulations, policies or other requirements, but excluding halts imposed (i) in the normal course for proper dissemination of information, or (ii) pursuant to a business combination, reverse ~~takeover, backdoor listing or similar transaction~~take-over or similar transaction involving the issuer that is regulated by an SRE or SRA, including a Qualifying Transaction, Reverse Takeover or Change of Business involving the issuer (as those terms are defined in the TSX Venture Corporate Finance Manual as amended)?		
(vi)	entered into a settlement agreement with the issuer in a matter that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading in securities or exchange or commodity futures contracts, illegal distributions, failure to disclose material facts or changes or similar conduct by the issuer, or ~~involved in~~ any other violation of securities legislation ~~in a jurisdiction or in a foreign jurisdiction or a self regulatory or professional organization's rules~~or the rules, by-laws or policies of an SRE?		

9. **CIVIL PROCEEDINGS** – If you answer "YES" to any item in Question 9, you must provide complete details in an attachment.

		YES	NO
A.	**JUDGMENT, GARNISHMENT AND INJUNCTIONS** **Has a court in any ~~jurisdiction~~Canadian or ~~in any~~ foreign jurisdiction:**		
(i)	rendered a judgment, ordered garnishment or issued an injunction or similar ban (whether by consent or otherwise) against you in a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar conduct?		
(ii)	rendered a judgment, ordered garnishment or issued an injunction or similar ban (whether by consent or otherwise) against an issuer~~, for~~ of which you are currently or have ever been a director, officer, promoter, insider or control person~~,~~ in a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar conduct?		
B.	**CURRENT CLAIMS**		
(i)	Are you now subject, in any ~~jurisdiction~~Canadian or ~~in any~~ foreign jurisdiction, ~~of~~to a claim that is based in whole or in part on actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar conduct?		
(ii)	To the best of your knowledge, are you currently or have you ever been a director, officer, promoter, insider or control person of an issuer that is now subject, in any ~~jurisdiction~~Canadian or ~~in any~~ foreign jurisdiction, ~~of~~to a claim that is based in whole or in part on actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar conduct?		
C.	**SETTLEMENT AGREEMENT**		
(i)	Have you ever entered into a settlement agreement, in any ~~jurisdiction~~Canadian or ~~in any~~ foreign jurisdiction, in a civil action that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar conduct?		
(ii)	To the best of your knowledge, are you currently or have you ever been a director, officer, promoter, insider or control person of an issuer that has entered into a settlement agreement, in any ~~jurisdiction~~Canadian or ~~in any~~ foreign jurisdiction, in a civil action that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar conduct?		

10. INVOLVEMENT WITH OTHER ENTITIES

		YES	NO
A.	Has your employment in a sales, investment or advisory capacity with any employer engaged in the sale of real estate, insurance or mutual funds ever been suspended or terminated for cause? If yes, attach full particulars.		
B.	Has your employment with a firm or company registered under the securities laws of any Canadian or foreign jurisdiction as a securities dealer, broker, investment advisor or underwriter, ever been suspended or terminated for cause? If yes, attach full particulars.		

~~**CERTIFICATE AND CONSENT**~~

~~I,~~ _____ ~~hereby certify that:~~

~~(Please Print – Name of Individual)~~

~~(a) I have read and understood the questions, cautions, acknowledgement and consent in this Form, and the answers I have given to the questions in this Form and in any attachments to it are true and correct, except where stated to be to the best of my knowledge, in which case I believe the answers to be true;~~

~~(b) I have read and understand the Personal Information Collection Policy attached hereto as Schedule 2 (the "Personal Information Collection Policy");~~

~~(c) I consent to the collection, use and disclosure of the information in this Form and to the collection, use and disclosure of further personal information in accordance with the Personal Information Collection Policy; and~~

~~(d) I understand that I am providing this Form to a regulator listed in Schedule 3 attached hereto and I am under the jurisdiction of the regulator to which I submit this Form, and it is a breach of securities legislation to provide false or misleading information to the regulator.~~

C.	Has your employment as an officer of an issuer ever been suspended or terminated for cause? If yes, attach full particulars.		

~~**Date [within 30 days of the date of the preliminary prospectus]**~~

~~**Signature of Person Completing this Form**~~

APPENDIX A TO NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

Schedule 1
Part B

~~**PERSONAL INFORMATION FORM**~~
~~**AND AUTHORIZATION OF INDIRECT COLLECTION,**~~
~~**USE AND DISCLOSURE OF PERSONAL INFORMATION**~~

CERTIFICATE AND CONSENT

I, _____ hereby certify that:
(Please Print – Name of Individual)

(a) I have read and understood the questions, cautions, acknowledgement and consent in the personal information form to which this certificate and consent is attached or of which this certificate and consent forms part (the "**Form**"), and the answers I have given to the questions in the Form and in any attachments to it are correct, except where stated to be to the best of my knowledge, in which case I believe the answers to be correct;

(b) I have been provided with and have read and understand the Personal Information Collection Policy (the "**Personal Information Collection Policy**") in Schedule 2 of Appendix A to National Instrument 41-101 *General Prospectus Requirements* ("**NI 41-101**");

(c) I consent to the collection, use and disclosure by a regulator or a securities regulatory authority listed in Schedule 3 of Appendix A to NI 41-101 (collectively the "**regulators**") of the information in the Form and to the collection, use and disclosure by the regulators of further personal information in accordance with the Personal Information Collection Policy including the collection, use and disclosure by the regulators of the information in the Form in respect of the prospectus filings of the Issuer and the prospectus filings of any other issuer in a situation where I am or will be:

(i) a director, executive officer or promoter of such issuer,
(ii) a director or executive officer of a promoter of such issuer, if the promoter is not an individual, or
(iii) where the issuer is an investment fund, a director or executive officer of the investment fund manager; and

(d) I understand that I am providing the Form to the regulators and I am under the jurisdiction of the regulators to which I submit the Form, and it is a breach of securities legislation to provide false or misleading information to the regulators, whenever the Form is provided in respect of the prospectus filings of the Issuer or the prospectus filings of any other issuer of which I am or will be a director, executive officer or promoter.

Date [within 30 days of the date of the preliminary prospectus]

Signature of Person Completing this Form

APPENDIX A TO NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

Schedule 2

Personal Information Collection Policy

The regulators and securities regulatory authorities (the "**regulators**") listed in Schedule 3 ~~Regulators~~of Appendix A to National Instrument 41-101 *General Prospectus Requirements* ("**NI 41-101**") collect the personal information in ~~Schedule 1~~ the personal information form as this term is defined in NI 41-101 (the "**Personal Information Form**"), under the authority granted to them under provincial and territorial securities legislation. Under securities legislation, the regulators do not make any of the information provided in ~~Schedule 1~~the Personal Information Form public.

The regulators collect the personal information in ~~Schedule 1~~the Personal Information Form for the purpose of enabling the regulators to administer and enforce provincial and territorial securities legislation, including those provisions that require or permit the regulators to refuse to issue a receipt for a prospectus if it appears to the regulators that the past conduct of management or promoters of the Issuer affords reasonable grounds for belief that the business of the Issuer will not be conducted with integrity and in the best interests of its securityholders.

You understand that by signing the certificate and consent in ~~Schedule 1,~~the Personal Information Form, you are consenting to the Issuer submitting your personal information in ~~Schedule 1~~the Personal Information Form (the "**Information**") to the regulators and to the collection and use by the regulators of the Information, as well as any other information that may be necessary to administer and enforce provincial and territorial securities legislation. This may include the collection of information from law enforcement agencies, other government or non-governmental regulatory authorities, self-regulatory organizations, exchanges, and quotation and trade reporting systems in order to conduct background checks, verify the Information and perform investigations and conduct enforcement proceedings as required to ensure compliance with provincial and territorial securities legislation. Your consent would also extend to the collection, use and disclosure of the Information as described above in respect of other prospectus filings of the Issuer and the prospectus filings of any other issuer in a situation where you are or will be a:

(a) a director, executive officer or promoter of such issuer,
(b) a director or executive officer of a promoter of such issuer, if the promoter is not an individual, or
(c) where the issuer is an investment fund, a director or executive officer of the investment fund manager.

You understand that the Issuer is required to deliver the Information to the regulators because the Issuer has filed a prospectus under provincial and territorial securities legislation. You also understand that you have a right to be informed of the existence of personal information about you that is kept by regulators, that you have the right to request access to that information, and

that you have the right to request that such information be corrected, subject to the applicable provisions of the freedom of information and protection of privacy legislation adopted by each province and territory.

You also understand and agree that the Information the regulators collect about you may also be disclosed, as permitted by law, where its use and disclosure is for the purposes described above. The regulators may also use a third party to process the Information, but when this happens, the third party will be carefully selected and obligated to comply with the limited use restrictions described above and with provincial and federal privacy legislation.

Warning: It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Questions

If you have any questions about the collection, use, and disclosure of the information you provide to the regulators, you may contact the regulator in the jurisdiction in which the required information is filed, at the address or telephone number listed in Schedule 3.

APPENDIX A TO NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

~~**PERSONAL INFORMATION FORM**~~
~~**AND AUTHORIZATION OF INDIRECT COLLECTION,**~~
~~**USE AND DISCLOSURE OF PERSONAL INFORMATION**~~

Schedule 3

Regulators and Securities Regulatory Authorities

Local Jurisdiction	**Regulator**
Alberta	Securities Review Officer Alberta Securities Commission Suite ~~400~~600 ~~300~~ 250 – 5th ~~Avenue~~Street S.W Calgary, Alberta T2P ~~3C~~0R4 Telephone: (403) 297-6454 E-mail: inquiries@seccom.ab.ca www.albertasecurities.com
British Columbia	Review Officer British Columbia Securities Commission P.O. Box 10142 Pacific Centre 701 West Georgia Street Vancouver, British Columbia V7Y 1L2 Telephone: (604) 899-6854 Toll Free within British Columbia and Alberta: (800) 373-6393 E-mail: inquiries@bcsc.bc.ca www.bcsc.bc.ca
Manitoba	Director, Corporate Finance The Manitoba Securities Commission 500-400 St. Mary Avenue Winnipeg, Manitoba R3C 4K5 Telephone: (204) 945-2548 E-mail: securities@gov.mb.ca www.msc.gov.mb.ca
New Brunswick	Director Corporate Finance and Chief Financial Officer New Brunswick Securities Commission 85 Charlotte Street, Suite 300 Saint John, New Brunswick E2L 2J2 Telephone: (506) 658-3060

	Fax: (506) 658-3059 E-mail: information@nbsc-cvmnb.ca
Newfoundland and Labrador	Director of Securities Department of Government Services and Lands P.O. Box 8700 West Block, 2nd Floor, Confederation Building St. John's, Newfoundland A1B 4J6 Telephone: (709) 729-4189 www.gov.nf.ca/gsl/cca/s
Northwest Territories	Superintendent of Securities Department of Justice Government of the Northwest Territories P.O. Box 1320, Yellowknife, Northwest Territories X1A 2L9 Telephone: (867) 873- 7490 www.justice.gov.nt.ca/SecuritiesRegistry
Nova Scotia	Deputy Director, Compliance and Enforcement Nova Scotia Securities Commission P.O. Box 458 Halifax, Nova Scotia B3J 2P8 Telephone: (902) 424-5354 www.gov.ns.ca/nssc
Nunavut	Superintendent of Securities Government of Nunavut Legal Registries Division P.O. Box 1000 – Station 570 Iqaluit, Nunavut X0A 0H0 Telephone: (867) 975-6590
Ontario	Administrative Assistant to the Director of Corporate Finance Ontario Securities Commission 19th Floor, 20 Queen Street West Toronto, Ontario M5H 2S8 Telephone: (416) 597-0681 E-mail: Inquiries@osc.gov.on.ca www.osc.gov.on.ca
Prince Edward Island	Deputy Registrar, Securities Division Shaw Building 95 Rochford Street, P.O. Box 2000, 4th Floor Charlottetown, Prince Edward Island C1A 7N8

	Telephone: (902) 368-4550 www.gov.pe.ca/securities
Québec	Autorité des marchés financiers Stock Exchange Tower P.O. Box 246, 22nd Floor 800 Victoria Square Montréal, Québec H4Z 1G3 Attention: Responsable de l'accès à l'information Telephone: (514) 395-0337 Toll Free in Québec: (877) 525-0337 www.lautorite.qc.ca
Saskatchewan	Director Saskatchewan Financial Services Commission Suite 601, 1919 Saskatchewan Drive Regina, Saskatchewan S4P 4H2 Telephone: (306) 787-5842 www.sfsc.gov.sk.ca
Yukon	Superintendent of Securities Department of Justice Andrew A. Philipsen Law Centre 2130 – 2nd Avenue, 3rd Floor Whitehorse, Yukon Territory Y1A 5H6 Telephone: (867) 667-5005

APPENDIX A TO NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

Schedule 4

PREVIOUSLY FILED PERSONAL INFORMATION FORMS

CERTIFICATE

In connection with the issuer's (the "**Issuer**") filing of a prospectus, the personal information forms of the individuals named in the table below (the "**Individuals**") were previously delivered to one or more regulators or securities regulatory authorities (the "**Regulators**") listed in Schedule 3 of Appendix "A" to NI 41-101 (the "**Personal Information Forms**"). The Personal Information Forms contain information concerning the Individuals for whom an issuer was previously required to provide the information under Part 9 of NI 41-101, Part 4 of NI 44-101 or Part 2 of NI 81-101.

The Issuer confirms that

(a) a true copy of the Personal Information Form of each of the Individuals

(i) is attached to this certificate, as noted in the table below, or

(ii) was filed under the issuer name and associated SEDAR project number referenced in the table below*;

Name of Individual	Issuer Name and Associated SEDAR project number (if known)	Personal Information Form (check the box if attached)

(b) each of the Individuals has advised the Issuer that the individual's responses to the following questions in his/her Personal Information Form remain correct as at the date noted below:

(i) questions 4(B) and (C) and questions 6 through 9 if the Personal Information Form was delivered to the Regulator before [insert effective date of amendments]; and

(ii) all of questions 6 through 10 if the Personal Information Form was delivered to the Regulator after [insert effective date of amendments]; and

(c) each Individual has advised the Issuer of the Individual's understanding that his or her statement as to the correctness of the above-noted responses in the Individual's Personal Information Form under paragraph (b) is provided to a Regulator listed in Schedule 3 of Appendix "A" to NI 41-101 and that it is a breach of securities legislation to provide false or misleading information to such Regulator.

Date: _____ [*within 30 days of the date of the preliminary prospectus*]

_____
Name of Issuer

Per: _____

_____
Name

_____
Official Capacity

(Please print the name of the person signing on behalf of the issuer)

* If the Personal Information Form for an Individual was not previously filed with the principal regulator of the Issuer (as the term "principal regulator" is defined in National Instrument 11-102 *Passport System*), the Issuer must attach a true copy of the Personal Information Form to this Certificate in accordance with subparagraph (a)(i) above, and may not rely on the option available under subparagraph (a)(ii) above. If such form was not previously filed with a non-principal regulator and the Issuer wishes to file its prospectus with the non-principal regulator, the non-principal regulator may request a copy of the Personal Information Form as contemplated in subparagraph (a)(i) above.

APPENDIX B TO NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

ISSUER FORM OF SUBMISSION TO
JURISDICTION AND APPOINTMENT OF
AGENT FOR SERVICE OF PROCESS

1. Name of issuer (the "Issuer"):
_____

2. Jurisdiction of incorporation, or equivalent, of Issuer:
_____

3. Address of principal place of business of Issuer:
_____

4. Description of securities (the "Securities"):
_____

5. Date of the prospectus (the "Prospectus") under which the Securities are offered:
_____

6. Name of agent for service of process (the "Agent"):
_____

7. Address for service of process of Agent in Canada (the address may be anywhere in Canada):
_____

8. The Issuer designates and appoints the Agent at the address of the Agent stated above as its agent upon whom may be served any notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (the "Proceeding") arising out of, relating to or concerning the distribution of the Securities made or purported to be made under the Prospectus or the obligations of the Issuer as a reporting issuer, and irrevocably waives any right to raise as a defence in any such Proceeding any alleged lack of jurisdiction to bring such Proceeding.

9. The Issuer irrevocably and unconditionally submits to the non-exclusive jurisdiction of

   (a) the judicial, quasi-judicial and administrative tribunals of each of the provinces [and territories] of Canada in which the securities are distributed under the Prospectus; and

   (b) any administrative proceeding in any such province [or territory],

in any Proceeding arising out of or related to or concerning the distribution of the Securities made or purported to be made under the Prospectus or the obligations of the issuer as a reporting issuer.

10. Until six years after it has ceased to be a reporting issuer in any Canadian province or territory, the Issuer shall file a new submission to jurisdiction and appointment of agent for service of process in this form at least 30 days before termination of this submission to jurisdiction and appointment of agent for service of process.

11. Until six years after it has ceased to be a reporting issuer in any Canadian province or territory, the Issuer shall file an amended submission to jurisdiction and appointment of agent for service of process at least 30 days before any change in the name or above address of the Agent.

12. This submission to jurisdiction and appointment of agent for service of process shall be governed by and construed in accordance with the laws of [insert province or territory of above address of Agent].

Dated: _____ _____

Signature of Issuer

_____

Print name and title of signing officer of Issuer

AGENT

The undersigned accepts the appointment as agent for service of process of [insert name of Issuer] under the terms and conditions of the appointment of agent for service of process stated above.

Dated: _____ _____

Signature of Agent

_____

Print name of person signing and, if Agent is not an individual, the title of the person

APPENDIX C TO NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

NON-ISSUER FORM OF SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE OF PROCESS

1. Name of issuer (the "Issuer"):
_____

2. Jurisdiction of incorporation, or equivalent, of Issuer:
_____

3. Address of principal place of business of Issuer:
_____

4. Description of securities (the "Securities"):
_____

5. Date of the prospectus (the "Prospectus") under which the Securities are offered:
_____

6. Name of person filing this form (the "Filing Person"):
_____

7. Filing Person's relationship to Issuer:
_____

8. Jurisdiction of incorporation, or equivalent, of Filing Person, if applicable, or jurisdiction of residence of Filing Person:
_____

9. Address of principal place of business of Filing Person:
_____

10. Name of agent for service of process (the "Agent"):
_____

11. Address for service of process of Agent in Canada (the address may be anywhere in Canada):
_____

12. The Filing Person designates and appoints the Agent at the address of the Agent stated above as its agent upon whom may be served any notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (the "Proceeding") arising out of, relating to or concerning the

distribution of the Securities made or purported to be made under the Prospectus, and irrevocably waives any right to raise as a defence in any such Proceeding any alleged lack of jurisdiction to bring the Proceeding.

13. The Filing Person irrevocably and unconditionally submits to the non-exclusive jurisdiction of

    (a) the judicial, quasi-judicial and administrative tribunals of each of the provinces [and territories] of Canada in which the securities are distributed under the Prospectus; and

    (b) any administrative proceeding in any such province [or territory],

    in any Proceeding arising out of or related to or concerning the distribution of the Securities made or purported to be made under the Prospectus.

14. Until six years after completion of the distribution of the Securities made under the Prospectus, the Filing Person shall file a new submission to jurisdiction and appointment of agent for service of process in this form at least 30 days before termination of this submission to jurisdiction and appointment of agent for service of process.

15. Until six years after completion of the distribution of the Securities under the Prospectus, the Filing Person shall file an amended submission to jurisdiction and appointment of agent for service of process at least 30 days before a change in the name or above address of the Agent.

16. This submission to jurisdiction and appointment of agent for service of process shall be governed by and construed in accordance with the laws of [insert province or territory of above address of Agent].

Dated:_____ _____

Signature of Filing Person

_____

Print name of person signing and, if the Filing
Person is not an individual, the title of the person

AGENT

The undersigned accepts the appointment as agent for service of process of [insert name of ~~Issuer~~Filing Person] under the terms and conditions of the appointment of agent for service of process stated above.

Dated: _____ _____

Signature of Agent

_____

Print name of person signing and, if Agent is not an individual, the title of the person

Appendix B

Schedule B-2

FORM 41-101F1
INFORMATION REQUIRED IN A PROSPECTUS

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FORM 41-101F1

INFORMATION REQUIRED IN A PROSPECTUS

GENERAL INSTRUCTIONS

(1) The objective of the prospectus is to provide information concerning the issuer that an investor needs in order to make an informed investment decision. This Form sets out specific disclosure requirements that are in addition to the general requirement under securities legislation to provide full, true and plain disclosure of all material facts relating to the securities to be distributed. Certain rules of specific application impose prospectus disclosure obligations in addition to those described in this Form.

(2) Terms used and not defined in this Form that are defined or interpreted in the Instrument bear that definition or interpretation. Other definitions are set out in NI 14-101.

(3) In determining the degree of detail required, a standard of materiality must be applied. Materiality is a matter of judgment in the particular circumstance, and is determined in relation to an item's significance to investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the issuer's securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items must be considered individually rather than on a net basis, if the items have an offsetting effect.

(4) Unless an item specifically requires disclosure only in the preliminary prospectus, the disclosure requirements set out in this Form apply to both the preliminary prospectus and the prospectus. Details concerning the price and other matters dependent upon or relating to price, such as the number of securities being distributed, may be left out of the preliminary prospectus, along with specifics concerning the plan of distribution, to the extent that these matters have not been decided.

(5) The disclosure must be understandable to readers and presented in an easy-to-read format. The presentation of information should comply with the plain language principles listed in section 4.1 of Companion Policy 41-101CP General Prospectus Requirements. If technical terms are required, clear and concise explanations should be included.

(6) No reference need be made to inapplicable items and, unless otherwise required in this Form, negative answers to items may be omitted.

(7) Where the term "issuer" is used, it may be necessary, in order to meet the requirement for full, true and plain disclosure of all material facts, to also include disclosure with respect to persons or companies that the issuer is required, under the issuer's GAAP, to consolidate, proportionately consolidate or account for using the equity method (for example, including "subsidiaries" as that term is used in Canadian GAAP applicable to

publicly accountable enterprises). If it is more likely than not that a person or company will become an entity that the issuer will be required, under the issuer's GAAP, to consolidate, proportionately consolidate or account for using the equity method, it may be necessary to also include disclosure with respect to the person or company.

(8) An issuer that is a special purpose entity may have to modify the disclosure items to reflect the special purpose nature of its business.

(9) If disclosure is required as of a specific date and there has been a material change or change that is otherwise significant in the required information subsequent to that date, present the information as of the date of the change or a date subsequent to the change instead.

(10) If an issuer discloses financial information in a preliminary prospectus or prospectus in a currency other than the Canadian dollar, prominently display the presentation currency.

(11) Except as otherwise required or permitted, include information in a narrative form. The issuer may include graphs, photographs, maps, artwork or other forms of illustration, if relevant to the business of the issuer or the distribution and not misleading. Include descriptive headings. Except for information that appears in a summary, information required under more than one Item need not be repeated.

(12) Certain requirements in this Form make reference to requirements in another instrument or form. Unless this Form states otherwise, issuers must also follow the instruction or requirement in the other instrument or form. These references include references to Form 51-102F2. Venture issuers must include such disclosure in a preliminary prospectus or prospectus even if they are not otherwise required to file an annual information form under NI 51-102

(13) Wherever this Form uses the word "subsidiary", the term includes companies and other types of business organizations such as partnerships, trusts and other unincorporated business entities.

(14) Where requirements in this Form make reference to, or are substantially similar to, requirements in Form 51-102F2, issuers may apply the general provision in subpart 1(d) of Form 51-102F2. However, issuers must supplement this disclosure if the supplemented disclosure is necessary to ensure that the prospectus provides full, true and plain disclosure of all material facts related to the securities to be distributed as required under Item 29 of this Form.

(15) Forward-looking information, as defined in NI 51-102, included in a prospectus must comply with section 4A.2 of NI 51-102 and must include the disclosure described in section 4A.3 of NI 51-102. In addition to the foregoing, FOFI or a financial outlook, each as defined in NI 51-102, included in a prospectus must comply with Part 4B of NI 51-102. If the forward-looking information relates to an issuer or other entity that is not a reporting issuer in any jurisdiction, section 4A.2, section 4A.3 and Part 4B of NI 51-

102 apply as if the issuer or other entity were a reporting issuer in at least one jurisdiction.

ITEM 1: Cover Page Disclosure

Required statement

1.1 State in italics at the top of the cover page the following:

> *"No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise."*

Preliminary prospectus disclosure

1.2 Every preliminary prospectus must have printed in red ink and in italics at the top of the cover page immediately above the disclosure required under section 1.1 the following, with the bracketed information completed:

> *"A copy of this preliminary prospectus has been filed with the securities regulatory authority(ies) in [each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authority(ies)."*

INSTRUCTION

Issuers must complete the bracketed information by

(a) inserting the names of each jurisdiction in which the issuer intends to offer securities under the prospectus,

(b) stating that the filing has been made in each of the provinces of Canada or each of the provinces and territories of Canada, or

(c) identifying the filing jurisdictions by exception (i.e., every province of Canada or every province and territory of Canada, except [excluded jurisdictions]).

Basic disclosure about the distribution

1.3 State the following immediately below the disclosure required under sections 1.1 and 1.2 with the bracketed information completed:

"[PRELIMINARY] PROSPECTUS

[INITIAL PUBLIC OFFERING OR NEW ISSUE AND/OR SECONDARY OFFERING]

[(Date)]

[Name of Issuer]

[number and type of securities qualified for distribution under the prospectus, including any options or warrants, and the price per security]"

Distribution

1.4(1) If the securities are being distributed for cash, provide the information called for below, in substantially the following tabular form or in a note to the table:

	Price to public (a)	Underwriting discounts or commission (b)	Proceeds to issuer or selling securityholders (c)
Per Security			
Total			

(2) If there may be an over allocation position,

(a) ~~disclose that a~~ describe the terms of the option, and

(b) provide the following disclosure:

"A purchaser who acquires [*insert type of securities qualified for distribution under the prospectus*] forming part of the underwriters' over-allocation position acquires those securities under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the ~~over-allotment option or secondary market purchases, and(b) describe the terms of any~~ over-allotment option or ~~an option to increase the size of the distribution before closing.~~secondary market purchases."

(3) If the distribution of the securities is to be on a best efforts basis~~, provide totals for both the minimum and maximum offering amount, if applicable.~~ and a minimum offering amount

(a) is required for the issuer to achieve one or more of the purposes of the offering, provide totals for both the minimum and maximum offering amount, or

(b) is not required for the issuer to achieve any of the purposes of the offering, state the following in boldface type:

"There is no minimum amount of funds that must be raised under this offering. This means that the issuer could complete this offering after raising only a small proportion of the offering amount set out above."

(4) If a minimum subscription amount is required from each subscriber, provide details of the minimum subscription requirements in the table required under subsection (1).

(5) If debt securities are being distributed at a premium or a discount, state in boldface type the effective yield if held to maturity.

(6) Disclose separately those securities that are underwritten, those under option and those to be sold on a best efforts basis, and, in the case of a best efforts distribution, the latest date that the distribution is to remain open.

(7) In column (b) of the table, disclose only commissions paid or payable in cash by the issuer or selling securityholder and discounts granted. Set out in a note to the table

(a) commissions or other consideration paid or payable by persons or companies other than the issuer or selling securityholder,

(b) consideration other than discounts granted and cash paid or payable by the issuer or selling securityholder, including warrants and options, and

(c) any finder's fees or similar required payment.

(8) If a security is being distributed for the account of a selling securityholder, state the name of the securityholder and a cross-reference to the applicable section in the prospectus where further information about the selling securityholder is provided. State the portion of the expenses of the distribution to be borne by the selling securityholder and, if none of the expenses of the distribution are being borne by the selling securityholder, include a statement to that effect and discuss the reason why this is the case.

INSTRUCTIONS

(1) Estimate amounts, if necessary. For non-fixed price distributions that are being made on a best efforts basis, disclosure of the information called for by the table may be set forth as a percentage or a range of percentages and need not be set forth in tabular form.

(2) If debt securities are being distributed, also express the information in the table as a percentage.

Offering price in currency other than Canadian dollar

1.5 If the offering price of the securities being distributed is disclosed in a currency other than the Canadian dollar, disclose in boldface type the currency.

Non-fixed price distributions

1.6 If the securities are being distributed at non-fixed prices, disclose

(a) the discount allowed or commission payable to the underwriter,

(b) any other compensation payable to the underwriter and, if applicable, that the underwriter's compensation will be increased or decreased by the amount by which the aggregate price paid for the securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriter to the issuer or selling securityholder,

(c) that the securities to be distributed under the prospectus will be distributed, as applicable, at

(i) prices determined by reference to the prevailing price of a specified security in a specified market,

(ii) market prices prevailing at the time of sale, or

(iii) prices to be negotiated with purchasers,

(d) that prices may vary from purchaser to purchaser and during the period of distribution,

(e) if the price of the securities is to be determined by reference to the prevailing price of a specified security in a specified market, the price of the specified security in the specified market at the latest practicable date,

(f) if the price of the securities will be the market price prevailing at the time of the sale, the market price at the latest practicable date, and

(g) the net proceeds or, if the distribution is to be made on a best efforts basis, the minimum amount of net proceeds, if any, to be received by the issuer or selling securityholder.

Pricing disclosure

1.7 If the offering price or the number of securities being distributed, or an estimate of the range of the offering price or of the number of securities being distributed, has been

publicly disclosed in a jurisdiction or a foreign jurisdiction as of the date of the preliminary prospectus, include this information in the preliminary prospectus.

Reduced price distributions

1.8 If an underwriter wishes to be able to decrease the price at which securities are distributed for cash from the initial offering price fixed in the prospectus, include in boldface type a cross-reference to the section in the prospectus where disclosure concerning the possible price decrease is provided.

Market for securities

1.9(1) Identify the exchange(s) and quotation system(s), if any, on which securities of the issuer of the same class or series as the securities being distributed are traded or quoted and the market price of those securities as of the latest practicable date.

(2) Disclose any intention to stabilize the market. Provide a cross-reference to the section in the prospectus where further information about market stabilization is provided.

(3) If no market for the securities being distributed under the prospectus exists or is expected to exist upon completion of the distribution, state the following in boldface type:

> **"There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See 'Risk Factors'."**

(4) If the issuer has complied with the requirements of the Instrument as an IPO venture issuer, include a statement, in substantially the following form, with bracketed information completed:

> "As at the date of this prospectus, [name of issuer] does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc."

Risk factors

1.10 Include a cross-reference to sections in the prospectus where information about the risks of an investment in the securities being distributed is provided.

Underwriter(s)

1.11(1) State the name of each underwriter.

(2) If applicable, comply with the requirements of NI 33-105 for front page prospectus disclosure.

(3) If an underwriter has agreed to purchase all of the securities being distributed at a specified price and the underwriter's obligations are subject to conditions, state the following, with bracketed information completed:

> "We, as principals, conditionally offer these securities, subject to prior sale, if, as and when issued by [name of issuer] and accepted by us in accordance with the conditions contained in the underwriting agreement referred to under Plan of Distribution".

(4) If an underwriter has agreed to purchase a specified number or principal amount of the securities at a specified price, state that the securities are to be taken up by the underwriter, if at all, on or before a date not later than 42 days after the date of the receipt for the final prospectus.

(5) If there is no underwriter involved in the distribution, provide a statement in boldface type to the effect that no underwriter has been involved in the preparation of the prospectus or performed any review or independent due diligence of the contents of the prospectus.

(6) Provide the following tabular information

Underwriter's Position	**Maximum size or number of securities available**	**Exercise period or Acquisition date**	**Exercise price or average acquisition price**
Over-allotment option			
Compensation option			
Any other option granted by issuer or insider of issuer to underwriter			
Total securities under option issuable to underwriter			
Other compensation securities issuable to underwriter			

INSTRUCTION

If the underwriter has been granted compensation securities, state, in a footnote, whether the prospectus qualifies the grant of all or part of the compensation securities and provide a cross-reference to the applicable section in the prospectus where further information about the compensation securities is provided.

~~**International issuers**~~
Enforcement of judgments against foreign persons or companies

1.12 If the issuer, a director of the issuer, a selling securityholder, or any other person or company ~~required to provide~~that is signing or providing a certificate under Part 5 of the Instrument or other securities legislation, is incorporated, continued, or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, state the following on the cover page or under a separate heading elsewhere in the prospectus, with the bracketed information completed:

> "The [issuer, director of the issuer, selling securityholder, or any other person or company signing or providing a certificate under Part 5 of the Instrument or other securities legislation] is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada. Although [the person or company described above] has appointed [name(s) and address[es] of agent(s) for service] as its agent(s) for service of process in [list jurisdictions] it may not be possible for investors to enforce judgements obtained in Canada against [the person or company described above]."

Restricted securities

1.13(1) Describe the number and class or classes of restricted securities being distributed using the appropriate restricted security terms in the same type face and type size as the rest of the description.

(2) If the securities being distributed are restricted securities and the holders of the securities do not have the right to participate in a takeover bid made for other equity securities of the issuer, disclose that fact.

Earnings coverage

1.14 If any of the earnings coverage ratios required to be disclosed under Item 9 is less than one-to-one, disclose this fact in boldface type.

ITEM 2: Table of Contents

Table of contents

2.1 Include a table of contents.

ITEM 3: Summary of Prospectus

General

3.1(1) Briefly summarize, near the beginning of the prospectus, information appearing elsewhere in the prospectus that, in the opinion of the issuer or selling securityholder, would be most likely to influence the investor's decision to purchase the securities being distributed, including a description of

(a) the principal business of the issuer and its subsidiaries,

(b) the securities to be distributed, including the offering price and expected net proceeds,

(c) use of proceeds,

(d) risk factors,

(e) financial information, and

(f) if restricted securities, subject securities or securities that are directly or indirectly convertible into or exercisable or exchangeable for restricted securities or subject securities, are to be distributed under the prospectus

(i) include a summary of the information required by section 10.6, and

(ii) include, in boldface type, a statement of the rights the holders of restricted securities do not have, if the holders do not have all of the rights referred to in section 10.6.

(2) For the financial information provided under paragraph (1)(e),

(a) describe the type of information appearing elsewhere in the prospectus on which the financial information is based,

(b) disclose whether the information appearing elsewhere in the prospectus on which the financial information is based has been audited,

(c) disclose whether the financial information has been audited, and

(d) if neither the information appearing elsewhere in the prospectus on which the financial information is based nor the financial information has been audited, prominently disclose that fact.

(3) For each item summarized under subsection (1), provide a cross-reference to the information in the prospectus.

Cautionary language

3.2 At the beginning of the summary, include a statement in italics in substantially the following form:

> *"The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus."*

ITEM 4: Corporate Structure

Name, address and incorporation

4.1(1) State the issuer's full corporate name or, if the issuer is an unincorporated entity, the full name under which it exists and carries on business, and the address(es) of the issuer's head and registered office.

(2) State the statute under which the issuer is incorporated, continued or organized or, if the issuer is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which it is established and exists.

(3) Describe the substance of any material amendments to the articles or other constating or establishing documents of the issuer.

Intercorporate relationships

4.2(1) Describe, by way of a diagram or otherwise, the intercorporate relationships among the issuer and its subsidiaries.

(2) For each subsidiary described in subsection (1), state

(a) the percentage of votes attaching to all voting securities of the subsidiary beneficially owned, or controlled or directed, directly or indirectly, by the issuer,

(b) the percentage of each class of restricted securities of the subsidiary beneficially owned, or controlled or directed, directly or indirectly, by the issuer, and

(c) where the subsidiary was incorporated, continued, formed or organized.

(3) If the securities distributed under the prospectus are being issued in connection with a restructuring transaction, describe by way of a diagram or otherwise these intercorporate relationships both before and after the completion of the proposed transaction.

(4) A particular subsidiary may be omitted from the disclosure required by this section if, at the most recent financial year end of the issuer

(a) the total assets of the subsidiary do not exceed 10% of the consolidated assets of the issuer,

(b) the revenue of the subsidiary does not exceed 10% of the consolidated revenue of the issuer, and

(c) the conditions in paragraphs (a) and (b) would be satisfied if

(i) the subsidiaries that may be omitted under paragraphs (a) and (b) were considered in the aggregate, and

(ii) the reference to 10% in those paragraphs was changed to 20%.

ITEM 5: Describe the Business

Describe the business

5.1(1) Describe the business of the issuer and its operating segments that are reportable segments as those terms are described in the issuer's GAAP. Disclose information for each reportable segment of the issuer in accordance with subsection 5.1(1) of Form 51-102F2.

(2) Disclose the nature and results of any bankruptcy, receivership or similar proceedings against the issuer or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by the issuer or any of its subsidiaries, within the three most recently completed financial years or completed during or proposed for the current financial year.

(3) Disclose the nature and results of any material restructuring transaction of the issuer or any of its subsidiaries within the three most recently completed financial years or completed during or proposed for the current financial year.

(4) If the issuer has implemented social or environmental policies that are fundamental to the issuer's operations, such as policies regarding the issuer's relationship with the environment or with the communities in which the issuer does business, or human rights policies, describe them and the steps the issuer has taken to implement them.

Three-year history

5.2(1) Describe how the issuer's business has developed over the last three completed financial years and any subsequent period to the date of the prospectus, including only events, such as acquisitions or dispositions, or conditions that have influenced the general development of the business.

(2) If the issuer produces or distributes more than one product or provides more than one kind of service, describe the products or services.

(3) Discuss changes in the issuer's business that the issuer expects will occur during the current financial year.

Issuers with asset-backed securities outstanding

5.3 If the issuer has asset-backed securities outstanding that were distributed under a prospectus, disclose information in accordance with section 5.3 of Form 51-102F2.

Issuers with mineral projects

5.4 If the issuer has a mineral project, disclose information for the issuer in accordance with section 5.4 of Form 51-102F2. For the purposes of this section, the alternative disclosure permitted in Instruction (ii) to section 5.4 of Form 51-102F2 does not apply.

Issuers with oil and gas operations

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

(a) as at the end of, and for, the most recent financial year for which the prospectus includes an audited statement of financial position of the issuer,

(b) in the absence of a completed financial year referred to in paragraph (a), as at the most recent date for which the prospectus includes an audited statement of financial position of the issuer, and for the most recent financial period for which the prospectus includes an audited statement of comprehensive income of the issuer, or

(c) if the issuer was not engaged in oil and gas activities at the date set out in paragraphs (a) or (b), as of a date subsequent to the date the issuer first engaged in oil and gas activities as defined in NI 51-101 and prior to the date of the preliminary prospectus.

(2) Include with the disclosure under subsection (1) a report in the form of Form 51-101F2, on the reserves data included in the disclosure required under subsection (1).

(3) Include with the disclosure under subsection (1) a report in the form of Form 51-101F3 that refers to the information disclosed under subsection (1).

(4) To the extent not reflected in the information disclosed in response to subsection (1), disclose the information contemplated by Part 6 of NI 51-101 in respect of material

changes that occurred after the applicable statement of financial position referred to in subsection (1).

INSTRUCTION

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

ITEM 6: Use of Proceeds

Proceeds

6.1(1) State the estimated net proceeds to be received by the issuer or selling securityholder or, in the case of a non-fixed price distribution or a distribution to be made on a best efforts basis, the minimum amount, if any, of net proceeds to be received by the issuer or selling securityholder from the sale of the securities distributed.

(2) State the particulars of any provisions or arrangements made for holding any part of the net proceeds of the distribution in trust or escrow subject to the fulfillment of conditions.

(3) If the prospectus is used for a special warrant or similar transaction, state the amount that has been received by the issuer of the special warrants or similar securities on the sale of the special warrants or similar securities.

Junior issuers

6.2 A junior issuer must disclose

(a) the total funds available, and

(b) the following breakdown of those funds:

(i) the estimated net proceeds from the sale of the securities offered under the prospectus;

(ii) the estimated consolidated working capital (deficiency) as at the most recent month end before filing the prospectus;

(iii) the total other funds available to be used to achieve the principal purposes identified by the junior issuer pursuant to this Item.

Principal purposes – generally

6.3(1) Describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which

(a) the net proceeds will be used by the issuer, or

(b) the funds available as required under section 6.2 will be used by a junior issuer.

(2) If the closing of the distribution is subject to a minimum ~~subscription~~offering amount, provide disclosure of the use of proceeds for the minimum and maximum ~~subscriptions~~offering amounts.

(3) If all of the following apply, disclose how the proceeds will be used by the issuer, with reference to various potential thresholds of proceeds raised, in the event that the issuer raises less than the maximum offering amount:

(a) the closing of the distribution is not subject to a minimum offering amount;
(b) the distribution of the securities is to be on a best efforts basis; and
(c) the issuer has significant short-term non-discretionary expenditures including those for general corporate purposes, or significant short-term capital or contractual commitments, and may not have other readily accessible resources to satisfy those expenditures or commitments.

(4) If the issuer is required to provide disclosure under subsection (3), the issuer must discuss, in respect of each threshold, the impact (if any) of raising this amount on its liquidity, operations, capital resources and solvency.

INSTRUCTIONS

If the issuer is required to disclose the use of proceeds at various thresholds under subsections 6.3(3) and (4), include as an example a threshold that reflects the receipt of a small portion of the offering.

Principal purposes – indebtedness

6.4(1) If more than 10% of the net proceeds will be used to reduce or retire indebtedness and the indebtedness was incurred within the two preceding years, describe the principal purposes for which the proceeds of the indebtedness were used.

(2) If the creditor is an insider, associate or affiliate of the issuer, identify the creditor and the nature of the relationship to the issuer, and disclose the outstanding amount owed.

Principal purposes – asset acquisition

6.5(1) If more than 10% of the net proceeds are to be used to acquire assets, describe the assets.

(2) If known, disclose the particulars of the purchase price being paid for or being allocated to the assets or categories of assets, including intangible assets.

(3) If the vendor of the assets is an insider, associate or affiliate of the issuer, identify the vendor and the nature of the relationship to the issuer, and disclose the method used in determining the purchase price.

(4) Describe the nature of the title to or interest in the assets to be acquired by the issuer.

(5) If part of the consideration for the acquisition of the assets consists of securities of the issuer, give brief particulars of the class, number or amount, voting rights, if any, and other appropriate information relating to the securities, including particulars of the issuance of securities of the same class within the two preceding years.

Principal purposes – insiders, etc.

6.6 If an insider, associate or affiliate of the issuer will receive more than 10% of the net proceeds, identify the insider, associate or affiliate and the nature of the relationship to the issuer, and disclose the amount of net proceeds to be received.

Principal purposes – research and development

6.7 If more than 10% of the net proceeds from the distribution will be used for research and development of products or services, describe

(a) the timing and stage of research and development programs that management anticipates will be reached using such proceeds,

(b) the major components of the proposed programs that will be funded using the proceeds from the distribution, including an estimate of anticipated costs,

(c) if the issuer is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods, and

(d) the additional steps required to reach commercial production and an estimate of costs and timing.

Business objectives and milestones

6.8(1) State the business objectives that the issuer expects to accomplish using the net proceeds of the distribution under section 6.1, or in the case of a junior issuer, using the funds available described under section 6.2.

(2) Describe each significant event that must occur for the business objectives described under subsection (1) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event.

Unallocated funds in trust or escrow

6.9(1) Disclose that unallocated funds will be placed in a trust or escrow account, invested or added to the working capital of the issuer.

(2) Give details of the arrangements made for, and the persons or companies responsible for,

(a) the supervision of the trust or escrow account or the investment of unallocated funds, and

(b) the investment policy to be followed.

Other sources of funding

6.10 If any material amounts of other funds are to be used in conjunction with the proceeds, state the amounts and sources of the other funds.

Financing by special warrants, etc.

6.11(1) If the prospectus is used to qualify the distribution of securities issued upon the exercise of special warrants or the exercise of other securities acquired on a prospectus-exempt basis, describe the principal purposes for which the proceeds of the prospectus-exempt financing were used or are to be used.

(2) If all or a portion of the funds have been spent, explain how the funds were spent.

ITEM 7: Dividends or Distributions

Dividends or distributions

7.1(1) Disclose the amount of cash dividends or distributions declared per security for each class of the issuer's securities for each of the three most recently completed financial years and its current financial year.

(2) Describe any restrictions that could prevent the issuer from paying dividends or distributions.

(3) Disclose the issuer's dividend or distribution policy and any intended change in dividend or distribution policy.

ITEM 8: Management's Discussion and Analysis

Interpretation

8.1(1) For the purposes of this Item, MD&A means a completed Form 51-102F1 or, in the case of an SEC issuer, a completed Form 51-102F1 or management's discussion and analysis prepared in accordance with Item 303 of Regulation S-K under the 1934 Act.

(2) For MD&A in the form of Form 51-102F1, the issuer

(a) must read the references to a "venture issuer" in Form 51-102F1 to include an IPO venture issuer,

(b) must disregard

(i) the Instruction to section 1.11 of Form 51-102F1, and

(ii) section 1.15 of Form 51-102F1, and

(c) must include the disclosure required by section 1.10 of Form 51-102F1 in the prospectus.

INSTRUCTION

For the purposes of paragraph (2)(c), an issuer cannot satisfy the requirement in section 1.10 of Form 51-102F1 by incorporating by reference its fourth quarter MD&A into the prospectus.

MD&A

8.2(1) Provide MD&A for

(a) the most recent annual financial statements of the issuer included in the prospectus under Item 32, and

(b) the most recent interim financial report of the issuer included in the prospectus under Item 32.

(2) If the prospectus includes the issuer's annual statements of comprehensive income, statements of changes in equity, and statements of cash flow for three financial years under Item 32, provide MD&A for the second most recent annual financial statements of the issuer included in the prospectus under Item 32.

(3) Despite subsection (2), MD&A for the second most recent annual financial statements of the issuer included in the prospectus under Item 32 may omit disclosure regarding statement of financial position items.

[Repealed]

8.3(1) [Repealed]

(2) [Repealed]

Disclosure of outstanding security data

8.4(1) Disclose the designation and number or principal amount of

(a) each class and series of voting or equity securities of the issuer for which there are securities outstanding,

(b) each class and series of securities of the issuer for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of the issuer, and

(c) subject to subsection (2), each class and series of voting or equity securities of the issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the issuer.

(2) If the exact number or principal amount of voting or equity securities of the issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the issuer is not determinable, the issuer must disclose the maximum number or principal amount of each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities of the issuer and, if that maximum number or principal amount is not determinable, the issuer must describe the exchange or conversion features and the manner in which the number or principal amount of voting or equity securities will be determined.

(3) The disclosure under subsections (1) and (2) must be prepared as of the latest practicable date.

More recent financial information

8.5 If the issuer is required to include more recent historical financial information in the prospectus under subsection 32.6(~~1~~2), the issuer is not required to update the MD&A already included in the prospectus under this Item.

Additional disclosure for venture issuers or IPO venture issuers without significant revenue

8.6(1) If the issuer is a venture issuer or an IPO venture issuer that has not had significant revenue from operations in either of its last two financial years, disclose a breakdown of material components of

(a) exploration and evaluation assets or expenditures,

(b) expensed research and development costs,

(c) intangible assets arising from development,

(d) general and administrative expenses, and

(e) any material costs, whether expensed or recognized as assets, not referred to in paragraphs (a) through (d).

(2) Present the analysis of exploration and evaluation assets or expenditures required by subsection (1) on a property-by-property basis, if the issuer's business primarily involves mining exploration and development.

(3) Provide the disclosure in subsection (1) for the following periods:

(a) the two most recently completed financial years; and

(b) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial report included in the prospectus, if any.

(4) Subsection (1) does not apply if the information required under that subsection has been disclosed in the financial statements included in the prospectus.

Additional disclosure for junior issuers

8.7 For a junior issuer that had negative cash flow from operating activities in its most recently completed financial year for which financial statements have been included in the prospectus, disclose

(a) the period of time the proceeds raised under the prospectus are expected to fund operations,

(b) the estimated total operating costs necessary for the issuer to achieve its stated business objectives during that period of time, and

(c) the estimated amount of other material capital expenditures during that period of time.

In determining cash flow from operating activities, the issuer must include cash payments related to dividends and borrowing costs.

Additional disclosure for issuers with significant equity investees

8.8(1) An issuer that has a significant equity investee must disclose

(a) summarized financial information of the equity investee, including the aggregated amounts of assets, liabilities, revenue and profit or loss, and

(b) the issuer's proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the issuer's share of profit or loss.

(2) Provide the disclosure in subsection (1) for the following periods:

(a) the two most recently completed financial years;

(b) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial report included in the prospectus, if any.

(3) Subsection (1) does not apply if

(a) the information required under that subsection has been disclosed in the financial statements included in the prospectus, or

(b) the issuer includes in the prospectus separate financial statements of the equity investee for the periods referred to in subsection (2).

ITEM 9: Earnings Coverage Ratios

Earnings coverage ratios

9.1(1) If the securities being distributed are debt securities having a term to maturity in excess of one year or are preferred shares, disclose the following earnings coverage ratios adjusted in accordance with subsection (2):

(a) the earnings coverage ratio based on the most recent 12-month period included in the issuer's annual financial statements included in the prospectus,

(b) if there has been a change in year end and the issuer's most recent financial year is less than nine months in length, the earnings coverage calculation for its old financial year, and

(c) the earnings coverage ratio based on the 12-month period ended on the last day of the most recently completed period for which an interim financial report of the issuer has been included in the prospectus.

(2) Adjust the ratios referred to in subsection (1) to reflect

(a) the issuance of the securities being distributed under the prospectus, based on the price at which these securities are expected to be distributed,

(b) in the case of a distribution of preferred shares,

(i) the issuance of all preferred shares since the date of the annual financial statements or interim financial report, and

(ii) the repurchase, redemption or other retirement of all preferred shares repurchased, redeemed, or otherwise retired since the date of the annual financial statements or interim financial report and of all preferred shares to be repurchased, redeemed, or otherwise retired from the proceeds to be realized from the sale of securities under the prospectus,

(c) the issuance of all financial liabilities, as defined in accordance with the issuer's GAAP, since the date of the annual financial statements or interim financial report, and

(d) the repayment, redemption or other retirement of all financial liabilities, as defined in accordance with the issuer's GAAP, since the date of the annual financial statements or interim financial report and all financial liabilities to be repaid or redeemed from the proceeds to be realized from the sale of securities distributed under the prospectus.

(e) [Repealed]

(3) [Repealed]

(4) If the earnings coverage ratio is less than one-to-one, disclose in the prospectus the dollar amount of the numerator required to achieve a ratio of one-to-one.

(5) If the prospectus includes a pro forma income statement, calculate the pro forma earnings coverage ratios for the periods of the pro forma income statement, and disclose them in the prospectus.

INSTRUCTIONS

(1) Cash flow coverage may be disclosed but only as a supplement to earnings coverage and only if the method of calculation is fully disclosed.

(2) Earnings coverage is calculated by dividing an entity's profit or loss attributable to owners of the parent (the numerator) by its borrowing costs and dividend obligations (the denominator).

(3) For the earnings coverage calculation

(a) the numerator should be calculated using consolidated profit or loss attributable to owners of the parent before borrowing costs and income taxes;

(b) imputed interest income from the proceeds of a distribution should not be added to the numerator;

(c) [Repealed]

(d) for distributions of debt securities, the appropriate denominator is borrowing costs, after giving effect to the new debt securities issue and any retirement of obligations, plus the borrowing costs that have been capitalized during the period;

(e) for distributions of preferred shares

(i) the appropriate denominator is dividends declared during the period, together with undeclared dividends on cumulative preferred shares, after giving effect to the new preferred share issue, plus the issuer's annual borrowing cost requirements, including the borrowing costs that have been capitalized during the period, less any retirement of obligations, and

(ii) dividends should be grossed-up to a before-tax equivalent using the issuer's effective income tax rate; and

(f) for distributions of both debt securities and preferred shares, the appropriate denominator is the same as for a preferred share issue, except that the denominator should also reflect the effect of the debt securities being offered pursuant to the prospectus.

(4) The denominator represents a pro forma calculation of the aggregate of an issuer's borrowing cost obligations on all financial liabilities and dividend obligations (including both dividends declared and undeclared dividends on cumulative preferred shares) with respect to all outstanding preferred shares, as adjusted to reflect

(a) the issuance of all financial liabilities and, in addition in the case of an issuance of preferred shares, all preferred shares issued, since the date of the annual financial statements or interim financial report;

(b) the issuance of the securities that are to be distributed under the prospectus, based on a reasonable estimate of the price at which these securities will be distributed; and

(c) the repayment or redemption of all financial liabilities since the date of the annual financial statements or interim financial report, all financial liabilities to be repaid or redeemed from the proceeds to be realized from the sale of securities under the prospectus and, in addition, in the case of an issuance of preferred shares, all preferred shares repaid or redeemed since the date of the annual financial statements or interim financial report and all preferred shares to be

repaid or redeemed from the proceeds to be realized from the sale of securities under the prospectus.

(d) [Repealed]

(5) [Repealed]

(6) For debt securities, disclosure of earnings coverage shall include language similar to the following, with the bracketed and bulleted information completed:

> *"[Name of the issuer]'s borrowing cost requirements, after giving effect to the issue of [the debt securities to be distributed under the prospectus], amounted to $• for the 12 months ended •. [Name of the issuer]'s profit or loss attributable to owners of the parent before borrowing costs and income tax for the 12 months then ended was $•, which is • times [name of the issuer]'s borrowing cost requirements for this period."*

(7) For preferred share issues, disclosure of earnings coverage shall include language similar to the following, with the bracketed and bulleted information completed:

> *"[Name of the issuer]'s dividend requirements on all of its preferred shares, after giving effect to the issue of [the preferred shares to be distributed under the prospectus], and adjusted to a before-tax equivalent using an effective income tax rate of •%, amounted to $• for the 12 months ended •. [Name of the issuer]'s borrowing cost requirements for the 12 months then ended amounted to $•. [Name of the issuer]'s profit or loss attributable to owners of the parent before borrowing costs and income tax for the 12 months ended • was $•, which is • times [name of the issuer]'s aggregate dividend and borrowing cost requirements for this period."*

(8) Other earnings coverage calculations may be included as supplementary disclosure to the required earnings coverage calculations outlined above as long as their derivation is disclosed and they are not given greater prominence than the required earnings coverage calculations.

ITEM 10: Description of the Securities Distributed

Equity securities

10.1 If equity securities are being distributed, state the description or the designation of the class of the equity securities and describe all material attributes and characteristics, including

(a) dividend rights,

(b) voting rights,

(c) rights upon dissolution or winding-up,

(d) pre-emptive rights,

(e) conversion or exchange rights,

(f) redemption, retraction, purchase for cancellation or surrender provisions,

(g) sinking or purchase fund provisions,

(h) provisions permitting or restricting the issuance of additional securities and any other material restrictions, and

(i) provisions requiring a securityholder to contribute additional capital.

Debt securities

10.2 If debt securities are being distributed, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt, including

(a) provisions for interest rate, maturity and premium, if any,

(b) conversion or exchange rights,

(c) redemption, retraction, purchase for cancellation or surrender provisions,

(d) sinking or purchase fund provisions,

(e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge,

(f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants, including restrictions against payment of dividends and restrictions against giving security on the assets of the issuer or its subsidiaries, and provisions as to the release or substitution of assets securing the debt securities,

(g) the name of the trustee under any indenture relating to the debt securities and the nature of any material relationship between the trustee or any of its affiliates and the issuer or any of its affiliates, and

(h) any financial arrangements between the issuer and any of its affiliates or among its affiliates that could affect the security for the indebtedness.

Asset-backed securities

10.3(1) This section applies only if any asset-backed securities are being distributed under the prospectus.

(2) Describe the material attributes and characteristics of the asset-backed securities, including

(a) the rate of interest or stipulated yield and any premium,

(b) the date for repayment of principal or return of capital and any circumstances in which payments of principal or capital may be made before such date, including any redemption or pre-payment obligations or privileges of the issuer and any events that may trigger early liquidation or amortization of the underlying pool of financial assets,

(c) provisions for the accumulation of cash flows to provide for the repayment of principal or return of capital,

(d) provisions permitting or restricting the issuance of additional securities and any other material negative covenants applicable to the issuer,

(e) the nature, order and priority of the entitlements of holders of asset-backed securities and any other entitled persons or companies to receive cash flows generated from the underlying pool of financial assets, and

(f) any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of payments or distributions to be made under the asset-backed securities, including those that are dependent or based on the economic performance of the underlying pool of financial assets.

(3) Provide financial disclosure that describes the underlying pool of financial assets for

(a) the three most recently completed financial years ended more than

(i) 90 days before the date of the prospectus, or

(ii) 120 days before the date of the prospectus, if the issuer is a venture issuer,

(b) if the issuer has not had asset-backed securities outstanding for three financial years, each completed financial year ended more than

(i) 90 days before the date of the prospectus, or

(ii) 120 days before the date of the prospectus, if the issuer is a venture issuer,

(c) a period from the date the issuer had asset-backed securities outstanding to a date not more than 90 days before the date of the prospectus if the issuer has not had asset-backed securities outstanding for at least one financial year.

(4) For the purposes of the financial disclosure required by subsection (3), if an issuer changed its financial year end during any of the financial years referred to in subsection (3) and the transition year is less than nine months, the transition year is not a financial year.

(5) Despite subsection (4), all financial disclosure that describes the underlying pool of financial assets of the issuer for a transition year must be included in the prospectus for the most recent interim period, if any, ended

(a) subsequent to the most recent financial year refer to in paragraphs (3)(a) and (3)(b) in respect of which financial disclosure on the underlying pool of financial assets is included in the prospectus, and

(b) more than

(i) 45 days before the date of the prospectus, or

(ii) 60 days before the date of the prospectus if the issuer is a venture issuer.

(6) If the issuer files financial disclosure that describes the underlying pool of financial assets for a more recent period than required under subsection (3) or (5) before the prospectus is filed, the issuer must include that more recent financial disclosure that describes the underlying pool of financial assets in the prospectus.

(7) If financial disclosure that describes the underlying pool of financial assets of the issuer is publicly disseminated by, or on behalf of, the issuer through news release or otherwise for a more recent period than required under subsection (3) or (5), the issuer must include the content of the news release or public communication in the prospectus.

(8) The disclosure in subsections (3) and (5) must include a discussion and analysis of

(a) the composition of the pool as at the end of the period,

(b) profit and losses from the pool for the period presented on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets,

(c) the payment, prepayment and collection experience of the pool for the period on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets,

(d) servicing and other administrative fees, and

(e) any significant variances experienced in the matters referred to in paragraphs (a) through (d).

(9) Describe the type of financial assets, the manner in which the financial assets originated or will originate and, if applicable, the mechanism and terms of the agreement governing the transfer of the financial assets comprising the underlying pool to or through the issuer, including the consideration paid for the financial assets.

(10) Describe any person or company who

(a) originated, sold or deposited a material portion of the financial assets comprising the pool, or has agreed to do so,

(b) acts, or has agreed to act, as a trustee, custodian, bailee or agent of the issuer or any holder of the asset-backed securities, or in a similar capacity,

(c) administers or services a material portion of the financial assets comprising the pool or provides administrative or managerial services to the issuer, or has agreed to do so, on a conditional basis or otherwise, if

(i) finding a replacement provider of the services at a cost comparable to the cost of the current provider is not reasonably likely,

(ii) a replacement provider of the services is likely to achieve materially worse results than the current provider,

(iii) the current provider of the services is likely to default in its service obligations because of its current financial condition, or

(iv) the disclosure is otherwise material,

(d) provides a guarantee, alternative credit support or other credit enhancement to support the obligations of the issuer under the asset-backed securities or the performance of some or all of the financial assets in the pool, or has agreed to do so, or

(e) lends to the issuer in order to facilitate the timely payment or repayment of amounts payable under the asset-backed securities, or has agreed to do so.

(11) Describe the general business activities and material responsibilities under the asset-backed securities of a person or company referred to in subsection (10).

(12) Describe the terms of any material relationships between

(a) any of the persons or companies referred to in subsection (10) or any of their respective affiliates, and

(b) the issuer.

(13) Describe any provisions relating to termination of services or responsibilities of any of the persons or companies referred to in subsection (10) and the terms on which a replacement may be appointed.

(14) Describe any risk factors associated with the asset-backed securities, including disclosure of material risks associated with changes in interest rates or prepayment levels, and any circumstances where payments on the asset-backed securities could be impaired or disrupted as a result of any reasonably foreseeable event that may delay, divert or disrupt the cash flows dedicated to service the asset-backed securities.

INSTRUCTIONS

(1) Present the information required under subsections (3) through (8) in a manner that will enable a reader to easily determine whether, and the extent to which, the events, covenants, standards and preconditions referred to in paragraph (2)(f) have occurred, are being satisfied or may be satisfied.

(2) If the information required under subsections (3) through (8) is not compiled specifically from the underlying pool of financial assets, but is compiled from a larger pool of the same assets from which the securitized assets are randomly selected so that the performance of the larger pool is representative of the performance of the pool of securitized assets, then an issuer may comply with subsections (3) through (8) by providing the financial disclosure required based on the larger pool and disclosing that it has done so.

(3) Issuers are required to summarize contractual arrangements in plain language and may not merely restate the text of the contracts referred to. The use of diagrams to illustrate the roles of, and the relationship among, the persons and companies referred to in subsection (10), and the contractual arrangements underlying the asset-backed securities is encouraged.

Derivatives

10.4 If derivatives are being distributed, describe fully the material attributes and characteristics of the derivatives, including

(a) the calculation of the value or payment obligations under the derivatives,

(b) the exercise of the derivatives,

(c) settlements that are the result of the exercise of the derivatives,

(d) the underlying interest of the derivatives,

(e) the role of a calculation expert in connection with the derivatives,

(f) the role of any credit supporter of the derivatives, and

(g) the risk factors associated with the derivatives.

Special warrants, etc.

10.5 If the prospectus is used to qualify the distribution of securities issued upon the exercise of special warrants or other securities acquired on a prospectus-exempt basis, ~~disclose~~provide the following disclosure in the prospectus to indicate that holders of such securities have been provided with a contractual right of rescission~~ and provide the following disclosure in the prospectus, with the bracketed information completed~~:

> "The issuer has granted to each holder of a special warrant a contractual right of rescission of the prospectus-exempt transaction under which the special warrant was initially acquired. The contractual right of rescission provides that if a holder of a special warrant who acquires another security of the issuer on exercise of the special warrant as provided for in the prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the prospectus or an amendment to the prospectus containing a misrepresentation,
>
> (a) the holder is entitled to rescission of both the holder's exercise of its special warrant and the private placement transaction under which the special warrant was initially acquired,
>
> (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the underwriter or issuer, as the case may be, on the acquisition of the special warrant, and
>
> (c) if the holder is a permitted assignee of the interest of the original special warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber."

INSTRUCTION

If the prospectus is qualifying the distribution of securities issued upon the exercise of securities other than special warrants, replace the term "special warrant" with the type of the security being distributed.

Restricted securities

10.6(1) If the issuer has outstanding, or proposes to distribute under a prospectus restricted securities, subject securities or securities that are, directly or indirectly, convertible into or exercisable or exchangeable for restricted securities or subject securities, provide a detailed description of

(a) the voting rights attached to the restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, and the voting rights, if any, attached to the securities of any other class of securities of the issuer that are the same as or greater than, on a per security basis, those attached to the restricted securities,

(b) any significant provisions under applicable corporate and securities law that do not apply to the holders of the restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, but do apply to the holders of another class of equity securities, and the extent of any rights provided in the constating documents or otherwise for the protection of holders of the restricted securities,

(c) any rights under applicable corporate law, in the constating documents or otherwise, of holders of restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, to attend, in person or by proxy, meetings of holders of equity securities of the issuer and to speak at the meetings to the same extent that holders of equity securities are entitled, and

(d) how the issuer complied with, or the basis upon which it was exempt from, the requirements of Part 12 of the Instrument.

(2) If holders of restricted securities do not have all of the rights referred to in subsection (1) the detailed description referred to in that subsection must include, in boldface type, a statement of the rights the holders do not have.

(3) If the issuer is required to include the disclosure referred to in subsection (1), state the percentage of the aggregate voting rights attached to the issuer's securities that will be represented by restricted securities after effect has been given to the issuance of the securities being offered.

Other securities

10.7 If securities other than equity securities, debt securities, asset-backed securities or derivatives are being distributed, describe fully the material attributes and characteristics of those securities.

Modification of terms

10.8(1) Describe provisions about the modification, amendment or variation of any rights attached to the securities being distributed.

(2) If the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

Ratings

10.9 If the issuer has asked for and received a stability rating, or if the issuer is aware that it has received any other kind of rating, including a provisional rating, from one or more approved rating organizations for the securities being distributed and the rating or ratings continue in effect, disclose

(a) each security rating, including a provisional rating or stability rating, received from an approved rating organization,

(b) the name of each approved rating organization that has assigned a rating for the securities to be distributed,

(c) a definition or description of the category in which each approved rating organization rated the securities to be distributed and the relative rank of each rating within the organization's overall classification system,

(d) an explanation of what the rating addresses and what attributes, if any, of the securities to be distributed are not addressed by the rating,

(e) any factors or considerations identified by the approved rating organization as giving rise to unusual risks associated with the securities to be distributed,

(f) a statement that a security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization, and

(g) any announcement made by, or any proposed announcement known to the issuer that is to be made by, an approved rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.

INSTRUCTION

There may be factors relating to a security that are not addressed by a ratings agency when they give a rating. For example, in the case of cash settled derivative instruments, factors in addition to the creditworthiness of the issuer, such as the continued subsistence of the underlying interest

or the volatility of the price, value or level of the underlying interest may be reflected in the rating analysis. Rather than being addressed in the rating itself, these factors may be described by an approved rating organization by way of a superscript or other notation to a rating. Any such attributes must be discussed in the disclosure under this section.

Other attributes

10.10(1) If the rights attaching to the securities being distributed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being distributed, include information about the other securities that will enable investors to understand the rights attaching to the securities being distributed.

(2) If securities of the class being distributed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

INSTRUCTION

This section requires only a brief summary of the provisions that are material from an investment standpoint. The provisions attaching to the securities being distributed or any other class of securities do not need to be set out in full. They may, in the issuer's discretion, be attached as a schedule to the prospectus.

ITEM 11: Consolidated Capitalization

Consolidated capitalization

11.1 Describe any material change in, and the effect of the material change on, the share and loan capital of the issuer, on a consolidated basis, since the date of the issuer's financial statements for its most recently completed financial period included in the prospectus, including any material change that will result from the issuance of the securities being distributed under the prospectus.

ITEM 12: Options to Purchase Securities

Options to purchase securities

12.1(1) For an issuer that is not a reporting issuer in any jurisdiction immediately before filing the prospectus, state, in tabular form, as at a specified date within 30 days before the date of the prospectus, information about options to purchase securities of the issuer, or a subsidiary of the issuer, that are held or will be held upon completion of the distribution by

(a) all executive officers and past executive officers of the issuer, as a group, and all directors and past directors of the issuer who are not also executive officers, as a

group, indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies,

(b) all executive officers and past executive officers of all subsidiaries of the issuer, as a group, and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary, as a group, excluding, in each case, individuals referred to in paragraph (a), indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies,

(c) all other employees and past employees of the issuer as a group,

(d) all other employees and past employees of subsidiaries of the issuer as a group,

(e) all consultants of the issuer as a group, and

(f) any other person or company, other than the underwriter(s), naming each person or company.

(2) Describe any material change to the information required to be included in the prospectus under subsection (1) to the date of the prospectus.

INSTRUCTIONS

(1) Describe the options, warrants, or other similar securities stating the material provisions of each class or type of option, including:

(a) the designation and number of the securities under option;

(b) the purchase price of the securities under option or the formula by which the purchase price will be determined, and the expiration dates of the options;

(c) if reasonably ascertainable, the market value of the securities under option on the date of grant;

(d) if reasonably ascertainable, the market value of the securities under option on the specified date; and

(e) with respect to options referred to in paragraph (1)(f), the particulars of the grant including the consideration for the grant.

(2) For the purposes of paragraph (1)(f), provide the information required for all options except warrants and special warrants.

ITEM 13: Prior Sales

Prior sales

13.1 For each class or series of securities of the issuer distributed under the prospectus and for securities that are convertible or exchangeable into those classes or series of securities, state, for the 12-month period before the date of the prospectus,

(a) the price at which the securities have been issued or are to be issued by the issuer or sold by the selling securityholder,

(b) the number of securities issued or sold at that price, and

(c) the date on which the securities were issued or sold.

Trading price and volume

13.2(1) For ~~each class of~~the following securities of the issuer that ~~is~~are 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 for the securities generally occurs:

(a) each class or series of securities of the issuer distributed under the prospectus;

(b) securities of the issuer into which those classes or series of securities are convertible or exchangeable.

(2) ~~If a class of~~For the following securities of the issuer ~~is~~that are not traded or quoted on a Canadian marketplace, but ~~is~~are traded or quoted on a foreign marketplace, identify the foreign marketplace and the price ranges and volume traded or quoted on the foreign marketplace on which the greatest volume or quotation for the securities generally occurs~~.~~:

(a) each class or series of securities of the issuer distributed under the prospectus;

(b) securities of the issuer into which those classes or series of securities are convertible or exchangeable.

(3) ~~**(3)**~~ Provide the information required under subsections (1) and (2) on a monthly basis for each month or, if applicable, partial months of the 12-month period before the date of the prospectus.

ITEM 14: Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

Escrowed securities and securities subject to contractual restriction on transfer

14.1(1) State as of a specified date within 30 days before the date of the prospectus, in substantially the following tabular form, the number of securities of each class of securities of the issuer held, to the knowledge of the issuer, in escrow or that are subject to a contractual restriction on transfer and the percentage that number represents of the outstanding securities of that class.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class

(2) In a note to the table disclose the name of the depository, if any, and the date of and conditions governing the release of the securities from escrow or the date the contractual restriction on transfer ends, as applicable.

(3) Describe any material change to the information required to be included in the prospectus under subsection (1) to the date of the prospectus.

INSTRUCTIONS

(1) For purposes of this section, escrow includes securities subject to a pooling agreement.

(2) For the purposes of this section, securities subject to contractual restrictions on transfer as a result of pledges made to lenders are not required to be disclosed.

ITEM 15: Principal Securityholders and Selling Securityholders

Principal securityholders and selling securityholders

15.1(1) Provide the following information for each principal securityholder of the issuer and, if any securities are being distributed for the account of a securityholder, for each selling securityholder:

(a) the name;

(b) the number or amount of securities owned, controlled or directed of the class being distributed;

(c) the number or amount of securities of the class being distributed for the account of the securityholder;

(d) the number or amount of securities of the issuer of any class to be owned, controlled or directed after the distribution, and the percentage that number or amount represents of the total outstanding;

(e) whether the securities referred to in paragraph (b), (c) or (d) are owned both of record and beneficially, of record only, or beneficially only.

(2) If securities are being distributed in connection with a restructuring transaction, indicate, to the extent known, the holdings of each person or company described in paragraph (1)(a) that will exist after effect has been given to the transaction.

(3) If any of the securities being distributed are being distributed for the account of a securityholder and those securities were purchased by the selling securityholder within the two years preceding the date of the prospectus, state the date the selling securityholder acquired the securities and, if the securities were acquired in the 12 months preceding the date of the prospectus, the cost to the securityholder in the aggregate and on an average cost-per-security basis.

(4) If, to the knowledge of the issuer or the underwriter of the securities being distributed, more than 10% of any class of voting securities of the issuer is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement. State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.

(5) If, to the knowledge of the issuer or the underwriter of the securities being distributed, any principal securityholder or selling securityholder is an associate or affiliate of another person or company named as a principal securityholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the issuer held by the person or company other than the holding of voting securities of the issuer.

(6) In addition to the above, include in a footnote to the table the required calculation(s) on a fully-diluted basis.

(7) Describe any material change to the information required to be included in the prospectus under subsection (1) to the date of the prospectus.

INSTRUCTION

If a company, partnership, trust or other unincorporated entity is a principal securityholder of an issuer, disclose, to the extent known, the name of each individual who, through ownership of

or control or direction over the securities of that company, trust or other unincorporated entity, or membership in the partnership, as the case may be, is a principal securityholder of that entity.

ITEM 16: Directors and Executive Officers

Name, occupation and security holding

16.1(1) Provide information for directors and executive officers of the issuer in accordance with section 10.1 of Form 51-102F2 as at the date of the prospectus.

(2) If information similar to the information required under subsection (1) is provided for any director or executive officer, who is not serving in such capacity as at the date of the prospectus, clearly indicate this fact and explain whether the issuer believes that this director or executive officer is liable under the prospectus.

Cease trade orders, bankruptcies, penalties or sanctions

16.2 Provide information for directors and executive officers of the issuer in accordance with section 10.2 of Form 51-102F2 as if the references in that section to "date of the AIF" read "date of the prospectus".

Conflicts of interest

16.3 Disclose particulars of existing or potential material conflicts of interest between the issuer or a subsidiary of the issuer and a director or officer of the issuer or of a subsidiary of the issuer.

Management of junior issuers

16.4 A junior issuer must provide the following information for each member of management:

(a) state the individual's name, age, position and responsibilities with the issuer and relevant educational background;

(b) state whether the individual works full time for the issuer or what proportion of the individual's time will be devoted to the issuer;

(c) state whether the individual is an employee or independent contractor of the issuer;

(d) state the individual's principal occupations or employment during the five years before the date of the prospectus, disclosing with respect to each organization as of the time such occupation or employment was carried on:

(i) its name and principal business;

(ii) if applicable, that the organization was an affiliate of the issuer;

(iii) positions held by the individual; and

(iv) whether it is still carrying on business, if known to the individual;

(e) describe the individual's experience in the issuer's industry;

(f) state whether the individual has entered into a non-competition or non-disclosure agreement with the issuer.

INSTRUCTION

For purposes of this section, "management" means all directors, officers, employees and contractors whose expertise is critical to the issuer, its subsidiaries and proposed subsidiaries in providing the issuer with a reasonable opportunity to achieve its stated business objectives.

ITEM 17: Executive Compensation

Disclosure

17.1 Include in the prospectus a Statement of Executive Compensation prepared in accordance with Form 51-102F6 and describe any intention to make any material changes to that compensation.

ITEM 18: Indebtedness of Directors and Executive Officers

Aggregate indebtedness

18.1 Provide information for the issuer in accordance with section 10.1 of Form 51-102F5 as if the reference in that section to "date of the information circular" read "date of the prospectus ".

Indebtedness of directors and executive officers under securities purchase and other programs

18.2(1) Provide information for the issuer in accordance with section 10.2 of Form 51-102F5 as if the reference in this section to "date of the information circular" read "date of the prospectus".

(2) Do not disclose the information required under subsection (1) for

(a) any indebtedness that has been entirely repaid on or before the date of the prospectus, or

(b) routine indebtedness (as defined in paragraph 10.3(c) of Form 51-102F5 as if reference in this paragraph to "the company" read "the issuer").

ITEM 19: Audit Committees and Corporate Governance

Audit committees

19.1(1) Include in the prospectus the disclosure for the issuer in accordance with Form 52-110F1, as applicable, if the issuer is neither a venture issuer nor an IPO venture issuer.

(2) Include in the prospectus the disclosure for the issuer in accordance with Form 52-110F2, as applicable, if the issuer is a venture issuer or an IPO venture issuer.

Corporate governance

19.2(1) Include in the prospectus the disclosure in accordance with Form 58-101F1, as applicable, if the issuer is neither a venture issuer nor an IPO venture issuer.

(2) Include in the prospectus the disclosure in accordance with Form 58-101F2, as applicable, if the issuer is a venture issuer or an IPO venture issuer.

ITEM 20: Plan of Distribution

Name of underwriters

20.1(1) If the securities are being distributed by an underwriter, state the name of the underwriter and describe briefly the nature of the underwriter's obligation to take up and pay for the securities.

(2) Disclose the date by which the underwriter is obligated to purchase the securities.

Disclosure of conditions to underwriters' obligations

20.2 If securities are distributed by an underwriter that has agreed to purchase all of the securities at a specified price and the underwriter's obligations are subject to conditions,

(a) include a statement in substantially the following form, with the bracketed information completed and with modifications necessary to reflect the terms of the distribution:

> "Under an agreement dated [insert date of agreement] between [insert name of issuer or selling securityholder] and [insert name(s) of underwriter(s)], as underwriter[s], [insert name of issuer or selling security shareholder] has agreed to sell and the underwriter[s] [has/have] agreed to purchase on [insert closing date] the securities at a price of [insert offering price], payable in cash to [insert name of issuer or selling securityholder]

against delivery. The obligations of the underwriter[s] under the agreement may be terminated at [its/their] discretion on the basis of [its/their] assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The underwriter[s] [is/are], however, obligated to take up and pay for all of the securities if any of the securities are purchased under the agreement.", and

(b) describe any other conditions and indicate any information known that is relevant to whether such conditions will be satisfied.

Best efforts offering

20.3 Outline briefly the plan of distribution of any securities being distributed other than on the basis described in section 20.2.

Minimum distribution

20.4 If securities are being distributed on a best efforts basis and minimum funds are to be raised, state

(a) the minimum funds to be raised,

(b) that the issuer must appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practicing member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until the minimum amount of funds stipulated in paragraph (a) has been raised, and

(c) that if the minimum amount of funds is not raised within the distribution period, the trustee must return the funds to the subscribers without any deductions.

Determination of price

20.5 Disclose the method by which the distribution price has been or will be determined and, if estimates have been provided, explain the process of determining the estimates.

Stabilization

20.6 If the issuer, a selling securityholder or an underwriter knows or has reason to believe that there is an intention to over-allot or that the price of any security may be stabilized to facilitate the distribution of the securities, describe the nature of these transactions, including the anticipated size of any over-allocation position, and explain how the transactions are expected to affect the price of the securities.

Approvals

20.7 If the proceeds of the distribution will be used to substantially fund a material undertaking that would constitute a material departure from the business or operations of the issuer and the issuer has not obtained all material licences, registrations and approvals necessary for the stated principal use of proceeds, include a statement that

(a) the issuer will appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practicing member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until all material licences, registrations and approvals necessary for the stated principal use of proceeds have been obtained, and

(b) if all material licences, registrations and approvals necessary for the operation of the material undertaking have not been obtained within 90 days from the date of receipt of the final prospectus, the trustee will return the funds to subscribers.

Reduced price distributions

20.8 If the underwriter may decrease the offering price after the underwriter has made a reasonable effort to sell all of the securities at the initial offering price disclosed in the prospectus in accordance with the procedures permitted by the Instrument, disclose this fact and that the compensation realised by the underwriter will be decreased by the amount that the aggregate price paid by purchasers for the securities is less than the gross proceeds paid by the underwriter to the issuer or selling securityholder.

Listing application

20.9 If application has been made to list or quote the securities being distributed, include a statement, in substantially the following form, with bracketed information completed:

> "The issuer has applied to [list/quote] the securities distributed under this prospectus on [name of exchange or other market]. [Listing/Quotation] will be subject to the issuer fulfilling all the listing requirements of [name of exchange or other market]."

Conditional listing approval

20.10 If application has been made to list or quote the securities being distributed on an exchange or marketplace and conditional listing approval has been received, include a statement, in substantially the following form, with the bracketed information completed:

> "[name of exchange or marketplace] has conditionally approved the [listing/quotation] of these securities. [Listing/Quotation] is subject to the [name of issuer]'s fulfilling all of the requirements of the [name of exchange or

marketplace] on or before [date], [including distribution of these securities to a minimum number of public securityholders]."

IPO venture issuers

20.11 If the issuer has complied with the requirements of the Instrument as an IPO venture issuer, include a statement, in substantially the following form, with bracketed information completed:

> "As at the date of the prospectus, [name of issuer] does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc."

Constraints

20.12 If there are constraints imposed on the ownership of securities of the issuer to ensure that the issuer has a required level of Canadian ownership, describe the mechanism, if any, by which the level of Canadian ownership of the securities of the issuer will be monitored and maintained.

Special warrants acquired by underwriters or agents

20.13 Disclose the number and dollar value of any special warrants acquired by any underwriter or agent and the percentage of the distribution represented by those special warrants.

ITEM 21: Risk Factors

Risk factors

21.1(1) Disclose risk factors relating to the issuer and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by the issuer, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political conditions and financial history and any other matter that would be likely to influence an investor's decision to purchase securities of the issuer.

(2) If there is a risk that securityholders of the issuer may become liable to make an additional contribution beyond the price of the security, disclose that risk.

(3) Describe any risk factors material to the issuer that a reasonable investor would consider relevant to an investment in the securities being distributed and that are not otherwise described under subsection (1) or (2).

INSTRUCTIONS

(1) Disclose risks in the order of seriousness from the most serious to the least serious.

(2) A risk factor must not be de-emphasized by including excessive caveats or conditions.

ITEM 22: Promoters

Promoters

22.1(1) For a person or company that is, or has been within the two years immediately preceding the date of the prospectus, a promoter of the issuer or subsidiary of the issuer, state

(a) the person or company's name,

(b) the number and percentage of each class of voting securities and equity securities of the issuer or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by the person or company,

(c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the issuer or from a subsidiary of the issuer, and the nature and amount of any assets, services or other consideration received or to be received by the issuer or a subsidiary of the issuer in return, and

(d) for an asset acquired within the two years before the date of the preliminary prospectus, or to be acquired, by the issuer or by a subsidiary of the issuer from a promoter,

(i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,

(ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the issuer or the promoter, or an affiliate of the issuer or the promoter, and

(iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

(2) If a promoter referred to in subsection (1) is, as at the date of the preliminary prospectus, or was within 10 years before the date of the preliminary prospectus, a director, chief executive officer, or chief financial officer of any person or company, that

(a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

(3) For the purposes of subsection (2), "order" means:

(a) a cease trade order,

(b) an order similar to a cease trade order, or

(c) an order that denied the relevant person or company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

(4) If a promoter referred to in subsection (1)

(a) is, as at the date of the preliminary prospectus, or has been within the 10 years before the date of the preliminary prospectus, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact, or

(b) has, within the 10 years before the date of the preliminary prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.

(5) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in subsection (1) has been subject to

(a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority, or

(b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

(6) Despite subsection (5), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

INSTRUCTIONS

(1) The disclosure required by subsections (2), (4) and (5) also applies to any personal holding companies of any of the persons referred to in subsections (2), (4), and (5).

(2) A management cease trade order which applies to a promoter referred to in subsection (1) is an "order" for the purposes of paragraph (2)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.

(3) For the purposes of this section, a late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a "penalty or sanction".

(4) The disclosure in paragraph (2)(a) only applies if the promoter was a director, chief executive officer or chief financial officer when the order was issued against the person or company. The issuer does not have to provide disclosure if the promoter became a director, chief executive officer or chief financial officer after the order was issued.

ITEM 23: Legal Proceedings and Regulatory Actions

Legal proceedings

23.1(1) Describe any legal proceedings the issuer is or was a party to, or that any of its property is or was the subject of, since the beginning of the most recently completed financial year for which financial statements of the issuer are included in the prospectus.

(2) Describe any such legal proceedings the issuer knows to be contemplated.

(3) For each proceeding described in subsections (1) and (2), include the name of the court or agency, the date instituted, the principal parties to the proceeding, the nature of the claim, the amount claimed, if any, whether the proceeding is being contested, and the present status of the proceeding.

INSTRUCTION

Information with respect to any proceeding that involves a claim for damages if the amount involved, exclusive of interest and costs, does not exceed 10% of the current assets of the issuer may be omitted. However, if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, include the amount involved in the other proceedings in computing the percentage.

Regulatory actions

23.2 Describe any

(a) penalties or sanctions imposed against the issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date of the prospectus,

(b) any other penalties or sanctions imposed by a court or regulatory body against the issuer necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed, and

(c) settlement agreements the issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of the prospectus.

ITEM 24: Interests of Management and Others in Material Transactions

Interests of management and others in material transactions

24.1 Provide information for the issuer for this section in accordance with section 13.1 of Form 51-102F2 as if the reference in that section to "within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect your company" read "within the three years before the date of the prospectus that has materially affected or is reasonably expected to materially affect the issuer or a subsidiary of the issuer".

Underwriting discounts

24.2 Disclose any material underwriting discounts or commissions upon the sale of securities by the issuer if any of the persons or companies listed in section 13.1 of Form 51-102F2 were or are to be an underwriter or are associates, affiliates or partners of a person or company that was or is to be an underwriter.

ITEM 25: Relationship Between Issuer or Selling Securityholder and Underwriter

Relationship between issuer or selling securityholder and underwriter

25.1(1) If the issuer or selling securityholder is a connected issuer or related issuer of an underwriter of the distribution, or if the issuer or selling securityholder is also an underwriter of the distribution, comply with the requirements of NI 33-105.

(2) For the purposes of subsection (1), "connected issuer" and "related issuer" have the same meanings as in NI 33-105.

ITEM 26: Auditors, Transfer Agents and Registrars

Auditors

26.1 State the name and address of the auditor of the issuer.

Transfer agents, registrars, trustees or other agents

26.2 For each class of securities, state the name of any transfer agent, registrar, trustee, or other agent appointed by the issuer to maintain the securities register and the register of transfers for such securities and indicate the location (by municipality) of each of the offices of the issuer or transfer agent, registrar, trustee or other agent where the securities register and register of transfers are maintained or transfers of securities are recorded.

ITEM 27: Material Contracts

Material contracts

27.1 Give particulars of any material contract

(a) required to be filed under section 9.3 of the Instrument, or

(b) that would be required to be filed under section 9.3 of the Instrument but for the fact that it was previously filed.

INSTRUCTIONS

(1) Set out a complete list of all contracts for which particulars must be given under this section, indicating those that are disclosed elsewhere in the prospectus. Particulars need only be provided for those contracts that do not have the particulars given elsewhere in the prospectus.

(2) Particulars of contracts must include the dates of, parties to, consideration provided for in, and general nature and key terms of, the contracts.

ITEM 28: Experts

Names of experts

28.1 Name each person or company

(a) who is named as having prepared or certified a report, valuation, statement or opinion in the prospectus or an amendment to the prospectus, and

(b) whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company.

Interest of experts

28.2 For each person or company referred to in section 28.1, provide the disclosure in accordance with section 16.2 of Form 51-102F2, as of the date of the prospectus, as if that person or company were a person or company referred to in section 16.1 of Form 51-102F2.

ITEM 29: Other Material Facts

Other material facts

29.1 Give particulars of any material facts about the securities being distributed that are not disclosed under any other Items and are necessary in order for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

ITEM 30: Rights of Withdrawal and Rescission

General

30.1 Include a statement in substantially the following form, with the bracketed information completed:

> "Securities legislation in [certain of the provinces [and territories] of Canada/the Province of [insert name of local jurisdiction, if applicable]] provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. [In several of the provinces/provinces and territories,] [T/t]he securities legislation further provides a purchaser with remedies for rescission [or[, in some jurisdictions,] revisions of the price or damages] if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission[, revisions of the price or damages] are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province [or territory]. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province [or territory] for the particulars of these rights or consult with a legal adviser."

Non-fixed price offerings

30.2 In the case of a non-fixed price offering, replace, if applicable in the jurisdiction in which the prospectus is filed, the second sentence in the legend in section 30.1 with a statement in substantially the following form:

"This right may only be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed."

Convertible, exchangeable or exercisable securities

30.3 In the case of an offering of convertible, exchangeable or exercisable securities, provide a statement in the following form:

"In an offering of [state name of convertible, exchangeable or exercisable securities], investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial [or territorial] securities legislation, to the price at which the [state name of convertible, exchangeable or exercisable securities] is offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces [or territories], if the purchaser pays additional amounts upon [conversion, exchange or exercise] of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in such provinces [or territories]. The purchaser should refer to the applicable provisions of the purchaser's province [or territory] for the particulars of this right of action for damages or consult with a legal adviser."

ITEM 31: List of Exemptions from Instrument

List of exemptions from Instrument

31.1 List all exemptions from the provisions of the Instrument, including this Form, granted to the issuer applicable to the distribution or the prospectus, including all exemptions to be evidenced by the issuance of a receipt for the prospectus pursuant to section 19.3 of the Instrument.

ITEM 32: Financial Statement Disclosure for Issuers

Interpretation of "issuer"

32.1 ~~The~~**(1)** Subject to subsection (2), the financial statements of an issuer required under this Item to be included in a prospectus must include

(a) the financial statements of any predecessor entity that formed, or will form, the basis of the business of the issuer, even though the predecessor entity is, or may have been, a different legal entity, if the issuer has not existed for three years,

(b) the financial statements of a business or businesses acquired by the issuer within three years before the date of the prospectus or proposed to be acquired, if a reasonable investor reading the prospectus would regard the primary business of

the issuer to be the business or businesses acquired, or proposed to be acquired, by the issuer, and

(c) ~~(c)~~ the restated combined financial statements of the issuer and any other entity with which the issuer completed a transaction within three years before the date of the prospectus or proposes to complete a transaction, if the issuer accounted for or will account for the transaction as a combination in which all of the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination, and that control is not temporary.

(2) A reporting issuer is not required to include the financial statements for an acquisition to which paragraph (1)(a) or (b) applies if

(a) the issuer was a reporting issuer in any jurisdiction of Canada

(i) on the date of the acquisition, in the case of a completed acquisition; or

(ii) immediately before the filing of the prospectus, in the case of a proposed acquisition;

(b) the issuer's principal asset is not cash, cash equivalents, or its exchange listing; and

(c) the issuer provides disclosure in respect of the proposed or completed acquisition in accordance with Item 35.

Annual financial statements

32.2(1) Subject to section 32.4, include annual financial statements of the issuer consisting of

(a) a statement of comprehensive income, a statement of changes in equity, and a statement of cash flows for each of the three most recently completed financial years ended more than

(i) 90 days before the date of the prospectus, or

(ii) 120 days before the date of the prospectus, if the issuer is a venture issuer,

(b) a statement of financial position as at the end of the two most recently completed financial years described in paragraph (a),

(c) a statement of financial position as at the beginning of the earliest comparative period for which financial statements that are included in the prospectus comply with IFRS in the case of an issuer that

(i) discloses in its annual financial statements an unreserved statement of compliance with IFRS, and

(ii) does any of the following

(A) applies an accounting policy retrospectively in its annual financial statements,

(B) makes a retrospective restatement of items in its annual financial statements, or

(C) reclassifies items in its annual financial statements,

(d) in the case of an issuer's first IFRS financial statements, the opening IFRS statement of financial position at the date of transition to IFRS, and

(e) notes to the annual financial statements.

(1.1) If an issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the statement of comprehensive income filed under subsection (1).

(2) If the issuer has not completed three financial years, include the financial statements described under subsection (1) for each completed financial year ended more than

(a) 90 days before the date of the prospectus, or

(b) 120 days before the date of the prospectus, if the issuer is a venture issuer.

(3) If the issuer has not included in the prospectus financial statements for a completed financial year, include the financial statements described under subsection (1) or (2) for a period from the date the issuer was formed to a date not more than 90 days before the date of the prospectus.

(4) If an issuer changed its financial year end during any of the financial years referred to in this section and the transition year is less than nine months, the transition year is deemed not to be a financial year for the purposes of the requirement to provide financial statements for a specified number of financial years in this section.

(5) Despite subsection (4), all financial statements of the issuer for a transition year referred to in subsection (4) must be included in the prospectus.

(6) Subject to section 32.4, if financial statements of any predecessor entity, business or businesses acquired by the issuer, or of any other entity are required under this section, then include

(a) statements of comprehensive income, statements of changes in equity, and statements of cash flow for the entities or businesses for as many periods before the acquisition as may be necessary so that when these periods are added to the periods for which the issuer's statements of comprehensive income, statements of changes in equity, and statements of cash flow are included in the prospectus, the results of the entities or businesses, either separately or on a consolidated basis, total three years,

(b) statements of financial position for the entities or businesses for as many periods before the acquisition as may be necessary so that when these periods are added to the periods for which the issuer's statements of financial position are included in the prospectus, the financial position of the entities or businesses, either separately or on a consolidated basis, total two years,

(c) if the entities or businesses have not completed three financial years, the financial statements described under paragraphs (a) and (b) for each completed financial year of the entities or businesses for which the issuer's financial statements in the prospectus do not include the financial statements of the entities or businesses, either separately or on a consolidated basis, and ended more than

(i) 90 days before the date of the prospectus, or

(ii) 120 days before the date of the prospectus, if the issuer is a venture issuer,

(d) if an entity's or business's first IFRS financial statements are included under paragraphs (a), (b) or (c), the opening IFRS statement of financial position at the date of transition to IFRS, and

(e) a statement of financial position as at the beginning of the earliest comparative period for which financial statements that are included in the prospectus comply with IFRS in the case of an issuer that

(i) discloses in its annual financial statements an unreserved statement of compliance with IFRS, and

(ii) does any of the following

(A) applies an accounting policy retrospectively in its financial statements,

(B) makes a retrospective restatement of items in its financial statements, or

(C) reclassifies items in its financial statements.

Interim financial report

32.3(1) Include a comparative interim financial report of the issuer for the most recent interim period, if any, ended

(a) subsequent to the most recent financial year in respect of which annual financial statements of the issuer are included in the prospectus, and

(b) more than

(i) 45 days before the date of the prospectus, or

(ii) 60 days before the date of the prospectus if the issuer is a venture issuer.

(2) The interim financial report referred to in subsection (1) must include

(a) a statement of financial position as at the end of the interim period and a statement of financial position as at the end of the immediately preceding financial year, if any,

(b) a statement of comprehensive income, a statement of changes in equity, and a statement of cash flows, all for the year-to-date interim period, and comparative financial information for the corresponding interim period in the immediately preceding financial year, if any,

(c) for interim periods other than the first interim period in an issuer's financial year, a statement of comprehensive income for the three month period ending on the last day of the interim period and comparative financial information for the corresponding period in the immediately preceding financial year, if any,

(d) a statement of financial position as at the beginning of the earliest comparative period for which financial statements that are included in the prospectus comply with IFRS in the case of an issuer that

(i) discloses in its interim financial report an unreserved statement of compliance with International Accounting Standard 34 *Interim Financial Reporting*, and

(ii) does any of the following

(A) applies an accounting policy retrospectively in its interim financial report,

(B) makes a retrospective restatement of items in its interim financial report, or

(C) reclassifies items in its interim financial report,

(e) in the case of the first interim financial report required to be filed in the year of adopting IFRS, the opening IFRS statement of financial position at the date of transition to IFRS, and

(f) notes to the interim financial report.

(3) If an issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the statement of comprehensive income filed under subsection (2).

(4) If the issuer is required to include under subsection 32.3(1), a comparative interim financial report of the issuer for the second or third interim period in the year of adopting IFRS, include

(a) the issuer's first interim financial report in the year of adopting IFRS, or

(b) both

(i) the opening IFRS statement of financial position at the date of transition to IFRS, and

(ii) the annual and date of transition to IFRS reconciliations required by IFRS 1 *First-time Adoption of International Financial Reporting Standards* to explain how the transition from previous GAAP to IFRS affected the issuer's reported financial position, financial performance and cash flows.

(5) Subsection (4) does not apply to an issuer that was a reporting issuer in at least one jurisdiction immediately before filing the prospectus.

Exceptions to financial statement requirements

32.4(1) Despite section 32.2, an issuer is not required to include the following financial statements in a prospectus

(a) the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the third most recently completed financial year, if the issuer is a reporting issuer in at least one jurisdiction immediately before filing the prospectus,

(b) the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the third most recently completed financial year, and the financial statements for the second most recently completed financial year, if

(i) the issuer is a reporting issuer in at least one jurisdiction immediately before filing the prospectus, and

(ii) the issuer includes financial statements for a financial year ended less than

(A) 90 days before the date of the prospectus, or

(B) 120 days before the date of the prospectus, if the issuer is a venture issuer,

(c) the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the third most recently completed financial year, and the statement of financial position for the second most recently completed financial year, if the issuer includes financial statements for a financial year ended less than 90 days before the date of the prospectus,

(d) the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the third most recently completed financial year, and the financial statements for the second most recently completed financial year, if

(i) the issuer is a reporting issuer in at least one jurisdiction immediately before filing the prospectus,

(ii) the issuer includes audited financial statements for a period of at least nine months commencing the day after the most recently completed financial year for which financial statements are required under section 32.2,

(iii) the business of the issuer is not seasonal, and

(iv) none of the financial statements required under section 32.2 are for a financial year that is less than nine months,

(e) the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the third most recently completed financial year, and the statement of financial position for the second most recently completed financial year, if

(i) the issuer includes audited financial statements for a period of at least nine months commencing the day after the most recently completed financial year for which financial statements are required under section 32.2,

(ii) the business of the issuer is not seasonal, and

(iii) none of the financial statements required under section 32.2 are for a financial year that is less than nine months, or

(f) the separate financial statements of the issuer and the other entity for periods prior to the date of the transaction, if the restated combined financial statements of the issuer and the other entity are included in the prospectus under paragraph 32.1(c).

(2) Paragraphs (1)(a), (b) and (d) do not apply to an issuer

(a) whose principal asset is cash, cash equivalents or its exchange listing; or

(b) in respect of financial statements of a reverse takeover acquirer for a completed or proposed transaction by the issuer that was or will be accounted for as a reverse takeover.

Exceptions to audit requirement

32.5 The audit requirement in section 4.2 of the Instrument does not apply to the following financial statements

(a) any financial statements for the second and third most recently completed financial years required under section 32.2, if

(i) those financial statements were previously included in a final prospectus without an auditor's report pursuant to an exemption under applicable securities legislation, and

(ii) an auditor has not issued an auditor's report on those financial statements,

(b) any financial statements for the second and third most recently completed financial years required under section 32.2, if

(i) the issuer is a junior issuer,

(i.1) an auditor has not issued an auditor's report on those financial statements, and

(ii) the financial statements for the most recently completed financial year required under section 32.2 is not less than 12 months in length, or

(c) any interim financial report required under section 32.3.

Additional financial statements or financial information filed or released

32.6(1) If the issuer files financial statements for a more recent period than required under section 32.2 or 32.3 before the prospectus is filed, the issuer must include in the prospectus those more recent financial statements.

(2) If historical financial information about the issuer is publicly disseminated by, or on behalf of, the issuer through news release or otherwise for a more recent period than required under section 32.2, the issuer must include the content of the news release or public communication in the prospectus.

Pro forma financial statements for an acquisition

32.7(1) Include the pro forma financial statements prescribed in subsection (2) in respect of a completed or proposed acquisition for which financial statement disclosure is required under section 32.1 if

(a) less than nine months of the acquired business operations have been reflected in the issuer's most recent audited financial statements included in the prospectus; and

(b) the inclusion of the pro forma financial statements is necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

(2) For the purposes of subsection (1), include the following:

(a) a pro forma statement of financial position of the issuer, as at the date of the issuer's most recent statement of financial position included in the prospectus, that gives effect, as if it had taken place as at the date of the pro forma statement of financial position, to the acquisition that has been completed, or that will be completed, but is not reflected in the issuer's most recent statement of financial position for an annual or interim period;

(b) a pro forma income statement of the issuer that gives effect to the acquisition completed, or that will be completed, since the beginning of the issuer's most recently completed financial year for which it has included financial statements in its prospectus, as if it had taken place at the beginning of that financial year, for each of the following periods:

(i) the most recently completed financial year for which the issuer has included financial statements in its prospectus; and

(ii) the interim period for which the issuer has included an interim financial report in its prospectus, that started after the financial year referred to in subparagraph (i) and ended

(A) in the case of a completed acquisition, immediately before the acquisition date or, in the issuer's discretion, after the acquisition date; and

(B) in the case of a proposed acquisition, immediately before the date of the filing of the prospectus, as if the acquisition had been completed before the filing of the prospectus and the acquisition date were the date of the prospectus; and

(c) pro forma earnings per share based on the pro forma financial statements referred to in paragraph (b).

(3) If an issuer is required to include pro forma financial statements in its prospectus under subsections (1) and (2),

(a) the issuer must identify in the pro forma financial statements each acquisition, if the pro forma financial statements give effect to more than one acquisition,

(b) the issuer must include in the pro forma financial statements

(i) adjustments attributable to the acquisition for which there are firm commitments and for which the complete financial effects are objectively determinable;

(ii) adjustments to conform amounts for the business to the issuer's accounting policies; and

(iii) a description of the underlying assumptions on which the pro forma financial statements are prepared, cross-referenced to each related pro forma adjustment;

(c) if the financial year-end of the business differs from the issuer's year-end by more than 93 days, for the purpose of preparing the pro forma income statement of the issuer's most recently completed financial year, the 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 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 prospectus;

(e) if an issuer is required to prepare a pro forma income statement for an interim period required by paragraph (2)(b), and the pro forma income statement for the most recently completed financial year includes results of the business which are

also included in the pro forma income statement for the interim period, the issuer must disclose in a note to the pro forma financial statements the revenue, expenses, and profit or loss from continuing operations included in each pro forma income statement for the overlapping period; and

(f) a constructed period referred to in paragraph (c) does not have to be audited.

Pro forma financial statements for multiple acquisitions

32.8 Despite subsection 32.7(1), an issuer is not required to include in its prospectus the pro forma financial statements otherwise required for each acquisition, if the issuer includes in its prospectus one set of pro forma financial statements that

(a) reflects the results of each acquisition since the beginning of the issuer's most recently completed financial year for which financial statements of the issuer are included in the prospectus, and

(b) is prepared as if each acquisition had occurred at the beginning of the most recently completed financial year of the issuer for which financial statements of the issuer are included in the prospectus.

Exemption from financial statement disclosure for oil & gas acquisitions

32.9(1) The issuer is exempt from sections 32.2, 32.3 and 32.7 that apply to a completed or proposed acquisition by operation of section 32.1 if

(a) the acquisition is an acquisition of a business which is an interest in an oil and gas property;

(b) the acquisition is an acquisition to which section 32.1 applies;

(c) the acquisition is not an acquisition of securities of another issuer, unless the vendor transferred the business referenced in paragraph (1)(a) to such other issuer which

(i) was created for the sole purpose of facilitating the acquisition; and

(ii) other than assets or operations relating to the transferred business, has no

(A) substantial assets; or

(B) operating history;

(d) the issuer is unable to provide the financial statements in respect of the acquisition otherwise required under sections 32.2 and 32.3 because those financial

statements do not exist or because the issuer does not have access to those financial statements;

(e) the acquisition does not constitute a reverse takeover;

(f) subject to subsections (2) and (3), in respect of the business for each of the financial periods for which financial statements would, but for this section, be required under sections 32.2 and 32.3, the prospectus includes

(i) an operating statement for the business prepared in accordance with section 3.17 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

(ii) a pro forma operating statement of the issuer that gives effect to the acquisition completed or to be completed since the beginning of the issuer's most recently completed financial year for which financial statements are required to have been filed, as if the acquisition had taken place at the beginning of that financial year, for each of the financial periods referred to in paragraph 32.7(2)(b), unless

(A) more than nine months of the acquired business operations have been reflected in the issuer's most recent audited financial statements included in the prospectus; or

(B) the inclusion of the pro forma financial statements is not necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed;

(iii) a description of the property or properties and the interest acquired by the issuer; and

(iv) disclosure of the annual oil and gas production volumes from the business;

(g) the operating statement for the three most recently completed financial years has been audited;

(h) the prospectus discloses

(i) the estimated reserves and related future net revenue attributable to the business, the material assumptions used in preparing the estimates and the identity and relationship to the issuer or to the vendor of the person who prepared the estimates; and

(ii) the estimated oil and gas production volumes from the business for the first year reflected in the estimated disclosure under subparagraph (i).

(2) An issuer is exempted from subparagraphs (1)(f)(i), (ii) and (iv) if

(a) production, gross revenue, royalty expenses, production costs and operating income were nil, or are reasonably expected to be nil for the business for each financial period; and

(b) the prospectus discloses the applicable facts referred to in paragraph (a).

(3) An issuer is exempted from paragraphs 32.9(1)(f) and (g) in respect of the third most recently completed financial year if the issuer has completed the acquisition and has included in the prospectus the following:

(a) information in accordance with Form 51-101F1 as of a date commencing on or after the acquisition date and within 6 months of the date of the preliminary prospectus;

(b) a report in the form of Form 51-101F2 on the reserves data included in the disclosure required under paragraph (a);

(c) a report in the form of Form 51-101F3 that refers to the information disclosed under paragraph (a).

ITEM 33: Credit Supporter Disclosure, Including Financial Statements

Credit supporter disclosure, including financial statements

33.1 If a credit supporter has provided a guarantee or alternative credit support for all or substantially all of the payments to be made under the securities being distributed, include statements by the credit supporter providing disclosure about the credit supporter that would be required under Items 4, 5, 8, 9, 16, 21, 23, 25, 26, and 32 if the credit supporter were the issuer of the securities to be distributed and such other information about the credit supporter as is necessary to provide full, true and plain disclosure of all material facts relating to the securities to be distributed.

ITEM 34: Exemptions for Certain Issues of Guaranteed Securities

Definitions and interpretation

34.1(1) In this Item

(a) the impact of subsidiaries, on a combined basis, on the financial statements of the parent entity is "minor" if each item of the summary financial information of the

subsidiaries, on a combined basis, represents less than three percent of the total consolidated amounts,

(b) a parent entity has "limited independent operations" if each item of its summary financial information represents less than three percent of the total consolidated amounts,

(c) a subsidiary is a "finance subsidiary" if it has minimal assets, operations, revenue or cash flows other than those related to the issuance, administration and repayment of the security being distributed and any other securities guaranteed by its parent entity,

(d) "parent credit supporter" means a credit supporter of which the issuer is a subsidiary,

(e) "parent entity" means a parent credit supporter for the purposes of sections 34.2 and 34.3 and an issuer for the purpose of section 34.4,

(f) "subsidiary credit supporter" means a credit supporter that is a subsidiary of the parent credit supporter, and

(g) "summary financial information" includes the following line items:

(i) revenue;

(ii) profit or loss from continuing operations attributable to owners of the parent;

(iii) profit or loss attributable to owners of the parent; and

(iv) unless the accounting principles used to prepare the financial statements of the entity permits the preparation of the entity's statement of financial position without classifying assets and liabilities between current and non-current and the entity provides alternative meaningful financial information which is more appropriate to the industry,

(A) current assets;

(B) non-current assets;

(C) current liabilities; and

(D) non-current liabilities.

INSTRUCTION

See section 1.1 of the Instrument for the definitions of "profit or loss attributable to owners of the parent" and "profit or loss from continuing operations attributable to owners of the parent".

(2) For the purposes of this Item, consolidating summary financial information must be prepared on the following basis

(a) an entity's annual or interim summary financial information must be derived from the entity's financial information underlying the corresponding consolidated financial statements of the parent entity included in the prospectus,

(b) the parent entity column must account for investments in all subsidiaries under the equity method, and

(c) all subsidiary entity columns must account for investments in non-credit supporter subsidiaries under the equity method.

Issuer is wholly-owned subsidiary of parent credit supporter

34.2 An issuer is not required to include the issuer disclosure required by Items 4, 5, 8, 9, 21, 23, 25, 26, and 32, if

(a) a parent credit supporter has provided full and unconditional credit support for the securities being distributed,

(b) the securities being distributed are non-convertible debt securities, non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible, in each case, into non-convertible securities of the parent credit supporter,

(c) the parent credit supporter is the beneficial owner of all the issued and outstanding voting securities of the issuer,

(d) no other subsidiary of the parent credit supporter has provided a guarantee or alternative credit support for all or substantially all of the payments to be made under the securities being distributed, and

(e) the issuer includes in the prospectus

(i) a statement that the financial results of the issuer are included in the consolidated financial results of the parent credit supporter, if

(A) the issuer is a finance subsidiary, and

(B) the impact of any subsidiaries of the parent credit supporter on a combined basis, excluding the issuer, on the consolidated financial statements of the parent credit supporter is minor, or

(ii) for the periods covered by the parent credit supporter's consolidated interim financial report and consolidated annual financial statements included in the prospectus under Item 33, consolidating summary financial information for the parent credit supporter presented with a separate column for each of the following:

(A) the parent credit supporter;

(B) the issuer;

(C) any other subsidiaries of the parent credit supporter on a combined basis;

(D) consolidating adjustments;

(E) the total consolidated amounts.

Issuer is wholly-owned subsidiary of, and one or more subsidiary credit supporters controlled by, parent credit supporter

34.3(1) An issuer is not required to include the issuer disclosure required by Items 4, 5, 8, 9, 21, 23, 25, 26, and 32, or the credit supporter disclosure of one or more subsidiary credit supporters required by Item 33, if

(a) a parent credit supporter and one or more subsidiary credit supporters have each provided full and unconditional credit support for the securities being distributed,

(b) the guarantees or alternative credit supports are joint and several,

(c) the securities being distributed are non-convertible debt securities, non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible, in each case, into non-convertible securities of the parent credit supporter,

(d) the parent credit supporter is the beneficial owner of all the issued and outstanding voting securities of the issuer,

(e) the parent credit supporter controls each subsidiary credit supporter and the parent credit support has consolidated the financial statements of each subsidiary credit supporter into the parent credit supporter's financial statements that are included in the prospectus, and

(f) the issuer includes in the prospectus, for the periods covered by the parent credit supporter's financial statements included in the prospectus under Item 33, consolidating summary financial information for the parent credit supporter presented with a separate column for each of the following:

(i) the parent credit supporter;

(ii) the issuer;

(iii) each subsidiary credit supporter on a combined basis;

(iv) any other subsidiaries of the parent credit supporter on a combined basis;

(v) consolidating adjustments;

(vi) the total consolidated amounts.

(2) Despite paragraph (1)(f), the information set out in a column in accordance with

(a) subparagraph (1)(f)(iv) may be combined with the information set out in accordance with any of the other columns in paragraph (1)(f) if the impact of any subsidiaries of the parent credit supporter on a combined basis, excluding the issuer and all subsidiary credit supporters, on the consolidated financial statements of the parent credit supporter is minor, and

(b) subparagraph (1)(f)(ii), may be combined with the information set out in accordance with any of the other columns in paragraph (1)(f) if the issuer is a finance subsidiary.

One or more credit supporters controlled by issuer

34.4 An issuer is not required to include the credit supporter disclosure for one or more credit supporters required by Item 33, if

(a) one or more credit supporters have each provided full and unconditional credit support for the securities being distributed,

(b) there is more than one credit supporter, the guarantee or alternative credit supports are joint and several,

(c) the securities being distributed are non-convertible debt securities, non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible, in each case, into non-convertible securities of the issuer,

(d) the issuer controls each credit supporter and the issuer has consolidated the financial statements of each credit supporter into the issuer's financial statements that are included in the prospectus, and

(e) the issuer includes in the prospectus

(i) a statement that the financial results of the credit supporter(s) are included in the consolidated financial results of the issuer, if

(A) the issuer has limited independent operations, and

(B) the impact of any subsidiaries of the issuer on a combined basis, excluding the credit supporter(s) but including any subsidiaries of the credit supporter(s) that are not themselves credit supporters, on the consolidated financial statements of the issuer is minor, or

(ii) for the periods covered by the issuer's financial statements included in the prospectus under Item 32, consolidating summary financial information for the issuer, presented with a separate column for each of the following:

(A) the issuer;

(B) the credit supporters on a combined basis;

(C) any other subsidiaries of the issuer on a combined basis;

(D) consolidating adjustments;

(E) the total consolidated amounts.

ITEM 35: Significant Acquisitions

Application and definitions

35.1(1) This Item does not apply to

(a) a completed or proposed transaction by the issuer that was or will be a reverse takeover or a transaction that is a proposed reverse takeover that has progressed to a state where a reasonable person would believe that the likelihood of the reverse takeover being completed is high.; or

(b) a completed or proposed acquisition

(i) by the issuer if

(A) the issuer's principal asset is cash, cash equivalents or its exchange listing; or

(B) the issuer was not a reporting issuer in any jurisdiction

(I) on the acquisition date, in the case of a completed acquisition; and

(II) immediately before filing the prospectus, in the case of a proposed acquisition; and

(ii) to which Item 32 applies by operation of section 32.1.

(2) ~~The requirements in sections 35.5 and 35.6 are not applicable to an initial distribution by prospectus by a Capital Pool Company, as that term is defined in TSX Venture Exchange Policy 2.4 entitled *Capital Pool Companies*, as amended from time to time.~~Repealed.

(3) The audit requirement in section 4.2 of the Instrument does not apply to any financial statements or other information included in the prospectus under this Item, other than the financial statements or other information for the most recently completed financial year of a business or related businesses acquired, or proposed to be acquired, by the issuer.

(4) In this Item, "**significant acquisition**" means an acquisition of a business or related businesses that,

(a) if the issuer was a reporting issuer in at least one jurisdiction on the acquisition date, is determined to be a significant acquisition under section 8.3 of NI 51-102, or

(b) if the issuer was not a reporting issuer in any jurisdiction on the acquisition date, would be determined to be a significant acquisition under section 8.3 of NI 51-102, as if

(i) the issuer was a reporting issuer on the acquisition date,

(ii) the references to a "venture issuer" were read as an "IPO venture issuer" if the issuer is an IPO venture issuer,

(iii) for the purposes of the optional tests, the issuer used its financial statements for the most recently completed interim period or financial year that is included in the prospectus,

(iv) for the purposes of the optional profit or loss test, the most recently completed financial year of the business or related businesses were the financial year of the business ended before the date of the prospectus, and the 12 months ended on the last day of the most recently completed

interim period of the business or related businesses were the 12 months ended on the last day of the most recently completed interim period before the date of the prospectus,

(v) subsection 8.3(11.1) of NI 51-102 did not apply,

(vi) references to "audited annual statements filed" meant "audited annual financial statements included in the long form prospectus", and

(vii) in subsection 8.3(15) of NI 51-102, the reference to "been required to file, and has not filed," meant "been required to include, and has not included, in the long form prospectus".

Completed acquisitions for which issuer has filed business acquisition report

35.2 If an issuer completed an acquisition of a business or related businesses since the beginning of its most recently completed financial year for which financial statements are included in the prospectus, and it has filed a business acquisition report under Part 8 of NI 51-102 for the acquisition, include all of the disclosure included in, or incorporated by reference into, that business acquisition report.

Completed acquisitions for which issuer has not filed business acquisition report because issuer was not reporting issuer on acquisition date

35.3(1) An issuer must include the disclosure required under subsection (2), if

(a) the issuer completed an acquisition of a business or related businesses since the beginning of the issuer's most recently completed financial year for which financial statements of the issuer are included in the prospectus,

(b) the issuer was not a reporting issuer in any jurisdiction on the acquisition date,

(c) the acquisition is a significant acquisition, and

(d) the acquisition date was ~~completed~~ more than

(i) 90 days before the date of the prospectus, if the financial year of the acquired business ended 45 days or less before the acquisition, or

(ii) 75 days before the date of the prospectus.

(2) For an acquisition to which subsection (1) applies, include all the disclosure that would be required to be included in, or incorporated by reference into, a business acquisition report filed under Part 8 of NI 51-102, as if

(a) the issuer was a reporting issuer in at least one jurisdiction on the acquisition date,

(b) the business acquisition report was filed as at the date of the prospectus,

(c) the issuer was a venture issuer at the acquisition date, if the issuer is an IPO venture issuer,

(d) subsections 8.4(4) and 8.4(6) of NI 51-102 did not apply, and

(e) references to financial statements filed or required to be filed meant financial statements included in the prospectus.

Financial performance consolidated in financial statements of issuer

35.4 Despite section 35.2 and subsection 35.3(1), an issuer may omit the financial statements or other information of a business required to be included in the prospectus, if at least nine months of the acquired business or related businesses financial performance have been reflected in the issuer's most recent audited financial statements included in the prospectus.

Recently completed acquisitions

35.5(1) Include the information required under subsection (2) for any significant acquisition completed by the issuer

(a) since the beginning of the issuer's most recently completed financial year for which financial statements of the issuer are included in the prospectus, and

(b) for which the issuer has not included any disclosure under section 35.2 or subsection 35.3(2).

(2) For a significant acquisition to which subsection (1) applies, include the following

(a) the information required by sections 2.1 through 2.6 of Form 51-102F4, and

(b) the financial statements of or other information about the acquisition under subsection (3) for the acquired business or related businesses, if

(i) the issuer was not a reporting issuer in any jurisdiction immediately before filing the prospectus, or

(ii) the issuer was a reporting issuer in at least one jurisdiction immediately before filing the prospectus, and the inclusion of the financial statements or other information is necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

(3) The requirement to include financial statements or other information under paragraph (2)(b) must be satisfied by including

(a) if the issuer was a reporting issuer in at least one jurisdiction on the acquisition date, the financial statements or other information that will be required to be included in, or incorporated by reference into, a business acquisition report filed under Part 8 of NI 51-102,

(b) if the issuer was not a reporting issuer in any jurisdiction on the acquisition date, the financial statements or other information that would be required by subsection 35.3(2), or

(c) satisfactory alternative financial statements or other information.

Probable acquisitions

35.6(1) Include the information required under subsection (2) for any proposed acquisition of a business or related businesses by an issuer that has progressed to a state where a reasonable person would believe that the likelihood of the issuer completing the acquisition is high, and that, if completed by the issuer at the date of the prospectus, would be a significant acquisition.

(2) For a proposed acquisition of a business or related businesses by the issuer that has progressed to a state where a reasonable person would believe that the likelihood of the issuer completing the acquisition is high and to which subsection (1) applies, include

(a) the information required by sections 2.1 through 2.6 of Form 51-102F4, modified as necessary to convey that the acquisition has not been completed, and

(b) the financial statements or other information of the probable acquisition under subsection (3) for the acquired business or related businesses, if

(i) the issuer was not a reporting issuer in any jurisdiction immediately before filing the prospectus, or

(ii) the issuer was a reporting issuer in at least one jurisdiction immediately before filing the prospectus, and the inclusion of the financial statements or other information is necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

(3) For a proposed acquisition of a business or related businesses by the issuer that has progressed to a state where a reasonable person would believe that the likelihood of the issuer completing the acquisition is high and to which subsection (2) applies, the requirement to include financial statements or other information under subsection (2)(b) must be satisfied by including

(a) if the issuer was a reporting issuer in at least one jurisdiction immediately before filing the prospectus, the financial statements or other information that would be required to be included in, or incorporated by reference into, a business acquisition report filed under Part 8 of NI 51-102, as if the acquisition date were the date of the prospectus,

(b) if the issuer was not a reporting issuer in any jurisdiction immediately before filing the prospectus, the financial statements or other information that would be required to be included by subsection 35.3(2), as if the acquisition had been completed before the filing of the prospectus and the acquisition date were the date of the prospectus, or

(c) satisfactory alternative financial statements or other information.

Pro forma financial statements for multiple acquisitions

35.7 Despite sections 35.2, 35.3, 35.5 and 35.6, an issuer is not required to include in its prospectus the pro forma financial statements otherwise required for each acquisition, if the issuer includes in its prospectus one set of pro forma financial statements that

(a) reflects the results of each acquisition since the beginning of the issuer's most recently completed financial year for which financial statements of the issuer are included in the prospectus,

(b) is prepared as if each acquisition had occurred at the beginning of the most recently completed financial year of the issuer for which financial statements of the issuer are included in the prospectus, and

(c) is prepared in accordance with

(i) if no disclosure is otherwise required for a probable acquisition under section 35.6, the section in this Item that applies to the most recently completed acquisition, or

(ii) section 35.6.

Additional financial statements or financial information of business filed or released

35.8(1) An issuer must include in its prospectus annual financial statements and an interim financial report of a business or related businesses for a financial period that ended before the acquisition date and is more recent than the periods for which financial statements are required under section 35.5 or 35.6 if, before the prospectus is filed, the financial statements of the business for the more recent period have been filed.

(2) If, before the prospectus is filed, historical financial information of a business or related businesses for a period more recent than the period for which financial statements are required under section 35.5 or 35.6, is publicly disseminated by news release or otherwise by or on behalf of the issuer, the issuer shall include in the prospectus the content of the news release or public communication.

ITEM 36: Probable Reverse Takeovers

Probable reverse takeovers

36.1 If the issuer is involved in a proposed reverse takeover that has progressed to a state where a reasonable person would believe that the likelihood of the reverse takeover being completed is high, include statements by the reverse takeover acquirer providing disclosure about the reverse takeover acquirer that would be required under this Form, as applicable, if the reverse takeover acquirer were the issuer of the securities to be distributed, and such other information about the reverse takeover acquirer as is necessary to provide full, true and plain disclosure of all material facts relating to the securities to be distributed, including the disclosure required by Items 4, 5,7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 21, 22, 23, 24, 25, 27, 28, and 32.

ITEM 37: Certificates

Certificates

37.1 Include the certificates required by Part 5 of the Instrument or by securities legislation.

Issuer certificate form

37.2 An issuer certificate form must state:

> "This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert the jurisdictions in which qualified]."

Underwriter certificate form

37.3 An underwriter certificate form must state:

> "To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert the jurisdictions in which qualified]."

Amendments

37.4(1) For an amendment to a prospectus that does not restate the prospectus, change "prospectus" to "prospectus dated [insert date] as amended by this amendment" wherever it appears in the statements in sections 37.2 and 37.3.

(2) For an amended and restated prospectus, change "prospectus" to "amended and restated prospectus" wherever it appears in the statements in sections 37.2 and 37.3.

Non-offering prospectuses

37.5 For a non-offering prospectus, change "securities offered by this prospectus" to "securities previously issued by the issuer" wherever it appears in the statements in sections 37.2 and 37.3.

ITEM 38: Transition

Interim financial report

38.1(1) Despite subsection 32.3(1), an issuer may include a comparative interim financial report of the issuer for the most recent interim period, if any, ended

(a) subsequent to the most recent financial year in respect of which annual financial statements of the issuer are included in the prospectus, and

(b) more than

(i) 75 days before the date of the prospectus, or

(ii) 90 days before the date of the prospectus if the issuer is a venture issuer.

(2) Subsection (1) does not apply unless

(a) the comparative interim financial report is the first interim financial report required to be filed in the year of adopting IFRS in respect of an interim period beginning on or after January 1, 2011,

(b) the issuer

(i) is disclosing, for the first time, a statement of compliance with International Accounting Standard 34 *Interim Financial Reporting*, and

(ii) did not previously file financial statements that disclosed compliance with IFRS,

(c) the issuer is a reporting issuer in any jurisdiction immediately before the date of the final long form prospectus, and

(d) the final long form prospectus is filed before July 5, 2012.

Asset-backed securities

38.2(1) Despite subsection 10.3(5), all financial disclosure that describes the underlying pool of financial assets of the issuer for a transition year must be included in the prospectus for the most recent interim period, if any, ended

(a) subsequent to the most recent financial year referred to in paragraphs 10.3(3)(a) and 10.3(3)(b) in respect of which financial disclosure on the underlying pool of financial assets is included in the prospectus, and

(b) more than

(i) 75 days before the date of the prospectus, or

(ii) 90 days before the date of the prospectus if the issuer is a venture issuer.

(2) Subsection (1) does not apply unless

(a) the financial disclosure in respect of the interim period is the first interim financial report required to be filed in the year of adopting IFRS in respect of an interim period beginning on or after January 1, 2011,

(b) the issuer

(i) is disclosing, for the first time, a statement of compliance with International Accounting Standard 34 *Interim Financial Reporting*, and

(ii) did not previously file financial statements that disclosed compliance with IFRS,

(c) the issuer is a reporting issuer in any jurisdiction immediately before the date of the final long form prospectus, and

(d) the final long form prospectus is filed before July 5, 2012.

Appendix B

Schedule B-3

Form 41-101F2 *Information Required in an Investment Fund Prospectus*

General Instructions

(1) The objective of the prospectus is to provide information concerning the investment fund that an investor needs in order to make an informed investment decision. This Form sets out specific disclosure requirements that are in addition to the general requirement under securities legislation to provide full, true and plain disclosure of all material facts relating to the securities to be distributed. This Form does not prohibit including information beyond what the Form requires. Further, certain rules of specific application impose prospectus disclosure obligations in addition to those described in this Form.

(2) Terms used and not defined in this Form that are defined or interpreted in the Instrument must bear that definition or interpretation. Other definitions are set out in NI 14-101 Definitions.

(3) In determining the degree of detail required, a standard of materiality must be applied. Materiality is a matter of judgment in the particular circumstance, and is determined in relation to an item's significance to investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the investment fund's securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items must be considered individually rather than on a net basis, if the items have an offsetting effect. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

(4) Unless an item specifically requires disclosure only in the preliminary prospectus, the disclosure requirements set out in this Form apply to both the preliminary prospectus and the prospectus. Details concerning the price and other matters dependent upon or relating to price, such as the number of securities being distributed, may be left out of the preliminary prospectus, along with specifics concerning the plan of distribution, to the extent that these matters have not been decided.

(5) The disclosure must be understandable to readers and presented in an easy-to-read format. The presentation of information should comply with the plain language principles listed in section 4.1 of Companion Policy 41-101CP General Prospectus Requirements. If technical terms are required, clear and concise explanations should be included.

(6) No reference need be made to inapplicable items and, unless otherwise required in this Form, negative answers to items may be omitted.

(7) The disclosure required in this Form must be presented in the order and using the headings specified in the Form. ~~*However, scholarship plans may make modifications to the disclosure items in order to reflect the special nature of their investment structure and distribution mechanism*~~*If no sub-heading for an Item is stipulated in this Form, an investment fund may include sub-headings, under the required headings, at its option*.

(8) Where the term "investment fund" is used, it may be necessary, in order to meet the requirement for full, true and plain disclosure of all material facts, to also include disclosure with respect to the investment fund's subsidiaries and investees. If it is more likely than not that a person or company will become a subsidiary or investee, it may be necessary to also include disclosure with respect to the person or company. For this purpose, subsidiaries and investees include entities that are consolidated, proportionately consolidated, or accounted for using the equity method.

(9) If disclosure is required as of a specific date and there has been a material change or change that is otherwise significant in the required information subsequent to that date, present the information as of the date of the change or a date subsequent to the change instead.

(10) If the term "class" is used in any item to describe securities, the term includes a series.

(11) Where performance data is presented in the prospectus, annual compound returns must be presented for standard applicable performance periods of 1, 3, 5 and 10 year periods and the period since inception unless otherwise specified by the requirements of this Form. Performance data for periods of less than one year must not be presented. Hypothetical or back-tested performance data must not be presented.

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

(13) A section, part, class or series of a class of securities of an investment fund that is referable to a separate portfolio is considered to be a separate investment fund for the purposes of this Form. An investment fund that has more than one class or series of securities referable to separate portfolios may combine disclosure of one or more of the classes or series in one prospectus if each class or series is managed by the same manager. If disclosure pertaining to more than one class or series is combined in one prospectus, separate disclosure in response to each item in this Form must be provided for each class or series unless the responses would be identical for each class or series.

PROSPECTUS FORM

Item 1: — Cover Page Disclosure

1.1 — Preliminary Prospectus Disclosure

Every preliminary prospectus must have printed in red ink and in italics at the top of the cover page immediately above the disclosure required in section 1.2 the following, with the bracketed information completed:

> *A copy of this preliminary prospectus has been filed with the securities regulatory authority(ies) in [each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authority(ies).*

INSTRUCTION

Investment funds must complete the bracketed information by

> *(a) inserting the names of each jurisdiction in which the investment fund intends to offer securities under the prospectus;*
>
> *(b) stating that the filing has been made in each of the provinces of Canada or each of the provinces and territories of Canada; or*
>
> *(c) identifying the filing jurisdictions by exception (i.e., every province of Canada or every province and territory of Canada, except [excluded jurisdictions].*

1.2 — Required Statement

State in italics at the top of the cover page the following:

> *No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise*.

1.3 — Basic Disclosure about the Distribution

(1) State the following immediately below the disclosure required under sections 1.1 and 1.2 with the bracketed information completed:

[PRELIMINARY OR PRO FORMA] PROSPECTUS

—

[INITIAL PUBLIC OFFERING OR NEW ISSUE AND/OR

—

SECONDARY OFFERING OR CONTINUOUS OFFERING]

—

[Date]

—

[Name of investment fund]

—

[number and type of securities qualified for distribution under the prospectus, including any options or warrants, and the price per security]

—

[type of fund — state the following: "This investment fund is a [labour sponsored or venture capital fund, commodity pool, non-redeemable investment fund, scholarship plan or exchange-traded mutual fund, or, if the issuer is another type of investment fund, state the type of fund]."

—

If securities of the investment fund are intended to be listed or quoted on an exchange or marketplace and conditional listing approval has been received, state the following: "[Name of exchange or marketplace] has conditionally approved the [listing/quotation] of the [type of securities qualified for distribution under the prospectus and to be listed/quoted], subject to the [name of investment fund] fulfilling all of the requirements of the [name of exchange or marketplace] on or before [date]."]

(2) Briefly describe the investment objectives of the investment fund and provide a cross-reference to sections in the prospectus where information about the investment objectives is provided.

(3) State the name of the manager and portfolio adviser of the investment fund and provide a cross-reference to sections in the prospectus where information about the manager and portfolio adviser is provided.

1.4 — Distribution

(1) Subsections (2)-(8) do not apply to an investment fund in continuous distribution.

(2) If the securities are being distributed for cash, provide the information called for below, in substantially the following tabular form or in a note to the table:

	Price to public (a)	Underwriting discounts or commission (b)	Proceeds to issuer or selling securityholders (c)
Per Security	.....	.....	.....
Total	.....	.....	.....

(3) If there is an over-allotment option or an option to increase the size of the distribution before closing,

(a) ~~disclose that a~~describe the terms of the option, and

(b) provide the following disclosure:

"A purchaser who acquires [*insert type of securities qualified for distribution under the prospectus*] forming part of the underwriters~~'~~" over-allocation position acquires those securities under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases~~, and (b) describe the terms of the option~~."

(4) If the distribution of the securities is to be on a best efforts basis~~, provide totals for both the minimum and maximum offering amount, if applicable.~~ and a minimum offering amount

(a) is required for the issuer to achieve one or more of the purposes of the offering, provide totals for both the minimum and maximum offering amount, or

(b) is not required for the issuer to achieve any of the purposes of the offering, state the following in boldface type:

"There is no minimum amount of funds that must be raised under this offering. This means that the issuer could complete this offering after raising only a small proportion of the offering amount set out above."

(5) If debt securities are being distributed at a premium or a discount, state in boldface type the effective yield if held to maturity.

(6) Disclose separately those securities that are underwritten, those under option and those to be sold on a best efforts basis, and, in the case of a best efforts distribution, the latest date that the distribution is to remain open.

(7) In column (b) of the table, disclose only commissions paid or payable in cash by the investment fund or selling securityholder and discounts granted. Set out in a note to the table

(a) commissions or other consideration paid or payable by persons or companies other than the investment fund or selling securityholder,

(b) consideration other than discounts granted and cash paid or payable by the investment fund or selling securityholder, including warrants and options, and

(c) any finder's fees or similar required payment.

(8) If a security is being distributed for the account of a selling securityholder, state the name of the securityholder and a cross-reference to the applicable section in the prospectus where further information about the selling securityholder is provided. State the portion of the expenses of the distribution to be borne by the selling securityholder and, if none of the expenses of the distribution are being borne by the selling securityholder, include a statement to that effect and discuss the reason why this is the case.

(9) If a minimum subscription amount is required from each subscriber, provide details of the minimum subscription requirements.

INSTRUCTIONS

(1) Estimate amounts, if necessary. For non-fixed price distributions that are being made on a best efforts basis, disclosure of the information called for by the table may be set forth as a percentage or a range of percentages and need not be set forth in tabular form.

(2) If debt securities are being distributed, also express the information in the table as a percentage.

1.5 — Offering Price in Currency Other than Canadian Dollar

If the offering price of the securities being distributed is disclosed in a currency other than the Canadian dollar, disclose in boldface type the currency.

1.6 — Non-fixed Price Distributions

If the securities are being distributed at non-fixed prices, disclose

(a) the discount allowed or commission payable to the underwriter,

(b) any other compensation payable to the underwriter and, if applicable, that the underwriter's compensation will be increased or decreased by the amount by which the aggregate price paid for the securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriter to the investment fund or selling securityholder,

(c) that the securities to be distributed under the prospectus will be distributed, as applicable, at

(i) prices determined by reference to the prevailing price of a specified security in a specified market,

(ii) market prices prevailing at the time of sale,

(iii) prices to be negotiated with purchasers, or

(iv) the net asset value of a security,

(d) that prices may vary from purchaser to purchaser and during the period of distribution,

(e) if the price of the securities is to be determined by reference to the prevailing price of a specified security in a specified market, the price of the specified security in the specified market at the latest practicable date,

(f) if the price of the securities will be the market price prevailing at the time of the sale, the market price at the latest practicable date, and

(g) the net proceeds or, if the distribution is to be made on a best efforts basis, the minimum amount of net proceeds, if any, to be received by the investment fund or selling securityholder.

1.7 — Pricing Disclosure

If the offering price or the number of securities being distributed, or an estimate of the range of the offering price or the number of securities being distributed, has been publicly disclosed in a jurisdiction or a foreign jurisdiction as of the date of the preliminary prospectus, include this information in the preliminary prospectus.

1.8 — Reduced Price Distributions

If an underwriter wishes to be able to decrease the price at which securities are distributed for cash from the initial offering price fixed in the prospectus, include in boldface type a cross-reference to the section in the prospectus where disclosure concerning the possible price decrease is provided.

1.9 — Market for Securities

(1) Identify the exchange(s) and quotation system(s), if any, on which securities of the investment fund of the same class as the securities being distributed are traded or quoted and the market price of those securities as of the latest practicable date.

(2) Disclose any intention to stabilize the market. Provide a cross-reference to the section in the prospectus where further information about market stabilization is provided.

(3) If no market for the securities being distributed under the prospectus exists or is expected to exist upon completion of the distribution, state the following in boldface type:

> *There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See 'Risk Factors'.*

(4) Subsection (3) does not apply to an investment fund in continuous distribution.

1.10 — Risk Factors

Include a cross-reference to sections in the prospectus where information about the risks of an investment in the securities being distributed is provided. State any significant risks including leverage.

1.11 — Underwriter(s)

(1) State the name of each underwriter.

(2) If applicable, comply with the requirements of NI 33-105 ~~Underwriting Conflicts~~ for front page prospectus disclosure.

(3) Other than a labour sponsored or venture capital fund, commodity pool or scholarship plan, if there is no underwriter involved in the distribution, provide a statement in boldface type to the effect that no underwriter has been involved in the preparation of the prospectus or performed any review or independent due diligence of the contents of the prospectus.

1.12 — Commodity Pool

(1) For a commodity pool, state in substantially the following words:

> You should carefully consider whether your financial condition permits you to participate in this investment. The securities of this commodity pool are highly speculative and involve a high degree of risk. You may lose a substantial portion or even all of the money you place in the commodity pool.
>
> The risk of loss in trading [nature of instruments to be traded by the commodity pool] can be substantial. In considering whether to participate in the [commodity pool], you should be aware that trading [nature of instruments] can quickly lead to large losses as well as gains. Such trading losses can sharply reduce the net asset value of the [commodity pool] and consequently the value of your interest in the [commodity pool]. Also, market conditions may make it difficult or impossible for the [commodity pool] to liquidate a position.

The [commodity pool] is subject to certain conflicts of interest. The [commodity pool] will be subject to the charges payable by it as described in this prospectus that must be offset by revenues and trading gains before an investor is entitled to a return on his or her investment. It may be necessary for the [commodity pool] to make substantial trading profits to avoid depletion or exhaustion of its assets before an investor is entitled to a return on his or her investment.

(2) For the initial prospectus, state in substantially the following words:

The [commodity pool] is newly organized. The success of the [commodity pool] will depend upon a number of conditions that are beyond the control of the [commodity pool]. There is substantial risk that the goals of the [commodity pool] will not be met.

(3) If the promoter, manager, or a portfolio adviser of the commodity pool has not had a similar involvement with any other publicly offered commodity pool, state in substantially the following words:

The [promoter], [manager] [and/or] [portfolio adviser] of the [commodity pool] has not previously operated any other publicly offered commodity pools [or traded other accounts].

(4) If the commodity pool will execute trades outside Canada, state in substantially the following words:

Participation in transactions in [nature of instrument to be traded by the commodity pool] involves the execution and clearing of trades on or subject to the rules of a foreign market.

None of the Canadian securities regulatory authorities or Canadian exchanges regulates activities of any foreign markets, including the execution, delivery and clearing of transactions, or has the power to compel enforcement of the rule of a foreign market or any applicable foreign law. Generally, any foreign transaction will be governed by applicable foreign laws. This is true even if the foreign market is formally linked to a Canadian market so that a position taken on a market may be liquidated by a transaction on another market. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs.

For these reasons, entities such as the commodity pool that trade [nature of instrument to be traded by the commodity pool] may not be afforded certain of the protective measures provided by Canadian legislation and the rules of Canadian exchanges. In particular, funds received from customers for transactions may not be provided the same protection as funds received in respect of transactions on Canadian exchanges.

(5) State that the commodity pool is a mutual fund but that certain provisions of securities legislation designed to protect investors who purchase securities of mutual funds do not apply.

(6) Immediately after the statements required by subsections (1)-(5), state in substantially the following words:

These brief statements do not disclose all the risks and other significant aspects of investing in the [commodity pool]. You should therefore carefully study this prospectus, including a description of the principal risk factors at page [page number], before you decide to invest in the [commodity pool].

1.13 — Restricted Securities

Describe the number and class or classes of restricted securities being distributed using the appropriate restricted security terms in the same type face and type size as the rest of the description.

1.14 — Non-Canadian ~~Manager~~Investment Fund

If the investment fund ~~manager~~, investment fund manager or any other person or company required to provide a certificate under Part 5 of the Instrument or other securities legislation, is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, state the following on the cover page or under a separate heading elsewhere in the prospectus, with the bracketed information completed:

"The ~~manager~~[investment fund, investment fund manager or any other person or company required to provide a certificate under Part 5 of the Instrument or other securities legislation] is incorporated, continued or otherwise governed under the laws of a foreign jurisdiction or resides outside Canada. Although the ~~manager~~[person or company described above] has appointed [name(s) and address(es) of agent(s) for service] as its agent for service of process in ~~Canada~~[list jurisdictions], it may not be possible for investors to realize on ~~judgements~~judgments obtained in Canada against the ~~manager.~~[person or company described above]."

1.15 — Documents Incorporated by Reference

For an investment fund in continuous distribution, other than a scholarship plan, state in substantially the following words:

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

• the most recently filed annual financial statements;

• any interim financial statements filed after those annual financial statements;

• the most recently filed annual management report of fund performance;

• any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this prospectus which means that they legally form part of this prospectus. Please see the "Documents Incorporated by Reference" section for further details.

Item 2: — Table of Contents

2.1 — Table of Contents

Include a table of contents.

Item 3: — Summary of Prospectus

3.1 — Prospectus Summary

Under the heading "Prospectus Summary" include the information listed in sections 3.2 to 3.6.

3.2 — Cautionary Language

At the beginning of the summary, include a statement in italics in substantially the following form:

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus [[if applicable] or incorporated by reference in the prospectus].

3.3 — General

(1) Briefly summarize information appearing elsewhere in the prospectus that, in the opinion of the investment fund or selling securityholder, would be most likely to influence the investor's decision to purchase the securities being distributed. Include a description of

(a) how the investment fund has been organized (corporation, trust, etc.),

(b) the securities to be distributed, including the offering price and expected net proceeds,

(c) the investment objectives,

(d) the investment strategies,

(e) the use of leverage, including the following:

(i) if leverage is created through borrowing or the issuance of preferred securities, disclose any restrictions ~~and~~on the leverage used or to be used and whether the investment fund will borrow a minimum amount. Disclose the maximum amount of leverage the investment fund ~~could~~may

use ~~expressed as a ratio as follows: (total long positions including leveraged positions plus total short positions) divided by the net assets of~~as a ratio calculated by dividing the maximum total assets of the investment fund by the net asset value of the investment fund, and

(ii) if leverage is created through the use of specified derivatives or by other means not disclosed in subparagraph (i), disclose any restrictions on the leverage used or to be used by the investment fund and whether the investment fund will use a minimum amount of leverage. Disclose the maximum amount of leverage the fund may use as a multiple of net assets. Provide a brief explanation of how the investment fund uses the term "leverage" and the significance of the maximum and minimum amounts of leverage to the investment fund,

(f) the use of proceeds,

(g) risk factors,

(h) income tax considerations,

(i) all available purchase options and state, if applicable, that the choice of different purchase options requires the investor to pay different fees and expenses and if applicable, that the choice of different purchase options affects the amount of compensation paid to a dealer,

(j) the redemption features,

(k) the distribution policy,

(l) the termination provisions,

(m) if restricted securities, subject securities or securities directly or indirectly convertible into or exercisable or exchangeable for restricted securities or subject securities are to be distributed under the prospectus,

(i) include a summary of the information required by section 21.6, and

(ii) include, in boldface type, a statement of the rights the holders of restricted securities do not have if the holders do not have all of the rights referred to in section 21.6, and

(n) whether the investment fund is eligible as an investment for registered retirement savings plans, registered retirement income plans, registered education savings plans or deferred profit sharing plans.

(2) For each item summarized under subsection (1), provide a cross-reference to the information in the prospectus.

INSTRUCTIONS

(1) For the purposes of Item 3.3(1)(e)(i), a fund must calculate its maximum total assets by aggregating the maximum value of its long positions, short positions and the maximum amount that may be borrowed.

(2) For the purposes of the disclosure required by Item 3.3(1)(e)(ii), the term "specified derivative" has the same meaning as in NI 81-102. The description of an investment fund's use of leverage under Item 3.3(1)(e)(ii) must provide investors with sufficient information to understand the magnitude of the market exposure of the investment fund as compared to the amount of money raised by the investment fund from investors.

3.4 — Organization and Management of the Investment Fund

(1) Provide, under the sub-heading "Organization and Management of the [name of investment fund]", information about the manager, trustee, portfolio adviser, promoter, custodian, registrar and transfer agent ~~and~~, auditor and principal distributor of the investment fund in the form of a diagram or table.

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

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

INSTRUCTIONS:

(1) The information required to be disclosed in this section must be presented prominently, using enough space so that it is easy to read.

(2) Briefly describe the services provided by the listed entities. For instance, the manager may be described as "manages the overall business and operations of the fund", and a portfolio adviser may be described as "provides investment advice to the manager about the investment portfolio of the fund" or "manages the investment portfolio of the fund".

3.5 — Underwriter(s)

(1) Under the sub-heading "Underwriters" or "Agents", as applicable, state the name of each underwriter or agent.

(2) If an underwriter has agreed to purchase all of the securities being distributed at a specified price and the underwriter's obligations are subject to conditions, state the following, with the bracketed information completed:

We, as principals, conditionally offer these securities, subject to prior sale, if, as and when issued by [name of investment fund] and accepted by us in accordance with the conditions contained in the underwriting agreement referred to under "Plan of Distribution".

(3) If an underwriter has agreed to purchase a specified number or principal amount of the securities at a specified price, state that the securities are to be taken up by the underwriter, if at all, on or before a date not later than 42 days after the date of the receipt for the final prospectus.

(4) Provide the following tabular information:

Underwriter's Position	Maximum size or number of securities available	Exercise period/Acquisition date	Exercise price or average acquisition price
Over-allotment option	.....	.....	.....
Compensation option	.....	.....	.....
Any other option granted by investment fund or insider of investment fund to underwriter	.....	.....	.....
Total securities under option issuable to underwriter	.....	.....	.....
Other compensation securities issuable to underwriter	.....	.....	.....

INSTRUCTION

If the underwriter has been granted compensation securities, state, in a footnote, whether the prospectus qualifies the grant of all or part of the compensation securities and provide a cross-reference to the applicable section in the prospectus where further information about the compensation securities is provided.

3.6 — Fees, Expenses and Returns

(1) Set out information about the fees and expenses payable by the investment fund and by investors in the investment fund under the sub-heading "Summary of Fees and Expenses".

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

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

Fees and Expenses Payable by the Fund [for scholarship plans, Fees and Expenses payable by Subscribers' Deposits]

—

[UND]Type of Fee[/UND] [UND]Amount and Description[/UND]

—

Fees and Expenses Payable Directly by You

—

[UND]Type of Fee[/UND] [UND]Amount and Description[/UND]

(3) Describe the following fees and expenses in the table referred to in subsection (2):

Fees and Expenses Payable by the Fund or by Subscribers' Deposits (for scholarship plans)

(a) Fees payable to the Underwriters for Selling the Securities

(b) Expenses of the Issue

(c) Management Fees [*See Instruction (1)*]

(d) Incentive or Performance Fees

(e) Portfolio Adviser Fees

(f) Counterparty Fees (if any)

(g) Operating Expenses [*See Instructions (2) and (3)*]

(h) Other Fees and Expenses [*specify type*] [*specify amount*]

Fees and Expenses Payable Directly by You

(i) Sales Charges [*specify percentage, as a percentage of .....*]

(j) Service Fees [*specify percentage, as a percentage of .....*]

(k) Redemption Fees [*specify percentage, as a percentage of ....., or specify amount*]

(l) Registered Tax Plan Fees [*include this disclosure and specify the type of fees if the registered tax plan is sponsored by the investment fund and is described in the prospectus*][*specify amount*]

(m) Other Fees and Expenses [*specify type*] [*specify amount*].

(4) Under the sub-heading ~~"~~"Annual Returns ~~and~~, Management Expense Ratio~~"~~ and Trading Expense Ratio", provide, in the following table, returns for each of the past five years ~~and~~, the management expense ratio for each of the past five years and the trading expense ratio for each of the past five years as disclosed in the most recently filed annual management report of fund performance of the investment fund:

	[specify year]	[specify year]	[specify year]	[specify year]	[specify year]
~~—~~					
Annual Returns	.....	.....	.....	.....	.....
~~—~~					
MER	.....	.....	.....	.....	.....
TER	.....	.....	.....	.....	.....

~~**Notes:** "~~*"MER~~"~~"* means management expense ratio and is based on total expenses (excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of daily average net asset value.

"TER" means trading expense ratio and represents total commissions and portfolio transaction costs expressed as an annualized percentage of daily average net asset value.

INSTRUCTIONS:

(1) List the amount of the management fee, including any performance or incentive fee, for each investment fund separately.

(2) Under "Operating Expenses", state whether the investment fund pays all of its operating expenses and list the main components of those expenses. If the investment fund pays only certain operating expenses and is not responsible for payment of all such expenses, adjust the statement in the table to reflect the proper contractual responsibility of the investment fund and indicate who is responsible for the payment of these expenses.

(3) Show all fees or expenses payable by the investment fund (e.g. brokerage) and investors in the investment fund. The description of fees must also include sales and trailing commissions paid either by the investment fund or the investor.

Item 4: — Overview of the Structure of the Investment Fund

4.1 — Legal Structure

(1) Under the heading "Overview of the Legal Structure of the Fund", state the full corporate name of the investment fund or, if the investment fund is an unincorporated entity, the full name under which it exists and carries on business and the address(es) of the investment fund's head and registered office.

(2) State the statute under which the investment fund is incorporated or continued or organized or, if the investment fund is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which the investment fund is established and exists. Describe the substance of any material amendments to the articles or other constating or establishing documents of the investment fund.

(3) State whether the investment fund would be considered a mutual fund under securities legislation.

Item 5: — Investment Objectives

5.1 — Investment Objectives

(1) Set out under the heading "Investment Objectives" the fundamental investment objectives of the investment fund, including information that describes the fundamental nature of the investment fund, or the fundamental features of the investment fund, that distinguish it from other investment funds.

(2) If the investment fund purports to arrange a guarantee or insurance in order to protect all or some of the principal amount of an investment in the investment fund, include this fact as a fundamental investment objective of the investment fund and

(a) identify the person or company providing the guarantee or insurance,

(b) provide the material terms of the guarantee or insurance, including the maturity date of the guarantee or insurance,

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

(d) modify any other disclosure required by this section appropriately.

INSTRUCTIONS:

(1) State the type or types of securities, such as money market instruments, bonds or equity securities, in which the investment fund will primarily invest under normal market conditions.

(2) If the investment fund primarily invests, or intends to primarily invest, or if its name implies that it will primarily invest

(a) in a particular type of issuer, such as foreign issuers, small capitalization issuers or issuers located in emerging market countries,

(b) in a particular geographic location or industry segment, or

(c) in portfolio assets other than securities, the investment fund's fundamental investment objectives must so indicate.

(3) If a particular investment strategy is an essential aspect of the investment fund, as evidenced by the name of the investment fund or the manner in which the investment fund is marketed, disclose this strategy as an investment objective. This instruction would be applicable, for example, to an investment fund that described itself as an "investment fund that invests primarily through the use of derivatives".

Item 6: — Investment Strategies

6.1 — Investment Strategies

(1) Describe under the heading "Investment Strategies"

(a) the principal investment strategies that the investment fund intends to use in achieving its investment objectives,

(b) the use of leverage, including ~~any restrictions and the maximum amount of leverage the fund can use, expressed as a ratio as follows: (total long positions including leveraged positions plus total short positions) divided by the net assets of the investment fund, and~~the following:

(i) if leverage is created through borrowing or the issuance of preferred securities, disclose any restrictions on the leverage used or to be used and whether the investment fund will borrow a minimum amount. Disclose the maximum amount of leverage the investment fund may use as a ratio calculated by dividing the maximum total assets of the investment fund by the net asset value of the investment fund, and

(ii) if leverage is created through the use of specified derivatives or by other means not disclosed in subparagraph (i), disclose any restrictions on the leverage used or to be used by the investment fund and whether the investment fund will use a minimum amount of leverage. Disclose the maximum amount of leverage the fund may use as a multiple of net assets. Provide a brief explanation of how the investment fund uses the term "leverage" and the significance of the maximum and minimum amounts of leverage to the investment fund, and

(c) the process by which the investment fund's portfolio adviser selects securities for the fund's portfolio, including any investment approach, philosophy, practices or techniques used by the portfolio adviser or any particular style of portfolio management that the portfolio adviser intends to follow.

(2) Indicate what types of securities, other than those held by the investment fund in accordance with its fundamental investment objectives, may form part of the investment fund's portfolio assets under normal market conditions.

(3) If the investment fund intends to use derivatives

(a) for hedging purposes only, state that the investment fund may use derivatives for hedging purposes only, or

(b) for non-hedging purposes, or for hedging and non-hedging purposes, briefly describe

(i) how derivatives are or will be used in conjunction with other securities to achieve the investment fund's investment objectives,

(ii) the types of derivatives expected to be used and give a brief description of the nature of each type, and

(iii) the limits of the investment fund's use of derivatives.

(4) If the investment fund may depart temporarily from its fundamental investment objectives as a result of adverse market, economic, political or other considerations, disclose any temporary defensive tactics the investment fund's portfolio adviser may use or intends to use in response to such conditions.

(5) If the investment fund intends to enter into securities lending, repurchase or reverse repurchase transactions, briefly describe

(a) how those transactions are or will be entered into in conjunction with other strategies and investments of the investment fund to achieve the investment fund's investment objectives,

(b) the types of those transactions to be entered into and give a brief description of the nature of each type, and

(c) the limits of the investment fund's entering into those transactions.

INSTRUCTIONS:

(1) For the purposes of Item 6.1(1)(b)(i), a fund must calculate its maximum total assets by aggregating the maximum value of its long positions, short positions and the maximum amount that may be borrowed.

(2) For the purposes of the disclosure required by Item 6.1(1)(b)(ii), the term "specified derivative" has the same meaning as in NI 81-102. The description of an investment fund's use of leverage under Item 6.1(1)(b)(ii) must provide investors with sufficient information to understand the magnitude of the market exposure of the investment fund as compared to the amount of money raised by the investment fund from investors.

6.2 — Overview of the Investment Structure

(1) Under the sub-heading, "Overview of the Investment Structure", describe, including a diagram for complex structures, the overall structure of the underlying investment or investments made or to be made by the investment fund, including any direct or indirect investment exposure. Include in the description and the diagram any counterparties under a forward or swap agreement entered into with the investment fund or its manager, the nature of the portfolio of securities being purchased by the investment fund, any indirect investment exposure that is related to the return of the investment fund and any collateral or guarantees given as part of the overall structure of the underlying investment or investments made by the investment fund.

(2) If the securities distributed under the prospectus are being issued in connection with a restructuring transaction, describe by way of a diagram or otherwise the intercorporate relationships both before and after the completion of the proposed transaction.

Item 7: — Overview of the Sector(s) that the Fund Invests in

7.1 — Sector(s) that the Fund Invests in

(1) Under the heading "Overview of the Sector[(s)] that the Fund Invests in", if the investment fund invests or intends to invest in a specific sector(s), briefly describe the sector(s) that the investment fund has been or will be investing in.

(2) Include in the description known material trends, events or uncertainties in the sector(s) that the investment fund invests or intends to invests in that might reasonably be expected to affect the investment fund.

7.2 — Significant Holdings in Other Entities

For a labour sponsored or venture capital fund, include in substantially the tabular form below, the following information as at a date within 30 days of the date of the prospectus with respect to each entity, 5 percent or more of whose securities of any class are beneficially owned directly or indirectly by the fund.

Significant Holdings of the [name of the labour sponsored or venture capital fund]

Name and Address of Entity	Nature of Entities' Principal Business	Percentage of Securities of each Class Owned by Fund
.....	.....	.....

Item 8: — Investment Restrictions

8.1 — Investment Restrictions

(1) Under the heading "Investment Restrictions", describe any restrictions on investments adopted by the investment fund, beyond what is required under securities legislation.

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

(3) Describe the nature of any securityholder or other approval that may be required in order to change the fundamental investment objectives and any of the material investment strategies to be used to achieve the investment objectives.

Item 9: — Management Discussion of Fund Performance

9.1 — Management Discussion of Fund Performance

Unless the investment fund's most recently filed management report of fund performance is incorporated by reference under Item 37 or attached to the prospectus under Item 38, provide, under the heading "Management Discussion of Fund Performance", management's discussion of fund performance in accordance with sections 2.3, 2.4, 2.5, 3, 4, 5 and 6 of Part B of Form 81-106F1 for the period covered by the financial statements required under Item 38.

Item 10: — Fees and Expenses

10.1 — Fees and Expenses

Under the heading "Fees and Expenses", set out information about all of the fees and expenses payable by the investment fund and by investors in the investment fund.

INSTRUCTION:

Describe each fee paid by the investment fund and by the investor in this section separately. The description of fees must also include sales and trailing commissions paid either by the investment fund or the investor.

Item 11: — Annual Returns and Management Expense Ratio

11.1 — Annual Returns and Management Expense Ratio and Trading Expense Ratio

Under the heading "“Annual Returns and, Management Expense Ratio" and Trading Expense Ratio”, provide, in the following table, returns for each of the past five years and, the management expense ratio for each of the past five years and the trading expense ratio for each of the past five years as disclosed in the most recently filed annual management report of fund performance of the investment fund:

	[specify year]	[specify year]	[specify year]	[specify year]	[specify year]
Annual Returns	.....	.....	.....	.....	.....
MER	.....	.....	.....	.....	.....
TER	.....	.....	.....	.....	.....

"“MER"” means management expense ratio and is based on total expenses (excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of daily average net asset value.

“TER” means trading expense ratio and represents total commissions and portfolio transaction costs expressed as an annualized percentage of daily average net asset value.

Item 12: — Risk Factors

12.1 — Risk Factors

(1) Under the heading "Risk Factors", describe the risk factors material to the investment fund that a reasonable investor would consider relevant to an investment in the securities being distributed, such as the risks associated with any particular aspect of the fundamental investment objectives and investment strategies.

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

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

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

(5) If there is a risk that purchasers of the securities distributed may become liable to make an additional contribution beyond the price of the security, disclose the risk.

INSTRUCTIONS:

(1) Describe risks in the order of seriousness from the most serious to the least serious.

(2) A risk factor must not be de-emphasized by including excessive caveats or conditions.

Item 13: — Distribution Policy

13.1 — Distribution Policy

Under the heading "Distribution Policy", describe the distribution policy, including

(a) whether distributions are made by the investment fund in cash or reinvested in securities of the investment fund,

(b) the targeted amount of any distributions,

(c) whether the distributions are guaranteed or not, and

(d) when the distributions are made.

Item 14: — Purchases of Securities

14.1 — Purchases of Securities

(1) Under the heading "Purchases of Securities", describe the procedure followed or to be followed by investors who desire to purchase securities of the investment fund or switch them for securities of other investment funds.

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

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

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

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

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

Item 15: — Redemption of Securities

15.1 — Redemption of Securities

Under the heading "Redemption of Securities", describe how investors may redeem securities of the investment fund, including

(a) the procedures followed, or to be followed, by an investor who desires to redeem securities of the investment fund and specifying the procedures to be followed and the documents to be delivered before a redemption order pertaining to securities of the investment fund will be accepted by the investment fund for processing and before payment of the proceeds of redemption will be made by the investment fund,

(b) how the redemption price of the securities is determined and, if applicable, state that the redemption price of the securities is based on the net asset value of a security of that class, or series of a class, next determined after the receipt by the investment fund of the redemption order, and

(c) the circumstances under which the investment fund may suspend redemptions of the securities of the investment fund.

15.2 — Short-term Trading

For an investment fund in continuous distribution, under the sub-heading "Short-Term Trading",

(a) describe the adverse effects, if any, that short-term trades in securities of the investment fund by an investor may have on other investors in the investment fund,

(b) describe the restrictions, if any, that may be imposed by the investment fund to deter short-term trades, including the circumstances, if any, under which such restrictions may not apply,

(c) where the investment fund does not impose restrictions on short-term trades, state the specific basis for the view of the manager that it is appropriate for the investment fund not to do so, and

(d) describe any arrangements, whether formal or informal, with any person or company, to permit short-term trades in securities of the investment fund, including the name of such person or company and the terms of such arrangements, including any restrictions imposed on the short-term trades and any compensation or other consideration received by the manager, the investment fund or any other party pursuant to such arrangements.

INSTRUCTION

For the disclosure required by section 15.2, include a brief description of the short-term trading activities in the investment fund that are considered by the manager to be inappropriate or excessive. If the manager imposes a short-term trading fee, include a cross-reference to the disclosure provided under Item 10 of this Form.

Item 16: — Consolidated Capitalization

16.1 — Consolidated Capitalization

(1) This section does not apply to an investment fund in continuous distribution.

(2) Under the heading "Consolidated Capitalization", describe any material change in, and the effect of the material change on, the share and loan capital of the investment fund, on a consolidated basis, since the date of the investment fund's financial statements for its most recently completed financial period included in the prospectus, including any material change that will result from the issuance of the securities being distributed under the prospectus.

Item 17: — Prior Sales

17.1 — Prior Sales

(1) Subsection (2) does not apply to an investment fund in continuous distribution.

(2) Under the heading "Prior Sales", for each class of securities of the investment fund distributed under the prospectus and for securities that are convertible into those classes of securities, state, for the 12-month period before the date of the prospectus,

(a) the price at which the securities have been issued or are to be issued by the investment fund or sold by the selling securityholder,

(b) the number of securities issued or sold at that price, and

(c) the date on which the securities were issued or sold.

17.2 — Trading Price and Volume

(1) For each class of securities of the investment fund that is traded or quoted on a Canadian marketplace, identify the marketplace and the price ranges and volume traded or quoted on the Canadian marketplace on which the greatest volume of trading or quotation generally occurs.

(2) If a class of securities of the investment fund is not traded or quoted on a Canadian marketplace but is traded or quoted on a foreign marketplace, identify the foreign marketplace and the price ranges and volume traded or quoted on the foreign marketplace on which the greatest volume or quotation generally occurs.

(3) Provide the information required under subsections (1) and (2) on a monthly basis for each month or, if applicable, partial months of the 12-month period before the date of the prospectus.

Item 18: — Income Tax Considerations

18.1 — Status of the Investment Fund

Under the heading "Income Tax Considerations" and under the sub-heading "Status of the Investment Fund", briefly describe the status of the investment fund for income tax purposes. Also disclose whether the investment fund is eligible as an investment for registered retirement savings plans, registered retirement income plans, registered education savings plans or deferred profit sharing plans.

18.2 — Taxation of the Investment Fund

Under the sub-heading "Taxation of the Investment Fund", state in general terms the bases upon which the income and capital receipts of the investment fund are taxed.

18.3 — Taxation of Securityholders

Under the sub-heading "Taxation of Securityholders", state in general terms the income tax consequences to the holders of the securities offered of

(a) any distribution to the securityholders in the form of income, capital, dividends or otherwise, including amounts reinvested in securities of the investment fund,

(b) the redemption of securities, and

(c) the issue of securities.

18.4 — Taxation of Registered Plans

Under the sub-heading "Taxation of Registered Plans", explain the tax treatment applicable to securities of the investment fund held in a registered tax plan.

18.5 — Tax Implications of the Investment Fund's Distribution Policy

Under the sub-heading "Tax Implications of the Investment Fund's Distribution Policy", describe the impact of the investment fund's distribution policy on a taxable investor who acquires securities of the investment fund late in a calendar year.

Item 19: — Organization and Management Details of the Investment Fund

19.1 — Management of the Investment Fund

(1) Under the heading "Organization and Management Details of the Investment Fund" and under the sub-heading "Officers and Directors of the Investment Fund",

(a) list the name and municipality of residence of each director and executive officer of the investment fund and indicate their respective positions and offices held with the investment fund and their respective principal occupations during the five preceding years,

(b) state the period or periods during which each director has served as a director and when his or her term of office will expire,

(c) ~~state the number and percentage of securities of each class of voting securities of the investment fund or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by all directors and executive officers of the investment fund as a group,~~[Repealed]

(d) disclose the board committees of the investment fund and identify the members of each committee,

(e) if the principal occupation of a director or executive officer of the investment fund is acting as an executive officer of a person or company other than the investment fund, disclose that fact and state the principal business of the person or company, and

(f) for an investment fund that is a limited partnership, provide the information required by this subsection for the general partner of the investment fund, modified as appropriate.

(2) Under the sub-heading "Cease Trade Orders and Bankruptcies", if a director or executive officer of the investment fund is, as at the date of the prospectus or pro forma prospectus, as applicable, or was within 10 years before the date of the prospectus or pro forma prospectus, as applicable, a director, chief executive officer or chief financial officer of any other ~~investment fund~~issuer, that:

(a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an

event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

(3) For the purposes of subsection (2), "order" means

(a) a cease trade order,

(b) an order similar to a cease trade order, or

(c) an order that denied the relevant investment fund access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

(4) If a director or executive officer of the investment fund

(a) is, as at the date of the prospectus or pro forma prospectus, as applicable, or has been within the 10 years before the date of the prospectus or pro forma prospectus, as applicable, a director or executive officer of any ~~investment fund~~issuer that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact, or

(b) has, within the 10 years before the date of the prospectus or pro forma prospectus, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer, state the fact.

(5) Under the heading "Organization and Management Details of the Investment Fund" and under the sub-heading "Manager of the Investment Fund", provide the complete municipal address of the manager and details of the manager of the investment fund, including the history and background of the manager and any overall investment strategy or approach used by the manager in connection with the investment fund.

(6) Under the sub-heading "Duties and Services to be Provided by the Manager", provide a description of the duties and services that the manager will be providing to the investment fund.

(7) Under the sub-heading "Details of the Management Agreement", provide a brief description of the essential details of any management agreement that the manager has entered into or will be entering into with the investment fund, including any termination rights.

(8) Under the sub-heading "Officers and Directors of the Manager of the Investment Fund",

(a) list the name and municipality of residence of each partner, director and executive officer of the manager of the investment fund and indicate their respective positions and offices held with the manager and their respective principal occupations within the five preceding years,

(b) if a partner, director or executive officer of the manager has held more than one office with the manager within the past five years, state only the current office held, and

(c) if the principal occupation of a partner, director or executive officer of the manager is with an organization other than the manager of the investment fund, state the principal business in which the organization is engaged.

(9) Under the sub-heading "Cease Trade Orders and Bankruptcies of the Manager", provide the information required under subsections (2) and (4) for the directors and executive officers of the manager of the investment fund, modified as appropriate.

(10) Under the heading "Ownership of Securities of the Investment Fund and of the Manager" disclose

(a) the percentage of securities of each class or series of voting or equity securities beneficially owned, directly or indirectly, in aggregate, by all the directors and executive officers of the investment fund

(i) in the investment fund if the aggregate level of ownership exceeds 10 percent,

(ii) in the manager, or

(iii) in any person or company that provides services to the investment fund or the manager; and

(b) the percentage of securities of each class or series of voting or equity securities beneficially owned, directly or indirectly, in aggregate, by all the directors and executive officers of the manager of the investment fund

(i) in the investment fund if the aggregate level of ownership exceeds 10 percent,

(ii) in the manager, or

(iii) in any person or company that provides services to the investment fund or the manager; and

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

(i) in the investment fund if the aggregate level of ownership exceeds 10 percent,

(ii) in the manager, or

(iii) in any person or company that provides services to the investment fund or the manager.

(11) If the management functions of the investment fund are carried out by employees of the investment fund, provide for those employees the disclosure concerning executive compensation that is required to be provided for executive officers of an issuer under securities legislation.

(12) Describe any arrangements under which compensation was paid or payable by the investment fund during the most recently completed financial year of the investment fund, for the services of directors of the investment fund, members of an independent board of governors or advisory board of the investment fund and members of the independent review committee of the investment fund, including the amounts paid, the name of the individual and any expenses reimbursed by the investment fund to the individual

(a) in that capacity, including any additional amounts payable for committee participation or special assignments; and

(b) as consultant or expert.

(13) For an investment fund that is a trust, describe the arrangements, including the amounts paid and expenses reimbursed, under which compensation was paid or payable by the investment fund during the most recently completed financial year of the investment fund for the services of the trustee or trustees of the investment fund.

INSTRUCTIONS

(1) The disclosure required by subsections (2) and (4) also applies to any personal holding companies of any of the persons referred to in subsections (2) and (4).

(2) A management cease trade order which applies to directors and executive officers of the investment fund is an "order" for the purposes of paragraph (2)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.

(3) For the purposes of this section, a late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a "penalty or sanction".

(4) The disclosure in paragraph (2)(a) only applies if the director or executive officer of the investment fund was a director, chief executive officer or chief financial officer when the order was issued against the relevant investment fund. The investment fund does not have to provide disclosure if the director or executive officer became a director, chief executive officer or chief financial officer after the order was issued.

(5) The disclosure *required under Item 19.1(10) regarding executive compensation for management functions carried out by employees of an investment fund must be made in accordance with the disclosure requirements of Form 51-102F6.*

19.2 — Portfolio Adviser

(1) Under the sub-heading "Portfolio Adviser"

(a) state the municipality and the province or country where the portfolio adviser principally provides its services to the investment fund and give details of the portfolio adviser of the investment fund, including the history and background of the portfolio adviser,

(b) state the extent to which investment decisions are made by certain individuals employed by the portfolio adviser and whether those decisions are subject to the oversight, approval or ratification of a committee, and

(c) state the name, title, and length of time of service of the person or persons employed by or associated with the portfolio adviser of the investment fund who is or are principally responsible for the day-to-day management of a material portion of the portfolio of the investment fund, implementing a particular material strategy or managing a particular segment of the portfolio of the investment fund, and each person's business experience in the last five years.

(2) Under the sub-heading "Details of the Portfolio Advisory Agreement", provide a brief description of the essential details of any portfolio advisory agreement that the portfolio adviser has entered into or will be entering into with the investment fund or the manager of the investment fund, including any termination rights.

19.2.1 — Brokerage Arrangements

Under the sub-heading "Brokerage Arrangements",

(a) If any brokerage transactions involving the client brokerage commissions of the investment fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, state

(i) the process for, and factors considered in, selecting a dealer to effect securities transactions for the investment fund, including whether receiving goods or services in

addition to order execution is a factor, and whether and how the process may differ for a dealer that is an affiliated entity;

(ii) the nature of the arrangements under which order execution goods and services or research goods and services might be provided;

(iii) each type of good or service, other than order execution, that might be provided; and

(iv) the method by which the portfolio adviser makes a good faith determination that the investment fund, on whose behalf the portfolio adviser directs any brokerage transactions involving client brokerage commissions to a dealer in return for the provision of any order execution goods and services or research goods and services, by the dealer or a third party, receives reasonable benefit considering both the use of the goods or services and the amount of client brokerage commissions paid;

(b) If any brokerage transactions involving the client brokerage commissions of the investment fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, since the date of the investment fund's last prospectus or last annual information form, whichever one is the most recent, state

(i) each type of good or service, other than order execution, that has been provided to the manager or the portfolio adviser of the investment fund; and

(ii) the name of any affiliated entity that provided any good or service referred to in subparagraph (i), separately identifying each affiliated entity and each type of good or service provided by each affiliated entity; and

(c) If any brokerage transactions involving the client brokerage commissions of the investment fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, state that the name of any other dealer or third party that provided a good or service referred to in paragraph (b)(i), that was not disclosed under paragraph (b)(ii), will be provided upon request by contacting the investment fund or investment fund family at [insert telephone number] or at [insert investment fund or investment fund family e-mail address].

INSTRUCTIONS:

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

19.3 — Conflicts of Interest

Under the sub-heading "Conflicts of Interest", disclose particulars of existing or potential material conflicts of interest between

(1) the investment fund and a director or executive officer of the investment fund,

(2) the investment fund and the manager or any director or executive officer of the manager of the investment fund, and

(3) the investment fund and the portfolio adviser or any director or executive officer of the portfolio adviser of the investment fund.

19.4 — Independent Review Committee

Under the sub-heading "Independent Review Committee", provide a description of the independent review committee of the investment fund, including

(a) the mandate and responsibilities of the independent review committee,

(b) the composition of the independent review committee (including the names of its members), and the reasons for any change in its composition since the date of the most recently filed annual information form or prospectus of the investment fund, as applicable,

(c) that the independent review committee prepares a report at least annually of its activities for securityholders which is available on the [investment fund's/investment fund family's] Internet site at [insert investment fund's Internet site address], or at the securityholder's request at no cost, by contacting the [investment fund/investment fund family] at [investment fund's/investment fund family's email address], and

(d) the amount of fees and expenses payable in connection with the independent review committee by the investment fund, including any amounts payable for committee participation or special assignments, and state whether the investment fund pays all of the fees payable to the independent review committee.

19.5 — Trustee

Under the sub-heading "Trustee", provide details of the trustee of the investment fund, including the municipality and the province or country where the trustee principally provides its services to the investment fund.

19.6 — Custodian

(1) Under the sub-heading "Custodian", state the name, municipality of the principal or head office, and nature of business of the custodian and any principal sub-custodian of the investment fund.

(2) Describe generally the sub-custodial arrangements of the investment fund.

INSTRUCTION:

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

19.7 — Auditor

Under the sub-heading "Auditor", state the name and address of the auditor of the investment fund.

19.8 — Transfer Agent and Registrar

Under the sub-heading, "Transfer Agent and Registrar", for each class of securities, state the name of the investment fund's transfer agent(s), registrar(s), trustee, or other agent appointed by the investment fund to maintain the securities register and the register of transfers for such securities and indicate the location (by municipalities) of each of the offices of the investment fund or transfer agent, registrar, trustee or other agent where the securities, register and register of transfers are maintained or transfers of securities are recorded.

19.9 — Promoters

(1) For a person or company that is, or has been within the two years immediately preceding the date of the prospectus or pro forma prospectus, a promoter of the investment fund or of a subsidiary of the investment fund, state under the sub-heading "Promoter"

(a) the person or company's name and municipality and the province or country of residence,

(b) the number and percentage of each class of voting securities and equity securities of the investment fund or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by the person or company,

(c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the investment fund or from a subsidiary of the investment fund, and the nature and amount of any assets, services or other consideration received or to be received by the investment fund or a subsidiary of the investment fund in return, and

(d) for an asset acquired within the two years before the date of the preliminary prospectus or pro forma prospectus, or to be acquired, by the investment fund or by a subsidiary of the investment fund from a promoter,

(i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,

(ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the investment fund, the promoter, or an affiliate of the investment fund or of the promoter, and

(iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

(2) If a promoter referred to in subsection (1) is, as at the date of the prospectus or pro forma prospectus, as applicable, or was within 10 years before the date of the prospectus or pro forma prospectus, as applicable, a director, chief executive officer or chief financial officer of any person or company, that

(a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

(3) For the purposes of subsection (2), "order" means:

(a) a cease trade order,

(b) an order similar to a cease trade order, or

(c) an order that denied the relevant person or company access to any exemption under securities legislation

that was in effect for a period of more than 30 consecutive days.

(4) If a promoter referred to in subsection (1)

(a) is, as at the date of the prospectus or pro forma prospectus, as applicable, or has been within the 10 years before the date of the prospectus or pro forma prospectus, as applicable, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact, or

(b) has, within the 10 years before the date of the prospectus or pro forma prospectus, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.

(5) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in subsection (1) has been subject to

(a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority, or

(b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

(6) Despite subsection (5), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered to be important to a reasonable investor in making an investment decision.

INSTRUCTIONS

(1) The disclosure required by subsections (2), (4) and (5) also applies to any personal holding companies of any of the persons referred to in subsections (2), (4), and (5).

(2) A management cease trade order which applies to a promoter referred to in subsection (1) is an "order" for the purposes of paragraph (2)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.

(3) For the purposes of this section, a late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a "penalty or sanction".

(4) The disclosure in paragraph (2)(a) only applies if the promoter was a director, chief executive officer or chief financial officer when the order was issued against the person or company. The investment fund does not have to provide disclosure if the promoter became a director, chief executive officer or chief financial officer after the order was issued.

19.10 – Principal Distributor

(1) If applicable, state the name and address of the principal distributor of the investment fund.

(2) Describe the circumstances under which any agreement with the principal distributor of the investment fund may be terminated and include a brief description of the essential terms of this agreement.

Item 20: — Calculation of Net Asset Value

20.1 — Calculation of Net Asset Value

Under the heading "Calculation of Net Asset Value",

(a) describe how the net asset value of the investment fund is calculated, and

(b) state the frequency at which the net asset value is calculated and the date and time of day at which it is calculated.

20.2 — Valuation Policies and Procedures

Under the sub-heading "Valuation Policies and Procedures of the Investment Fund",

(a) describe the methods used to value the various types or classes of assets of the investment fund and its liabilities for the purpose of calculating net asset value,

(a.1) If the valuation principles and practices established by the manager differ from Canadian GAAP, describe the differences, and

(b) if the manager has discretion to deviate from the investment fund's valuation practices described in paragraph (a), disclose when and to what extent that discretion may be exercised and, if it has been exercised in the past three years, provide an example of how it has been exercised or, if it has not been exercised in the past three years, so state.

20.3 — Reporting of Net Asset Value

Under the sub-heading "Reporting of Net Asset Value", describe

(a) how the net asset value of the investment fund will be made available at no cost (e.g. website, toll-free telephone line, etc.), and

(b) the frequency at which the net asset value is disclosed.

Item 21: — Description of the Securities Distributed

21.1 — Equity Securities

If equity securities of the investment fund are being distributed, under the heading "Attributes of the Securities" and under the sub-heading "Description of the Securities Distributed" state the

description or the designation of the class of equity securities distributed and describe all material attributes and characteristics, including

(a) dividend or distribution rights,

(b) voting rights,

(c) rights upon dissolution, termination or winding-up,

(d) pre-emptive rights,

(e) conversion or exchange rights,

(f) redemption, retraction, purchase for cancellation or surrender provisions,

(g) sinking or purchase fund provisions,

(h) provisions permitting or restricting the issuance of additional securities and any other material restrictions, and

(i) provisions requiring a securityholder to contribute additional capital.

21.2 — Debt Securities

If debt securities are being distributed, under the heading "Attributes of the Securities" and under the sub-heading "Description of the Securities Distributed", describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt, including

(a) provisions for interest rate, maturity and premium, if any,

(b) conversion or exchange rights,

(c) redemption, retraction, purchase for cancellation or surrender provisions,

(d) sinking or purchase fund provisions,

(e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge,

(f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants, including restrictions against payment of ~~dividends~~distributions and restrictions against giving security on the assets of the investment fund or its subsidiaries, and provisions as to the release or substitution of assets securing the debt securities,

(g) the name of the trustee under any indenture relating to the debt securities and the nature of any material relationship between the trustee or any of its affiliates and the investment fund or any of its affiliates, and

(h) any financial arrangements between the investment fund and any of its affiliates or among its affiliates that could affect the security for the indebtedness.

21.3 — Derivatives

If derivatives are being distributed, under the heading "Attributes of the Securities" and under the sub-heading "Description of the Securities Distributed", describe fully the material attributes and characteristics of the derivatives, including

(a) the calculation of the value or payment obligations under the derivatives,

(b) the exercise of the derivatives,

(c) settlements that are the result of the exercise of the derivatives,

(d) the underlying interest of the derivatives,

(e) the role of a calculation expert in connection with the derivatives,

(f) the role of any credit supporter of the derivatives, and

(g) the risk factors associated with the derivatives.

21.4 — Other Securities

If securities other than the securities mentioned above are being distributed, under the heading "Attributes of the Securities" and under the sub-heading "Description of the Securities Distributed", describe fully the material attributes and characteristics of those securities.

21.5 — Special Warrants

If the prospectus is used to qualify the distribution of securities issued upon the exercise of special warrants or other securities acquired on a prospectus-exempt basis, disclose that holders of such securities have been provided with a contractual right of rescission and provide the following disclosure in the prospectus, with the bracketed information completed:

The issuer has granted to each holder of a special warrant a contractual right of rescission of the prospectus-exempt transaction under which the special warrant was initially acquired. The contractual right of rescission provides that if a holder of a special warrant who acquires another security of the issuer on exercise of the special warrant as provided for in the prospectus is, or becomes, entitled under the securities legislation of a jurisdiction

to the remedy of rescission because of the prospectus or an amendment to the prospectus containing a misrepresentation,

(a) the holder is entitled to rescission of both the holder's exercise of its special warrant and the private placement transaction under which the special warrant was initially acquired,

(b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the underwriter or issuer, as the case may be, on the acquisition of the special warrant, and

(c) if the holder is a permitted assignee of the interest of the original special warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

INSTRUCTION

If the prospectus is qualifying the distribution of securities issued upon the exercise of securities other than special warrants, replace the term "special warrant" with the type of the security being distributed.

21.6 — Restricted Securities

(1) If the investment fund has outstanding, or proposes to distribute under ~~the~~a prospectus, restricted securities, subject securities or securities that are, directly or indirectly, convertible into or exercisable or exchangeable for restricted securities or subject securities, provide a detailed description of

(a) the voting rights attached to the restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, and the voting rights, if any, attached to the securities of any other class of securities of the investment fund that are the same as or greater than, on a per security basis, those attached to the restricted securities,

(b) any significant provisions under applicable corporate and securities law that do not apply to the holders of the restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, but do apply to the holders of another class of equity securities, and the extent of any rights provided in the constating documents or otherwise for the protection of holders of the restricted securities,

(c) any rights under applicable corporate law, in the constating documents or otherwise, of holders of restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, to attend, in person or by proxy, meetings of holders of equity securities of the investment fund and to speak at the meetings to the same extent that holders of equity securities are entitled, and

(d) how the investment fund complied with, or the basis upon which it was exempt from, the requirements of Part 12 of the Instrument.

(2) If holders of restricted securities do not have all of the rights referred to in subsection (1), the detailed description referred to in that subsection must include, in boldface type, a statement of the rights the holders do not have.

(3) If the investment fund is required to include the disclosure referred to in subsection (1), state the percentage of the aggregate voting rights attached to the investment fund's securities that will be represented by restricted securities after effect has been given to the issuance of the securities being offered.

21.7 — Modification of Terms

(1) Describe provisions about the modification, amendment or variation of any rights attached to the securities being distributed.

(2) If the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

21.8 — Ratings

If the investment fund has asked for and received a stability rating, or if the investment fund is aware that it has received any other kind of rating, including a provisional rating, from one or more approved rating organizations for the securities being distributed and the rating or ratings continue in effect, disclose

(a) each security rating, including a provisional rating or stability rating, received from an approved rating organization,

(b) the name of each approved rating organization that has assigned a rating for the securities to be distributed,

(c) a definition or description of the category in which each approved rating organization rated the securities to be distributed and the relative rank of each rating within the organization's overall classification system,

(d) an explanation of what the rating addresses and what attributes, if any, of the securities to be distributed are not addressed by the rating,

(e) any factors or considerations identified by the approved rating organization as giving rise to unusual risks associated with the securities to be distributed,

(f) a statement that a security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization, and

(g) any announcement made by, or any proposed announcement known to the investment fund that is to be made by, an approved rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.

21.9 — Other Attributes

(1) If the rights attaching to the securities being distributed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being distributed, include information about the other securities that will enable investors to understand the rights attaching to the securities being distributed.

(2) If securities of the class being distributed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

INSTRUCTION

This section requires only a brief summary of the provisions that are material from an investment standpoint. The provisions attaching to the securities being distributed or any other class of securities do not need to be set out in full. They may, in the investment fund's discretion, be attached as a schedule to the prospectus.

Item 22: — Securityholder Matters

22.1 — Meetings of Securityholders

Under the heading "Securityholder Matters" and under the sub-heading "Meetings of Securityholders", describe the circumstances, processes and procedures for holding any securityholder meeting and for any extraordinary resolution.

22.2 — Matters Requiring Securityholder Approval

Under the sub-heading "Matters Requiring Securityholder Approval", describe the matters that require securityholder approval.

22.3 — Amendments to Declaration of Trust

For an investment fund established pursuant to a declaration of trust, under the sub-heading "Amendments to the Declaration of Trust", describe the circumstances, processes and procedures required to amend the declaration of trust.

22.4 — Reporting to Securityholders

Under the sub-heading "Reporting to Securityholders" describe the information or reports that will be delivered or made available to securityholders and the frequency with which such information or reports will be delivered or made available to securityholders, including any requirements under securities legislation.

Item 23: — Termination of the Fund

23.1 — Termination of the Fund

Under the heading "Termination of the Fund", describe the circumstances in which the investment fund will be terminated, including:

(a) the date of termination,

(b) how the value of the securities of the investment fund at termination will be determined,

(c) whether securityholders will receive cash or any other type of payment upon termination,

(d) the details of any rollover transaction, if securityholders will receive securities of another investment fund as part of a rollover transaction upon termination,

(e) how the assets of the investment fund will be distributed upon termination, and

(f) if the investment fund is a commodity pool, disclose whether the investment fund will be wound up without the approval of securityholders if the net asset value per security falls below a certain predetermined level, and, if so, the net asset value per security at which this will occur.

Item 24: — Use of Proceeds

24.1 — Application

This Item does not apply to an investment fund in continuous distribution.

24.2 — Proceeds

(1) Under the heading "Use of Proceeds", state the estimated net proceeds to be received by the investment fund or selling securityholder or, in the case of a non-fixed price distribution or a distribution to be made on a best efforts basis, the minimum amount, if any, of net proceeds to be received by the investment fund or selling securityholder from the sale of the securities distributed.

(2) Describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the net proceeds will be used by the investment fund.

(3) If the prospectus is used for a special warrant or similar transaction, state the amount that has been received by the issuer of the special warrants or similar securities on the sale of the special warrants or similar securities.

24.3 — Other Sources of Funding

If any material amounts of other funds are to be used in conjunction with the proceeds, state the amounts and sources of the other funds.

24.4 — Financing by Special Warrants, etc.

(1) If the prospectus is used to qualify the distribution of securities issued upon the exercise of special warrants or the exercise of other securities acquired on a prospectus-exempt basis, describe the principal purposes for which the proceeds of the prospectus-exempt financing were used or are to be used.

(2) If all or a portion of the funds have been spent, explain how the funds were spent.

Item 25: — Plan of Distribution

25.1 — Plan of Distribution

Under the heading "Plan of Distribution", briefly describe the plan of distribution.

25.2 — Name of Underwriters

(1) If the securities are being distributed by an underwriter, state the name of the underwriter and describe briefly the nature of the underwriter's obligation to take up and pay for the securities.

(2) Disclose the date by which the underwriter is obligated to purchase the securities.

25.3 — Disclosure of Conditions to Underwriters' Obligations

If securities are distributed by an underwriter that has agreed to purchase all of the securities at a specified price and the underwriter's obligations are subject to conditions,

> (a) include a statement in substantially the following form, with the bracketed information completed and with modifications necessary to reflect the terms of the distribution:
>
> Under an agreement dated [insert date of agreement] between [insert name of investment fund or selling securityholder] and [insert name(s) of underwriter(s)], as underwriter[s], [insert name of investment fund or selling securityholder] has agreed to sell and the

underwriter[s] [has/have] agreed to purchase on [insert closing date] the securities at a price of [insert offering price], payable in cash to [insert name of investment fund or selling securityholder] against delivery. The obligations of the underwriter[s] under the agreement may be terminated at [its/their] discretion on the basis of [its/their] assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The underwriter[s] [is/are], however, obligated to take up and pay for all of the securities if any of the securities are purchased under the agreement.

, and

(b) describe any other conditions and indicate any information known that is relevant to whether such conditions will be satisfied.

25.4 — Best Efforts Offering

Outline briefly the plan of distribution of any securities being distributed other than on the basis described in section 25.3.

25.5 — Minimum Distribution

If securities are being distributed on a best efforts basis and minimum funds are to be raised, state

(a) the minimum funds to be raised,

(b) that the investment fund must appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practising member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until the minimum amount of funds stipulated in paragraph (a) has been raised, and

(c) that if the minimum amount of funds is not raised within the distribution period, the trustee must return the funds to the subscribers without any deductions.

25.6 — Determination of Price

Disclose the method by which the distribution price has been or will be determined and, if estimates have been provided, explain the process of determining the estimates.

25.7 — Stabilization

If the investment fund, a selling securityholder or an underwriter knows or has reason to believe that there is an intention to over-allot or that the price of any security may be stabilized to facilitate the distribution of the securities, describe the nature of these transactions, including the anticipated size of any over-allocation position, and explain how the transactions are expected to affect the price of the securities.

25.8 — Reduced Price Distributions

If the underwriter may decrease the offering price after the underwriter has made a reasonable effort to sell all of the securities at the initial offering price disclosed in the prospectus in accordance with the procedures permitted by the Instrument, disclose this fact and that the compensation realised by the underwriter will be decreased by the amount that the aggregate price paid by purchasers for the securities is less than the gross proceeds paid by the underwriter to the investment fund or selling securityholder.

25.9 — Listing Application

If application has been made to list or quote the securities being distributed, include a statement, in substantially the following form, with the bracketed information completed:

> The investment fund has applied to [list/quote] the securities distributed under this prospectus on [name of exchange or other market]. [Listing/Quotation] will be subject to the investment fund fulfilling all the listing requirements of [name of exchange or other market].

25.10 — Conditional Listing Approval

If application has been made to list or quote the securities being distributed on an exchange or marketplace and conditional listing approval has been received, include a statement, in substantially the following form, with the bracketed information completed:

> [name of exchange or marketplace] has conditionally approved the [listing/quotation] of these securities. [Listing/Quotation] is subject to the [name of investment fund]'s fulfilling all of the requirements of the [name of exchange or marketplace] on or before [date], [including distribution of these securities to a minimum number of public securityholders].

25.11 — Constraints

If there are constraints imposed on the ownership of securities of the investment fund to ensure that the investment fund has a required level of Canadian ownership, describe the mechanism, if any, by which the level of Canadian ownership of the securities of the investment fund will be monitored and maintained.

25.12 — Special Warrants Acquired by Underwriters or Agents

Disclose the number and dollar value of any special warrants acquired by any underwriter or agent and the percentage of the distribution represented by those special warrants.

Item 26: — Relationship Between Investment Fund or Selling Securityholder and Underwriter

26.1 — Relationship Between Investment Fund or Selling Securityholder and Underwriter

(1) Under the heading "Relationship between Investment Fund [or Selling Securityholder] and Underwriter", if the investment fund or selling securityholder is a connected issuer or related issuer of an underwriter of the distribution, or if the selling securityholder is also an underwriter, comply with the requirements of NI 33-105.

(2) For the purposes of subsection (1), "connected issuer" and "related issuer" have the same meanings as in NI 33-105.

Item 27: — Options to Purchase Securities

27.1 — Options to Purchase Securities

(1) Under the heading "Options to Purchase Securities", state, in tabular form, as at a specified date within 30 days before the date of the prospectus or pro forma prospectus, information about options to purchase securities of the investment fund, or a subsidiary of the investment fund, that are held or will be held upon completion of the distribution by

(a) all executive officers and past executive officers of the investment fund, as a group, and all directors and past directors of the investment fund who are not also executive officers, as a group, indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies,

(b) all executive officers and past executive officers of all subsidiaries of the investment fund, as a group, and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary, as a group, excluding, in each case, individuals referred to in paragraph (a), indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies,

(c) all other employees and past employees of the investment fund as a group,

(d) all other employees and past employees of subsidiaries of the investment fund as a group,

(e) all consultants of the investment fund as a group, and

(f) any other person or company, other than the underwriter(s), naming each person or company.

(2) Describe any material change to the information required to be included in the prospectus under subsection (1) to the date of the prospectus.

INSTRUCTIONS

(1) Describe the options, warrants, or other similar securities stating the material provisions of each class or type of option, including:

(a) the designation and number of the securities under option;

(b) the purchase price of the securities under option or the formula by which the purchase price will be determined, and the expiration dates of the options;

(c) if reasonably ascertainable, the market value of the securities under option on the date of grant;

(d) if reasonably ascertainable, the market value of the securities under option on the specified date; and

(e) with respect to options referred to in paragraph (1)(f), the particulars of the grant including the consideration for the grant.

(2) For the purposes of paragraph (1)(f), provide the information required for all options except warrants and special warrants.

Item 28: — Principal Holders of Securities of the Investment Fund and Selling Securityholders

28.1 — Principal Holders of Securities of the Investment Fund and Selling Securityholders

(1) Under the heading "Principal Holders of Securities of the Investment Fund [and Selling Securityholders]", provide the following information for each principal securityholder of the investment fund, if known or ought to be known by the investment fund or the manager and, if any securities are being distributed for the account of a securityholder, for each selling securityholder, as of a specified date not more than 30 days before the date of the prospectus or pro forma prospectus, as applicable:

(a) the name,

(b) the number or amount of securities owned, controlled or directed of the class being distributed,

(c) the number or amount of securities of the class being distributed for the account of the securityholder,

(d) the number or amount of securities of the investment fund of any class to be owned, controlled or directed after the distribution, and the percentage that number or amount represents of the total outstanding, and

(e) whether the securities referred to in paragraphs (b), (c) or (d) are owned both of record and beneficially, of record only, or beneficially only.

(2) If securities are being distributed in connection with a restructuring transaction, indicate, to the extent known, the holdings of each person or company described in paragraph (1)(a) that will exist after effect has been given to the transaction.

(3) If any of the securities being distributed are being distributed for the account of a securityholder and those securities were purchased by the selling securityholder within the two years preceding the date of the prospectus or pro forma prospectus, as applicable, state the date the selling securityholder acquired the securities and, if the securities were acquired in the 12 months preceding the date of the prospectus or pro forma prospectus, as applicable, the cost to the securityholder in the aggregate and on an average cost-per-security basis.

(4) If, to the knowledge of the investment fund or the underwriter of the securities being distributed, more than 10 percent of any class of voting securities of the investment fund is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement. State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.

(5) If, to the knowledge of the investment fund or the underwriter of the securities being distributed, any principal securityholder or selling securityholder is an associate or affiliate of another person or company named as a principal securityholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the investment fund held by the person or company other than the holding of voting securities of the investment fund.

(6) In addition to the above, include in a footnote to the table the required calculation(s) on a fully-diluted basis.

(7) Describe any material change to the information required to be included in the prospectus under subsection (1) to the date of the prospectus.

INSTRUCTION

If a company, partnership, trust or other unincorporated entity is a principal securityholder of an investment fund, disclose, to the extent known, the name of each individual who, through ownership of or control or direction over the securities of the company, trust or other unincorporated entity, or membership in the partnership, as the case may be, is a principal securityholder of that entity.

Item 29: — Interests of Management and Others in Material Transactions

29.1 — Interests of Management and Others in Material Transactions

Under the heading "Interests of Management and Others in Material Transactions", describe, and state the approximate amount of, any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three years before the date of the prospectus or pro forma prospectus that has materially affected or is reasonably expected to materially affect the investment fund:

(a) a director or executive officer of the investment fund or the investment fund manager,

(b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of the outstanding voting securities of the investment fund or the investment fund manager, and

(c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

29.2 — Underwriting Discounts

Disclose any material underwriting discounts or commissions upon the sale of securities by the investment fund if any of the persons or companies listed under section 29.1 were or are to be an underwriter or are associates, affiliates or partners of a person or company that was or is to be an underwriter.

INSTRUCTIONS

(1) The materiality of an interest is to be determined on the basis of the significance of the information to investors in light of all the circumstances of the particular case. The importance of the interest to the person having the interest, the relationship of the parties to the transaction with each other and the amount involved are among the factors to be considered in determining the significance of the information to investors.

(2) Give a brief description of the material transaction. Include the name of each person or company whose interest in any transaction is described and the nature of the relationship to the investment fund.

(3) For any transaction involving the purchase of assets by or sale of assets to the investment fund, state the cost of the assets to the purchaser, and the cost of the assets to the seller if acquired by the seller within three years before the transaction.

(4) This Item does not apply to any interest arising from the ownership of securities of the investment fund if the securityholder receives no extra or special benefit or advantage not shared on an equal basis by all other holders of the same class of securities or all other holders of the same class of securities who are resident in Canada.

(5) No information need be given under this Item for a transaction if

(a) the rates or charges involved in the transaction are fixed by law or determined by competitive bids,

(b) the interest of a specified person or company in the transaction is solely that of a director of another company that is a party to the transaction,

(c) the transaction involves services as a bank or other depository of funds, a transfer agent, registrar, trustee under a trust indenture or other similar services, or

(d) the transaction does not involve remuneration for services and the interest of the specified person or company arose from the beneficial ownership, direct or indirect, of less than ten percent of any class of equity securities of another company that is party to the transaction and the transaction is in the ordinary course of business of the investment fund or its subsidiaries.

(6) Describe all transactions not excluded above that involve remuneration (including an issuance of securities), directly or indirectly, to any of the specified persons or companies for services in any capacity unless the interest of the person or company arises solely from the beneficial ownership, direct or indirect, of less than ten percent of any class of equity securities of another company furnishing the services to the investment fund.

Item 30: — Proxy Voting Disclosure

30.1 — Proxy Voting Disclosure for Portfolio Securities Held

Under the heading "Proxy Voting Disclosure for Portfolio Securities Held", include the disclosure required by subsection 10.2(3) of NI 81-106.

Item 31: — Material Contracts

31.1 — Material Contracts

Under the heading "Material Contracts", list and provide particulars of

(a) the articles of incorporation, the declaration of trust or trust agreement of the investment fund or any other constating document, if any,

(b) any agreement of the investment fund or trustee with the manager of the investment fund,

(c) any agreement of the investment fund, the manager or trustee with the portfolio adviser of the investment fund,

(d) any agreement of the investment fund, the manager or trustee with the custodian of the investment fund,

(e) any agreement of the investment fund, the manager or trustee with the underwriters or agents of the investment fund,

(f) any swap or forward agreement of the investment fund, the manager or trustee with a counterparty that is material to the investment fund fulfilling its investment objectives,

(g) any agreement of the investment fund, the manager or trustee with the principal distributor of the investment fund, and

(h) any other contract or agreement that can reasonably be regarded as material to an investor in the securities of the investment fund.

INSTRUCTIONS

(1) Set out a complete list of all contracts for which particulars must be given under this section, indicating those that are disclosed elsewhere in the prospectus. Particulars need only be provided for those contracts that do not have the particulars given elsewhere in the prospectus.

(2) Particulars of contracts must include the dates of, parties to, consideration provided for in, termination provisions, general nature and key terms of, the contracts.

Item 32: — Legal and Administrative Proceedings

32.1 — Legal and Administrative Proceedings

Under the heading "Legal and Administrative Proceedings", describe briefly any ongoing legal and administrative proceedings material to the investment fund, to which the investment fund, its manager or principal distributor is a party.

32.2 — Particulars of the Proceedings

(1) For all matters disclosed under section 32.1, disclose

(a) the name of the court or agency having jurisdiction,

(b) the date on which the proceeding was instituted,

(c) the principal parties to the proceeding,

(d) the nature of the proceeding and, if applicable, the amount claimed, and

(e) whether the proceeding is being contested and the present status of the proceeding.

(2) Provide similar disclosure about any proceedings known to be contemplated.

32.3 — Penalties and Sanctions

Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of any settlement agreement and the circumstances that gave rise to the settlement agreement, if, within the 10 years before the date of the prospectus or pro forma prospectus, the manager of the investment fund, a director or executive officer of the investment fund or a partner, director or executive officer of the manager of the investment fund has

(a) been subject to any penalties or sanctions imposed by a court or a securities regulatory authority relating to Canadian securities legislation, promotion or management of an investment fund, theft or fraud or has entered into a settlement agreement before a court or with a regulatory body in relation to any of these matters, or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body or has entered into any other settlement agreement before a court or with a regulatory body that would likely be considered important to a reasonable investor in determining whether to purchase securities of the investment fund.

Item 33: — Experts

33.1 — Names of Experts

Under the heading "Experts", name each person or company

(a) who is named as having prepared or certified a report, valuation, statement or opinion in the prospectus or an amendment to the prospectus, and

(b) whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company.

33.2 — Interests of Experts

(1) Disclose all registered or beneficial interests, direct or indirect, in any securities or other property of the investment fund or of an associate or affiliate of the investment fund received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the prospectus or prepared or certified a report or valuation described or included in the prospectus.

(2) For the purpose of subsection (1), if the ownership is less than one percent, a general statement to that effect is sufficient.

(3) If a person, or a director, officer or employee of a person or company referred to in subsection (1) is or is expected to be elected, appointed or employed as a director, officer or employee of the investment fund or of any associate or affiliate of the investment fund, disclose the fact or expectation.

(4) Despite subsection (1), an auditor who is independent in accordance with the auditor's rules of professional conduct in a jurisdiction of Canada or has performed an audit in accordance with US GAAS is not required to provide the disclosure in subsection (1) if there is disclosure that the auditor is independent in accordance with the auditor's rules of professional conduct in a jurisdiction of Canada or that the auditor has complied with the SEC's rules on auditor independence.

INSTRUCTIONS

(1) Section 33.2 does not apply to the investment fund's predecessor auditors, if any, for those periods when they were not the investment fund's auditor.

(2) Section 33.2 does not apply to registered or beneficial interests, direct or indirect, held through mutual funds.

Item 34: — Exemptions and Approvals

34.1 — Exemptions and Approvals

Under the heading "Exemptions and Approvals", describe all exemptions from or approvals under securities legislation obtained by the investment fund or the manager of the investment fund that continue to be relied upon by the investment fund or the manager, including all exemptions to be evidenced by the issuance of a receipt for the prospectus pursuant to section 19.3 of the Instrument.

Item 35: — Other Material Facts

35.1 — Other Material Facts

Under the heading "Other Material Facts", using sub-headings as appropriate, give particulars of any material facts about the securities being distributed that are not disclosed under any other section and are necessary in order for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

Item 36: — Purchasers' Statutory Rights of Withdrawal and Rescission

36.1 — General

For investment funds other than mutual funds, under the heading "Purchasers' Statutory Rights of Withdrawal and Rescission" include a statement in substantially the following form, with bracketed information completed:

> Securities legislation in [certain of the provinces [and territories] of Canada/the Province of [insert name of local jurisdiction, if applicable]] provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. [In several of the provinces/provinces and territories], [T/t]he securities legislation further provides a purchaser with remedies for rescission [or [, in some jurisdictions,] revisions of the price or damages] if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission [, revisions of the price or damages] are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province [or territory]. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province [or territory] for the particulars of these rights or consult with a legal adviser.

36.2 — Mutual Funds

If the investment fund is a mutual fund, under the heading "Purchasers' Statutory Rights of Withdrawal and Rescission" include a statement in substantially the following form:

> Securities legislation in [certain of the provinces [and territories] of Canada/the Province of [insert name of local jurisdiction, if applicable]] provides purchasers with the right to withdraw from an agreement to purchase mutual fund securities within two business days after receipt of a prospectus and any amendment or within 48 hours after the receipt of a confirmation of a purchase of such securities. If the agreement is to purchase such securities under a contractual plan, the time period during which withdrawal may be made may be longer. [In several of the provinces/provinces and territories], [T/t]he securities legislation further provides a purchaser with remedies for rescission [or [, in some jurisdictions,] revisions of the price or damages] if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission [, revisions of the price or damages] are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province [or territory]. The purchaser should refer to the applicable provisions of the securities legislation of the province [or territory] for the particulars of these rights or should consult with a legal adviser.

36.3 — Non-fixed Price Offerings

In the case of a non-fixed price offering, if applicable in the jurisdiction in which the prospectus is filed, replace the second sentence in the disclosure in section 36.1 with a statement in substantially the following form:

> This right may only be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed.

Item 37: — Documents Incorporated by Reference

37.1 — Mandatory Incorporation by Reference

If the investment fund is in continuous distribution, other than a scholarship plan, incorporate by reference the following documents in the prospectus, by means of the following statement in substantially the following words under the heading "Documents Incorporated by Reference":

> Additional information about the Fund is available in the following documents:
>
> 1. The most recently filed comparative annual financial statements of the investment fund, together with the accompanying report of the auditor.
>
> 2. Any interim financial statements of the investment fund filed after those annual financial statements.
>
> 3. The most recently filed annual management report of fund performance of the investment fund.
>
> 4. Any interim management report of fund performance of the investment fund filed after that annual management report of fund performance.
>
> These documents are incorporated by reference into the prospectus, which means that they legally form part of this document just as if they were printed as part of this document. You can get a copy of these documents, at your request, and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted] or from your dealer.
>
> [If applicable] These documents are available on the [investment fund's/investment fund family's] Internet site at [insert investment fund's Internet site address], or by contacting the [investment fund/investment fund family] at [insert investment fund's /investment fund family's email address].
>
> These documents and other information about the Fund are available on the Internet at www.sedar.com.

37.2 — Mandatory Incorporation by Reference of Future Documents

If the investment fund is in continuous distribution, other than a scholarship plan, state that any documents, of the type described in section 37.1, if filed by the investment fund after the date of the prospectus and before the termination of the distribution, are deemed to be incorporated by reference in the prospectus.

Item 38: — Financial Disclosure

38.1 — Financial Statements

(1) Unless incorporated by reference under Item 37, include in the prospectus the comparative annual financial statements and the auditor's report prepared in accordance with NI 81-106 for the investment fund's most recently completed financial year.

(2) If an investment fund's most recent financial year ended within 90 days of the date of the prospectus referred to in subsection (1), the investment fund may treat the previous year as the most recently completed financial year under subsection (1).

(3) If the investment fund has not completed its first financial year, the fund must include in the prospectus audited financial statements and the auditor's report prepared in accordance with NI 81-106 for the period from the date of the fund's formation to a date not more than 90 days before the date of the prospectus and as at a date not more than 90 days before the date of the prospectus, as applicable.

(4) Despite subsections (1) and (3), if the investment fund is a newly established fund, include in the prospectus the opening balance sheet of the investment fund, accompanied by the auditor's report prepared in accordance with NI 81-106.

38.2 — Interim Financial Statements

Unless incorporated by reference under Item 37, include in the prospectus financial statements for the investment fund prepared in accordance with NI 81-106 for the interim period that began immediately after the financial year to which the annual financial statements required to be included in the prospectus under section 38.1 relate, if the prospectus is filed 60 days or more after the end of that interim period.

38.3 — Management Reports of Fund Performance

Unless incorporated by reference under Item 37, include in the prospectus the most recently filed interim management report of fund performance, if filed after the most recently filed annual management report of fund performance and include the most recently filed annual management report of fund performance.

Item 39: — Certificates

39.1 — Certificate of the Investment Fund

Include a certificate of the investment fund in the following form:

> This prospectus [,together with the documents incorporated herein by reference,] constitutes full, true and plain disclosure of all material facts relating to the securities

offered by this prospectus as required by the securities legislation of [insert the jurisdictions in which qualified].

39.2 — Certificate of the Manager

Include a certificate of the manager of the investment fund in the same form as the certificate of the investment fund.

39.3 — Certificate of the Underwriter

Where a person or company is required to provide a certificate in the underwriter certificate form, the certificate must state:

> To the best of our knowledge, information and belief, this prospectus [,together with the documents incorporated herein by reference,] constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert the jurisdictions in which qualified].

39.4 — Certificate of the Promoter

If there is a promoter of the investment fund or a subsidiary of the investment fund, include a certificate in the same form as the certificate of the investment fund.

39.4.1 — Certificate of the Principal Distributor

If there is a principal distributor of the investment fund, include a certificate in the same form as the certificate of the investment fund.

39.5 — Amendments

(1) For an amendment to a prospectus that does not restate the prospectus, change "prospectus" to "prospectus dated [insert date] as amended by this amendment" wherever it appears in the statements in sections 39.1 to 39.4.

(2) For an amended and restated prospectus, change "prospectus" to "amended and restated prospectus" wherever it appears in the statements in sections 39.1 to 39.4.

39.6 — Non-offering Prospectus

For a non-offering prospectus, change "securities offered by this prospectus" to "securities previously issued by the investment fund" wherever it appears in the statements in sections 39.1 to 39.4.

Appendix B

Schedule B-4

COMPANION POLICY
TO NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

TABLE OF CONTENTS

COMPANION POLICY
TO NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

PART 1: Introduction, Interrelationship with Securities Legislation, and Definitions

Introduction and purpose

1.1 This Policy describes how the provincial and territorial securities regulatory authorities (or "we") intend to interpret or apply the provisions of the Instrument. Some terms used in this Policy are defined or interpreted in the Instrument, NI 14-101, or a definition instrument in force in the jurisdiction.

Interrelationship with other securities legislation

This Policy

1.2(1) The Instrument applies to any prospectus filed under securities legislation and any distribution of securities subject to the prospectus requirement, other than a prospectus filed under NI 81-101 or a distribution of securities under such a prospectus, or unless otherwise stated. Parts of this Policy may not apply to all issuers.

Local securities legislation

(2) The Instrument, while being the primary instrument regulating prospectus distributions, is not exhaustive. Issuers should refer to the implementing law of the jurisdictions and other securities legislation of the local jurisdiction for additional requirements that may apply to the issuer's prospectus distribution.

Continuous disclosure (NI 51-102 and NI 81-106)

(3) NI 51-102, NI 81-106 and other securities legislation imposes ongoing disclosure and filing obligations on reporting issuers. The regulator may consider issues raised in the context of a continuous disclosure review when determining whether it is in the public interest to refuse to issue a receipt for a prospectus. Consequently, unresolved issues may delay or prevent the issuance of a receipt.

Reporting issuers are generally required to file periodic and timely disclosure documents under applicable securities legislation. Reporting issuers may also be required to file periodic and timely disclosure documents pursuant to an order issued by the securities regulatory authority or an undertaking to the securities regulatory authority. Failure to comply with any requirement to file periodic and timely disclosure documents could cause the regulator to refuse a receipt for the prospectus.

Short form prospectus distributions (NI 44-101)

(4) As set out in section 2.1 of NI 44-101, an issuer must not file a prospectus in the form of Form 44-101F1 unless the issuer is qualified under any of sections 2.2 through 2.6 of NI 44-101 to file a short form prospectus. An issuer that is qualified to file a short form prospectus must satisfy the requirements of NI 44-101, including the filing requirements of Part 4 of NI 44-101, as well as any applicable requirements of the Instrument. Therefore, issuers qualified to file a short form prospectus and selling securityholders of those issuers that wish to distribute securities under the short form system should refer to the Instrument, this Policy, and NI 44-101 and its companion policy.

Shelf distributions (NI 44-102)

(5) Issuers qualified under NI 44-101 to file a prospectus in the form of a short form prospectus and their securityholders can distribute securities under a short form prospectus using the shelf distribution procedures under NI 44-102. The ~~Companion Policy~~companion policy to NI 44-102 explains that the distribution of securities under the shelf system is governed by the requirements and procedures of NI 44-101 and securities legislation, except as supplemented or varied by NI 44-102. Therefore, issuers qualified to file a short form prospectus and selling securityholders of those issuers that wish to distribute securities under the shelf system should refer to the Instrument, this Policy, NI 44-101 and its companion policy, and NI 44-102 and its companion policy.

PREP procedures (NI 44-103)

(6) NI 44-103 contains the post-receipt pricing (PREP) procedures. All issuers and selling securityholders can use the PREP procedures of NI 44-103 to distribute securities, other than rights under a rights offering. Issuers and selling securityholders that wish to distribute securities using the PREP procedures as provided for in NI 44-103 should refer to the Instrument, this Policy, and NI 44-103 and its companion policy. Issuers and selling securityholders that wish to distribute securities under a short form prospectus using the PREP procedures should also refer to NI 44-101 and its companion policy for any additional requirements.

Process for prospectus reviews in multiple jurisdictions (NP 11-202)

(7) National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions* ("NP 11-202") describes the process for filing and review of prospectuses, including investment fund and shelf prospectuses, amendments to prospectuses and related materials in multiple jurisdictions. NP 11-202 represents the means by which an issuer can enjoy the benefits of co-ordinated review by the securities regulatory authorities in the various jurisdictions in which the issuer has filed a prospectus. Under NP 11-202, one securities regulatory authority acts as the principal regulator for all materials relating to a filer.

Definitions

Asset-backed security

1.3(1) The definition of "asset-backed security" is the same definition used in NI 51-102.

The definition is designed to be flexible to accommodate future developments in asset-backed securities. For example, it does not include a list of "eligible" assets that can be securitized. Instead, the definition is broad, referring to "receivables or other financial assets" that by their terms convert into cash within a finite time period. These would include, among other things, notes, leases, instalment contracts and interest rate swaps, as well as other financial assets, such as loans, credit card receivables, accounts receivable and franchise or servicing arrangements. The reference to "and any rights or other assets..." in the definition is sufficiently broad to include "ancillary" or "incidental" assets, such as guarantees, letters of credit, financial insurance or other instruments provided as a credit enhancement for the securities of the issuer or which support the underlying assets in the pool, as well as cash arising upon collection of the underlying assets that may be reinvested in short-term debt obligations.

The term, a "discrete pool" of assets, can refer to a single group of assets as a "pool" or to multiple groups of assets as a "pool". For example, a group or pool of credit card receivables and a pool of mortgage receivables can, together, constitute a "discrete pool" of assets. The reference to a "discrete pool" of assets is qualified by the phrase "fixed or revolving" to clarify that the definition covers "revolving" credit arrangements, such as credit card and short-term trade receivables, where balances owing revolve due to periodic payments and write-offs.

While typically a pool of securitized assets will consist of financial assets owed by more than one obligor, the definition does not currently include a limit on the percentage of the pool of securitized assets that can be represented by one or more financial assets owing by the same or related obligors (sometimes referred to as an "asset concentration test").

Business day

(2) Section 1.1 of the Instrument defines business day as any day other than a Saturday, Sunday or a statutory holiday. In some cases, a statutory holiday may only be a statutory holiday in one jurisdiction. The definition of business day should be applied in each local jurisdiction in which a prospectus is being filed. For example, subsection 2.3(2) of the Instrument states that an issuer must not file a prospectus more than three business days after the date of the prospectus. A prospectus is dated Day 1. Day 2 is a statutory holiday in Québec but not in Alberta. If the prospectus is filed in both Alberta and Québec, it must be filed no later than Day 4, despite the fact that Day 2 was not a business day in Québec. If the prospectus is filed only in Québec, it could be filed on Day 5.

Accounting terms

(3) The Instrument uses accounting terms that are defined or used in Canadian GAAP applicable to publicly accountable enterprises. In certain cases, some of those terms are defined differently in securities legislation. In deciding which meaning applies, you should consider that NI 14-101 provides that 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 prospectuses; or (b) the context otherwise requires.

Acceptable accounting principles other than Canadian GAAP applicable to publicly accountable enterprises

(4) If an issuer is permitted under NI 52-107 to file financial statements in accordance with acceptable accounting principles other than Canadian GAAP applicable to publicly accountable enterprises, then the issuer may interpret any reference in the Instrument to a term or provision defined or used in Canadian GAAP applicable to publicly accountable enterprises as a reference to the corresponding term or provision in the other acceptable accounting principles.

Financial statements prepared in accordance with different accounting principles

(5) Issuers intending to include financial statements that are prepared in accordance with different accounting principles should consider the guidance in section 2.8 of Companion Policy 52-107CP *Acceptable Accounting Principles and Auditing Standards*,

Rate-regulated activities

(6) If a qualifying entity is relying on the exemption in paragraph 5.4(1)(a) of NI 52-107, then the qualifying entity may interpret any reference in the Instrument to a term or provision defined or used in Canadian GAAP applicable to publicly accountable enterprises as a reference to the corresponding term or provision in Part V of the Handbook.

PART 2: General Requirements

Experience of officers and directors

2.1 Securities legislation requires that a securities regulatory authority or regulator refuse to issue a receipt for a prospectus if it appears that the proceeds received from the sale of securities to be paid to the treasury of the issuer, together with other resources of the issuer, will be insufficient to accomplish the purposes stated in the prospectus. In addition to financial resources, resources include people. If a sufficient number of the directors and officers of the issuer do not have relevant knowledge and experience, the securities regulatory authority or regulator may conclude that the human and other resources are insufficient to accomplish these purposes. If the requisite knowledge and

experience are not possessed by the directors and officers, a securities regulatory authority or regulator may be satisfied that the human and other resources are sufficient if it is shown that the issuer has contracted to obtain the knowledge and experience from others.

Role of underwriter

2.2 The due diligence investigation undertaken by an underwriter in relation to the business of the issuer often results in enhanced quality of disclosure in the prospectus. In addition, an underwriter typically provides valuable advice regarding the pricing and marketing of securities. For these reasons, we strongly encourage underwriter participation in prospectus offerings, particularly where the offering is an initial public offering.

Minimum offering amount

2.2.1 If the distribution of securities is being done on a best efforts basis, an issuer will need to determine if a minimum offering is required for the issuer to achieve one or more of the stated purposes of the offering, as expressed in the "Use of Proceeds" section of the prospectus. If this is the case, the issuer will need to provide a minimum and maximum offering amount. Otherwise, the issuer is required to provide the cautionary statement prescribed in paragraph 1.4(3)(b) of Form 41-101F1.

Although an issuer may determine that a minimum offering amount is not necessary for the prospectus offering, a regulator may reasonably infer that a minimum offering amount is appropriate in certain circumstances. This could occur, for example, if we have concerns that a minimum amount of proceeds must be raised in order for the issuer to achieve its stated objectives. Also, if we have concerns about an issuer continuing as a going concern, we may take the view that the issuer cannot achieve its stated objectives unless a minimum offering amount is raised. The imposition of a minimum offering amount by a regulator derives from the general responsibility of a regulator under securities laws to refuse a receipt for a prospectus if it appears that the aggregate of the proceeds from the sale of the securities under the prospectus and other resources of the issuer are insufficient to accomplish the purposes stated in the prospectus, or if it would not be in the public interest to issue a receipt. A benefit of the imposition of a minimum offering amount is that if the issuer fails to raise the minimum amount, investors benefit from an investor protection mechanism that facilitates the return of their subscription funds to them, if previously deposited.

Indirect distributions

2.3 Securities legislation prohibits a person from distributing a security unless a prospectus is filed and receipted or the distribution is exempt from the prospectus requirement. Securities legislation also prohibits a person from trading in a security where the trade would be a distribution of such security, unless a prospectus is filed and receipted or the distribution is exempt from the prospectus requirement. Securities legislation defines distribution as including a trade in a security that has not been previously issued, a trade

out of a control block and any transaction or series of transactions involving a purchase and sale of or a repurchase and resale in the course of or incidental to a distribution. In Québec, the definition of "distribution" is broad enough to include these transactions.

Occasionally, a prospectus is filed to qualify securities for sale to one purchaser or to a small group of related purchasers where it appears that the purchaser does not have a *bona fide* intention to invest in the securities but rather is acquiring the securities with a view to immediately reselling them in the secondary market. This can be the case where the purchaser is a lender to the issuer or where the securities are issued as consideration for the acquisition of assets.

Where the offering and subsequent resale are in substance a single distribution, in order to comply with securities legislation, the distribution to the public purchasers should be made by way of prospectus in order that the subsequent purchasers have the benefit of prospectus disclosure and all the rights and remedies provided to prospectus purchasers under securities legislation.

Considerations relevant to determining whether a distribution under a prospectus is only one transaction in a series of transactions in the course of or incidental to the ultimate distribution include:

- the number of persons or companies who are likely to purchase securities in each transaction;
- whether the purchasers' traditional business is that of financing as opposed to investing;
- whether a purchaser is likely to acquire more of a specified class of securities of the issuer than it is legally entitled to, or practically wishes to, hold (e.g., more than 10% of a class of equity securities where the purchaser wishes to avoid becoming an insider or 20% of a class of equity securities where the purchaser wishes to avoid becoming a control person);
- the type of security distributed (e.g., loan repayment rights) and whether or not the security is convertible into publicly traded securities of the issuer;
- whether the purchase price of the securities is set at a substantial discount to their market price; and
- whether the purchaser is committed to hold the securities it acquires for any specified time period.

Over-allocation

2.4 Underwriters of a distribution may over-allocate a distribution in order to hold a short position in the securities following closing. This over-allocation position allows the

underwriters to engage in limited market stabilization to compensate for the increased liquidity in the market following the distribution. If the market price of the securities decreases following the closing of the distribution, the short position created by the over-allocation position may be filled through purchases in the market. This creates upward pressure on the price of the securities. If the market price of the securities increases following the closing of the distribution, the over-allocation position may be filled through the exercise of an over-allotment option (at the issue offering price). Underwriters would not generally engage in market stabilization activities without the protection provided by an over-allotment option.

Over-allotment options are permitted solely to facilitate the over-allocation of the distribution and consequent market stabilization. Accordingly, an over-allotment option may only be exercised for the purpose of filling the underwriters' over-allocation position. The exercise of an over-allotment option for any other purpose would raise public policy concerns.

To form part of the over-allocation position, securities must be sold to *bona fide* purchasers as of the closing of the offering. Securities held by an underwriter or in proprietary accounts of an underwriter for sale at a future date do not form part of the over-allocation position. Further, as discussed below, section 11.2 of the Instrument restricts the distribution of securities under a prospectus to an underwriter. Since section 11.1 of the Instrument requires that all securities that are sold to create the over-allocation position be distributed under the prospectus, securities cannot be sold to an underwriter to increase the size of the over-allocation position.

Distribution of securities under a prospectus to an underwriter

2.5 Section 11.2 of the Instrument restricts the distribution of securities under a prospectus to a person acting as an underwriter. Issuers should determine the 10% limit in that section as if all convertible or exchangeable securities offered under the prospectus were exercised for the underlying securities.

Certificates

Public interest

2.6(1) Securities legislation provides the regulator with discretion to refuse a receipt for a prospectus where it is not in the public interest to issue the receipt. Securities legislation imposes statutory liability in connection with prospectus disclosure to provide investors with a remedy if a prospectus does not contain full, true and plain disclosure of all material facts relating to the securities being distributed and to protect the integrity of the Canadian public markets. Where an offering is structured in a manner that circumvents the objects and purposes of securities legislation and results in a person or company accessing the Canadian public markets, who is not clearly accountable for the information in the prospectus, the regulator may have significant public interest concerns. Such public interest concerns will be addressed on a case by case basis as part of the

analysis of whether a receipt should be issued for a final prospectus. There may be circumstances in which it will be appropriate for the regulator to request a person or company, that is not otherwise required to do so, to certify a prospectus as a means of resolving such public interest concerns. For example, where it appears that a person or company is organizing its business and affairs to avoid a requirement to sign a prospectus certificate or to avoid prospectus liability, a regulator may conclude that there is sufficient public interest concerns that the regulator should require that person or company to certify a prospectus.

Discretion of the regulator to request certificates

(2) Subsection 5.15(1) of the Instrument provides the regulator in each jurisdiction except Ontario with the discretion to require additional certificates. The exercise of this discretion will generally be informed by public interest concerns, including those discussed in subsection (1) above.

Signatories

(3) Part 5 of the Instrument contains requirements regarding who must sign prospectus certificates. Certificates signed on behalf of the identified signatories by an agent or attorney will generally not be acceptable. For example, an income trust issuer with an active board of trustees would be required to arrange for the signature of two trustees on behalf of the board, rather than the signature of an attorney or agent.

Trustee certificates

(4) Subsection 5.5(4) of the Instrument provides an exception to the trust certificate requirement where the trustees of the issuer do not perform functions similar to those of corporate directors. In this type of situation, a prospectus certificate is instead required from two individuals who do perform those functions for the issuer on behalf of all such individuals. In a situation where a regulated trust company is a trustee but does not perform functions similar to those of corporate directors, the regulated trust company and its officers and directors will not be required to sign a prospectus certificate if two other individuals who perform those functions do provide a certificate.

Chief executive officer and chief financial officer

(5) The Instrument and other securities legislation require that prospectus certificates of certain persons or companies are to be signed by the chief executive officer and chief financial officer of such persons or companies. The terms chief executive officer and chief financial officer should be read to include the individuals who have the responsibilities normally associated with these positions or act in a similar capacity. This determination should be made irrespective of an individual's corporate title or whether that individual is employed directly or acts pursuant to an agreement or understanding.

Selling securityholder certificates

(6) Subsection 5.13(1) of the Instrument provides the regulator in each jurisdiction except Ontario with the discretion to require selling securityholders to sign a prospectus certificate. Under securities legislation, selling securityholders are liable for misrepresentations in a prospectus whether or not they sign a prospectus certificate. There are circumstances, however, where the regulator may determine that it is in the public interest to require the selling securityholder to affirmatively certify the prospectus. Generally, the regulator would only exercise this discretion where the securities being distributed by the selling securityholder represent a substantial portion of the securities being distributed under the prospectus.

Promoters of issuers of asset-backed securities

2.7 Securities legislation in some jurisdictions in Canada define "promoter" and require, in certain circumstances, a promoter of an issuer to assume statutory liability for prospectus disclosure. Asset-backed securities are commonly issued by a "special purpose" entity, established for the sole purpose of facilitating one or more asset-backed offerings. The securities regulatory authorities are of the opinion that special purpose issuers of asset-backed securities will have a promoter because someone will typically have taken the initiative in founding, organizing or substantially reorganizing the business of the issuer. We interpret the business of such issuers to include the business of issuing asset-backed securities and entering into the supporting contractual arrangements.

For example, in the context of a securitization program under which assets of one or more related entities are financed by issuing asset-backed securities (sometimes called a "single seller program"), we will usually consider an entity transferring or originating a significant portion of such assets, an entity initially agreeing to provide on-going collection, administrative or similar services to the issuer, and the entity for whose primary economic benefit the asset-backed program is established, to be a promoter of the issuer if it took the initiative in founding, organizing or substantially reorganizing the business of the issuer. Persons or companies contracting with the issuer to provide credit enhancements, liquidity facilities or hedging arrangements or to be a replacement servicer of assets, and investors who acquire subordinated investments issued by the issuer, will not typically be promoters of the issuer solely by virtue of such involvement.

In the context of a securitization program established to finance assets acquired from numerous unrelated entities (sometimes called a "multi-seller program"), we will usually consider the person or company (frequently a bank or an investment bank) establishing and administering the program in consideration for the payment of an on-going fee, for example, to be a promoter of the issuer if it took the initiative in founding, organizing or substantially reorganizing the business of the issuer. Individual sellers of the assets into a multi-seller program are not ordinarily considered to be promoters of the issuer, despite the economic benefits accruing to such persons or companies from utilizing the program. As with single-seller programs, other persons or companies contracting with the issuer to

provide services or other benefits to the issuer of the asset-backed securities will not typically be promoters of the issuer solely by virtue of such involvement.

Where an entity is determined to be a promoter of an issuer at the time of the issuer's initial public offering, the entity continues to be a promoter of the issuer, in the case of subsequent offerings by the issuer, if the entity's relationship to the issuer and involvement in the offerings remains substantially the same. Accordingly, where an entity establishes a special purpose issuer to act as a dedicated securitization vehicle, and the prospectus filed in connection with a subsequent offering continues to include disclosure relating to the entity's securitization program, we will expect the entity to certify the prospectus as a promoter.

While we have included this discussion of promoters as guidance to issuers of asset-backed securities, the question of whether a particular person or company is a "promoter" of an issuer is ultimately a question of fact to be determined in light of the particular circumstances.

Special warrants

Distributions to resale market

2.8(1) In certain special warrant transactions, the dealer involved in the private placement may itself have purchased special warrants from the issuer on an exempt basis, despite not disclosing any commitment to do so.

Securities legislation generally requires that a dealer not acting as agent of the purchaser who receives an order or subscription for a security offered in a distribution to which a prospectus requirement applies to deliver to the purchaser the latest prospectus. Where a dealer acquires special warrants, with a view to exercising them and reselling the underlying securities, such a resale would be a distribution that must be made by way of a prospectus or pursuant to an exemption from the prospectus requirements.
It is a requirement, therefore, that any dealer who has acquired special warrants with a view to their distribution or the distribution of the underlying securities deliver a prospectus during the period of distribution to its purchasers (where the sale to such purchasers is made otherwise than pursuant to a prospectus exemption) in order that such purchasers have the benefit of all rights and remedies provided to prospectus purchasers under securities legislation. In Québec, prospectus purchasers are notably conferred with a contractual right of rescission under s.1443 of the *Québec Civil Code*.

In connection with its prospectus review procedure, the regulator may request information from the issuer of all beneficial purchasers of special warrants. The regulator will generally keep this information confidential.

Underwriters' certificate and due diligence

(2) While the special warrant transaction is, in form, two separate distributions, the first an exempt private placement distribution and the second a conversion of the warrants under a prospectus, such a transaction is, in substance, a single distribution under a prospectus of the underlying securities to the warrant investors.

The registrants involved in placing the special warrants are, therefore, also involved in the prospectus distribution and such registrants in a contractual relationship with the issuer must include their certificate in the prospectus under subsection 5.9(1) of the Instrument or other securities legislation. We note that the resulting incentive to such registrants to participate in the due diligence investigation of the issuer is also beneficial to the secondary market.

The obligation to deliver an underwriter's certificate as described in this Policy does not extend the scope of distributions any registrant is authorized to make under applicable securities legislation.

Contractual right of rescission

(3) Under section 2.4 of the Instrument, an issuer must not file a prospectus or an amendment to a prospectus to qualify the distribution of securities issued on the exercise of special warrants or other securities acquired on a prospectus-exempt basis, unless the issuer has provided holders of the special warrants or other securities with a contractual right of rescission. We would not generally consider the disclosure of the contractual right of rescission in the prospectus as satisfying this condition unless there is a prior contract between the issuer and the holder of the special warrant or other security under which the issuer granted this right to the holder.

Offerings of convertible ~~or~~, exchangeable or exercisable securities

2.9 Investor protection concerns may arise where the distribution of a convertible ~~or~~, exchangeable or exercisable security is qualified under a prospectus and the subsequent conversion, exchange or exercise of ~~the convertible or exchangeable~~this security is made on a prospectus-exempt basis. ~~Examples of such offerings include issuing instalment receipts, subscription receipts and stand-alone warrants or long-term warrants. Reference to stand-alone warrants or long-term warrants is intended to refer to warrants and other forms of exchangeable or convertible securities that are offered under a prospectus as a separate and independent form of investment. This would not apply to an offering of warrants where the warrants may reasonably be regarded as incidental to the offering as a whole.~~Specifically, this concern arises when the subsequent conversion, exchange or exercise occurs within a short period of time – generally 180 days or less - following the purchase of the original security.

The concerns arise because the conversion, exchange or exercise feature of the security

may operate to limit or "strip away" the remedies available to an investor for a misrepresentation in a prospectus.

~~The investor protection concern arises because the conversion or exchange feature of the security may operate to limit the remedies available to an investor for incomplete or inaccurate disclosure in a prospectus. For example, an investor may pay part of the purchase price at the time of the purchase of the convertible security and part of the purchase price at the time of the conversion. To the extent that an investor makes a further "investment decision" at the time of conversion, the investor should continue to enjoy the benefits of statutory rights or comparable contractual rights in relation to this further investment. In such circumstances, issuers should ensure that:~~

~~(a) the distribution of both the convertible or exchangeable securities and the underlying securities will be qualified by the prospectus; or~~

In particular, we are concerned about offerings of subscription receipts, or other types of securities which may be convertible, exchangeable or exercisable within a short period of time following the purchase of the original security (generally 180 days or less), where the investor, when purchasing the subscription receipt, or other similar type of security, is in effect also making an investment decision in respect of the underlying security.

Public interest concerns arise if the subsequent distribution of the underlying security is not part of the initial distribution and is not qualified by the prospectus. These concerns arise because when the security is converted, exchanged or exercised prior to the end of the statutory period for a right of action for rescission under securities legislation (which in many jurisdictions is 180 days from the date of purchase of the original security), the purchaser of a convertible, exchangeable or exercisable security does not retain the same rights to rescission because the convertible, exchangeable or exercisable security that was issued under the prospectus has been replaced by the underlying security. In these circumstances, the original purchaser should retain the benefit of any remaining statutory right of rescission that would otherwise apply in respect of the convertible, exchangeable or exercisable security. As such, the issuer should provide the original purchaser of the convertible, exchangeable or exercisable security with a contractual right of rescission in respect of the conversion, exchange or exercise transaction.

In some cases, the subsequent distribution of the underlying security may be part of the initial distribution as it is part of a series of transactions involving further purchases and sales in the course of or incidental to a distribution. If this is the case the issuer should consider whether its prospectus should qualify the distribution of both the subscription receipt, or other similar type of security, as well as the underlying security.

~~(b) the statutory rights that an investor would have if he or she purchased the underlying security offered under a prospectus are otherwise provided to the investor by way of a contractual right of action.~~

The guidance above would not apply to an offering of warrants where the warrants may reasonably be regarded as incidental to the offering as a whole. For example, in the case

of a typical special warrant offering, the special warrant converts into i) a common share, and ii) a common share purchase warrant (or a fraction thereof). In such cases, we have generally accepted that the common share purchase warrant component merely represents a "sweetener", and that the primary investment decision relates to the common share underlying the special warrant. This would also generally be the case with a unit offering where the unit consists of a common share, and a common share purchase warrant. Therefore, the regulator would not generally request that the issuer provide the original purchaser with a contractual right of rescission in respect of the sweetener warrants.

Lapse date

2.10 An amendment to a prospectus, even if it amends and restates the prospectus, does not change the lapse date under section 17.2 of the Instrument or other securities legislation.

PART 3: Filing and Receipting Requirements

Extension of 90-day period for issuance of final receipt

3.1 The effect of subsection 2.3(1) of the Instrument is to ensure that issues are not being marketed by means of preliminary prospectuses containing outdated information.

Confidential material change reports

3.2 An issuer cannot meet the standard of "full, true and plain" disclosure, while a material change report has been filed but remains undisclosed publicly. Accordingly, an issuer who has filed a confidential material change report may not file a prospectus until the material change that is the subject of the report is generally disclosed or the decision to implement the change has been rejected and the issuer so notified the regulator of each jurisdiction where the confidential material change report was filed, and an issuer may not file a confidential material change report during a distribution and continue with the distribution. If circumstances arise that cause an issuer to file a confidential material change report during the distribution period of securities under a prospectus, the issuer should cease all activities related to the distribution until

(a) the material change is generally disclosed and an amendment to the prospectus is filed, if required, or

(b) the decision to implement the material change has been rejected and the issuer has so notified the regulator of each jurisdiction where the confidential material change report was filed.

Supporting documents

3.3 Material that is filed in a jurisdiction will be made available for public inspection in that jurisdiction, subject to the provisions of securities legislation in the local jurisdiction regarding confidentiality of filed material. Material that is delivered to a regulator, but

not filed, is not generally required under securities legislation to be made available for public inspection.

Consents of lawyers

3.4 The names of lawyers or law firms frequently appear in prospectuses in two ways. First, the underwriters, the issuer and selling securityholders may name the lawyers upon whose advice they are relying. Second, the opinions of counsel that the securities may be eligible for investment under certain statutes may be expressed or opinions on the tax consequences of the investment may be given.

In the first case, we are of the view that the lawyer is not, in the words of subsection 10.1(~~1~~1.1) of the Instrument, named as having prepared or certified a part of the prospectus and is not named as having prepared or certified a report, valuation, statement or opinion referred to in the prospectus. Accordingly, this subsection does not require the written consent of the lawyer. In the second case, because the opinions or similar reports are prepared for the purpose of inclusion in the prospectus, we are of the view that this subsection applies and requires the consent.

Documents affecting the rights of securityholders

3.5(1) Subclause 9.1(a)(ii)(A) of the Instrument requires 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 carve out for a statutory or regulatory instrument is very narrow. For example, the carve out 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*.

(2) Subclause 9.1(a)(ii)(E) of the Instrument requires issuers to file copies of contracts that can reasonably be regarded as materially affecting the rights of their 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 be required to be filed under this subclause.

Material contracts

Definition

3.6(1) Under section 1.1 of the Instrument, a material contract is defined as a contract that an issuer or any of its subsidiaries is a party to, that is material to the issuer. A material contract generally includes a schedule, side letter or exhibit referred to in the material contract and any amendment to the material contract. The redaction and omission provisions in subsections 9.3(3) and (4) of the Instrument apply to these schedules, side letters, exhibits or amendments.

Filing requirements

(2) Subject to the exceptions in paragraphs 9.3(2)(a) through (f) of the Instrument, subsection 9.3(2) of the Instrument provides an exemption from the filing requirement for a material contract entered into in the ordinary course of business. Whether an issuer entered into a material contract in the ordinary course of business is a question of fact that the issuer should consider in the context of its business and industry.

Paragraphs 9.3(2)(a) through (f) of the Instrument describe specific types of material contracts that are not eligible for the ordinary course of business exemption. Accordingly, if subsection 9.3(1) of the Instrument requires an issuer to file a material contract of a type described in these paragraphs, the issuer must file that material contract even if the issuer entered into it in the ordinary course of business.

Contract of employment

(3) Paragraph 9.3(2)(a) of the Instrument provides that a material contract with certain individuals is not eligible for the ordinary course of business exemption, unless it is a "contract of employment". One way for issuers to determine whether a contract is a contract of employment is to consider whether the contract contains payment or other provisions that are required disclosure under Form 51-102F6 as if the individual were a named executive officer or director of the issuer.

External management and external administration agreements

(4) Under paragraph 9.3(2)(e) of the Instrument, external management and external administration agreements are not eligible for the ordinary course of business exemption. External management and external administration agreements include agreements between the issuer and a third party, the issuer's parent entity, or an affiliate of the issuer, under which the latter provides management or other administrative services to the issuer.

Material contracts on which the issuer's business is substantially dependent

(5) Paragraph 9.3(2)(f) of the Instrument provides that a material contract on which the "issuer's business is substantially dependent" is not eligible for the ordinary course of business exemption. Generally, a contract on which the issuer's business is substantially dependent is a contract so significant that the issuer's business depends on the continuance of the contract. Some examples of this type of contract include

(a) a financing or credit agreement providing a majority of the issuer's capital requirements for which alternative financing is not readily available at comparable terms,

(b) a contract calling for the acquisition or sale of substantially all of the issuer's property, plant and equipment, long-lived assets, or total assets, and

(c) an option, joint venture, purchase or other agreement relating to a mining or oil and gas property that represents a majority of the issuer's business.

Confidentiality provisions

(6) Under subsection 9.3(3) of the Instrument, an issuer may omit or redact a provision of a material contract that is required to be filed if an executive officer of the issuer reasonably believes that disclosure of the omitted or redacted provision would violate a confidentiality provision. A provision of the type described in paragraphs 9.3(4)(a), (b) or (c) of the Instrument may not be omitted or redacted even if disclosure would violate a confidentiality provision, including a blanket confidentiality provision covering the entire material contract.

When negotiating material contracts with third parties, reporting issuers should consider their disclosure obligations under securities legislation. A regulator or securities regulatory authority may consider granting an exemption to permit a provision of the type listed in subsection 9.3(4) of the Instrument to be redacted if

(a) the disclosure of that provision would violate a confidentiality provision, and

(b) the material contract was negotiated before the effective date of the Instrument.

The regulator may consider the following factors, among others, in deciding whether to grant an exemption:

(c) whether an executive officer of the issuer reasonably believes that the disclosure of the provision would be prejudicial to the interests of the issuer;

(d) whether the issuer is unable to obtain a waiver of the confidentiality provision from the other party.

Disclosure seriously prejudicial to interests of issuer

(7) Under subsection 9.3(3) of the Instrument, an issuer may omit or redact certain provisions of a material contract that is required to be filed if an executive officer of the issuer reasonably believes that disclosure of the omitted or redacted provision would be seriously prejudicial to the interests of the issuer. One example of disclosure that may be seriously prejudicial to the interests of the issuer is disclosure of information in violation of applicable Canadian privacy legislation. However, in situations where securities legislation requires disclosure of the particular type of information, applicable privacy legislation generally provides an exemption for the disclosure. Generally, disclosure of information that an issuer or other party has already publicly disclosed is not seriously prejudicial to the interests of the issuer.

Terms necessary for understanding impact on business of issuer

(8) An issuer may not omit or redact a provision of a type described in paragraph 9.3(4)(a), (b), or (c) of the Instrument. Paragraph 9.3(4)(c) of the Instrument provides that an issuer may not omit or redact "terms necessary for understanding the impact of the material contract on the business of the issuer". Terms that may be necessary for understanding the impact of the material contract on the business of the issuer include the following:

(a) the duration and nature of a patent, trademark, license, franchise, concession, or similar agreement;

(b) disclosure about related party transactions;

(c) contingency, indemnification, anti-assignability, take-or-pay clauses, or change-of-control clauses.

Summary of omitted or redacted provisions

(9) Under subsection 9.3(5) of the Instrument, an issuer must include a description of the type of information that has been omitted or redacted in the copy of the material contract filed by the issuer. A brief one-sentence description immediately following the omitted or redacted information is generally sufficient.

Response letters and marked up copies

3.7 In response to a comment letter for a preliminary prospectus, an issuer should include draft wording for the changes it proposes to make to a prospectus to address staff's comments. When the comments of the various securities regulators have been resolved, an issuer should clearly mark a draft of the prospectus with all proposed changes from the preliminary prospectus and submit it as far as possible in advance of the filing of final material. These procedures may prevent delay in the issuing of a receipt for the prospectus, particularly if the number or extent of changes are substantial.

Undertaking in respect of credit supporter disclosure, including financial statements

3.8 Under subparagraph 9.2(a)(x) of the Instrument, an issuer must file an undertaking to file the periodic and timely disclosure of a credit supporter. For credit supporters that are reporting issuers with a current AIF (as defined in NI 44-101), the undertaking will likely be to continue to file the documents it is required to file under NI 51-102. For credit supporters registered under the 1934 Act, the undertaking will likely be to file the types of documents that would be required to be incorporated by reference into a Form S-3 or Form F-3 registration statement. For other credit supporters, the types of documents to be filed pursuant to the undertaking will be determined through discussions with the regulators on a case-by-case basis.

If an issuer, a parent credit supporter, and a subsidiary credit supporter satisfy the conditions of the exemption in section 34.3 of Form 41-101F1, an undertaking may provide that the subsidiary credit supporter will file periodic and timely disclosure if the issuer and the credit supporters no longer satisfy the conditions of the exemption in that section.

If an issuer and a credit supporter satisfy the conditions the exemption in section 34.4 of Form 41-101F1, an undertaking may provide that the credit supporter will file periodic and timely disclosure if the issuer and the credit supporter no longer satisfy the conditions of the exemption in that section.

For the purposes of such an undertaking, references to disclosure included in the prospectus should be replaced with references to the issuer or parent credit supporter's continuous disclosure filings. For example, if an issuer and subsidiary credit supporter(s) plan to continue to satisfy the conditions of the exemption in section 34.4 of Form 41-101F1 for continuous disclosure filings, the undertaking should provide that the issuer will file with its consolidated financial statements,

(a) a statement that the financial results of the credit supporter(s) are included in the consolidated financial results of the issuer if

(i) the issuer continues to have limited independent operations, and

(ii) the impact of any subsidiaries of the issuer on a combined basis, excluding the credit supporter(s) but including any subsidiaries of the credit supporter(s) that are not themselves credit supporters, on the consolidated financial statements of the issuer continues to be minor, or

(b) for any periods covered by issuer's consolidated financial statements, consolidating summary financial information for the issuer presented in the format set out in subparagraph 34.4(e)(ii) of Form 41-101F1.

Disclosure of investigations or proceedings

3.9 Securities legislation provides that, subject to certain conditions, the securities regulatory authorities or the regulator must issue a receipt for a prospectus unless it appears that it would not be in the public interest to do so. The securities regulatory authority or the regulator will consider whether there are ongoing or recently concluded investigations or proceedings relating to

- an issuer,
- a promoter,
- a principal securityholder, director or officer of the issuer, or

- an underwriter or other person or company involved in a proposed distribution

when it determines if it should refuse to issue a receipt for the prospectus. That decision will be made on a case-by-case basis and will depend upon the facts known at the time.

If the facts and circumstances do not warrant the denial of a receipt for a prospectus, securities legislation nonetheless imposes an obligation to provide full, true and plain disclosure of all material facts relating to the securities offered by the prospectus. Disclosure of an ongoing or recently concluded investigation or proceeding relating to a person or company involved in a proposed distribution may be necessary to meet this standard. The circumstances in which disclosure will be required and the nature and extent of the disclosure will also be determined on a case-by-case basis. In making this determination, all relevant facts, including the allegations that gave rise to the investigation or proceeding, the status of the investigation or proceeding, the seriousness of the alleged breaches that are the subject of the investigation or proceeding and the degree of involvement in the proposed distribution by the person or company under investigation will be considered.

Amendments

3.10(1) Subsection 6.5(1) of the Instrument and other securities legislation provides that if a material adverse change occurs after a receipt for a preliminary prospectus is obtained, an amendment to the preliminary prospectus must be filed as soon as practicable, but in any event within 10 days after the change occurs. If a preliminary prospectus indicates the number or value of the securities to be distributed under the prospectus, an increase in the number or value is, absent unusual circumstances, unlikely to constitute a material adverse change requiring an amendment to the preliminary prospectus.

(2) If, after filing a preliminary prospectus, an issuer decides to attach or add to the securities offered under a prospectus a right to convert into, or a warrant to acquire, the security of the issuer being offered under the preliminary prospectus, the attachment or addition of the conversion feature or warrant is, absent unusual circumstances, unlikely to constitute a material adverse change requiring an amendment to the preliminary prospectus.

(3) Securities legislation provides that no person or company shall distribute securities, unless a preliminary prospectus and a prospectus have been filed and receipts have been issued by the securities regulatory authority or regulator. If an issuer intends to add a new class of securities to the distribution under the prospectus after the preliminary prospectus has been filed and receipted, we interpret this requirement to mean an issuer must file an amended and restated preliminary prospectus.

Similarly, if an issuer wishes to add a new class of securities to a prospectus before the distribution under that prospectus is completed the issuer must file a preliminary prospectus for that class of securities and an amended and restated prospectus and obtain receipts for both the preliminary prospectus and the amended prospectus. Alternatively the issuer may file a separate preliminary prospectus and prospectus for the new class of

securities. We interpret this requirement to also apply to mutual funds. If a mutual fund adds a new class or series of securities to a prospectus that is referable to a new separate portfolio of assets, a preliminary prospectus must be filed. However, if the new class or series of securities is referable to an existing portfolio of assets, the new class or series may be added by way of amendment.

(4) Any changes to the terms or conditions of the security being distributed, such as the deletion of a conversion feature, may constitute a material adverse change requiring an amendment to the preliminary prospectus.

(5) Under securities legislation, a regulator must not issue a receipt for a prospectus in certain circumstances, including if the regulator considers it prejudicial to the public interest to do so. The purpose of subsection 6.6(3) of the Instrument is to clarify that these receipt refusal grounds apply to an amendment to a final prospectus or a final short form prospectus in certain jurisdictions.

Reduced price distributions

3.11 Subsection 7.2(3) of the Instrument permits an issuer to reduce the offering price of the securities being distributed without filing an amendment to the prospectus if certain conditions are satisfied. Satisfying the conditions in this subsection means the underwriter's compensation should decrease by the amount that the aggregate price paid by purchasers for the securities is less than the gross proceeds paid by the underwriter to the issuer or selling securityholder. Section 20.8 of Form 41-101F1 requires disclosure of this fact.

Licences, registrations and approvals

3.12 For the purposes of section 10.2 of the Instrument, we would generally conclude that an issuer has all material licences, registrations and approvals necessary for the stated principal use of proceeds if the issuer could use a material portion of the proceeds of the distribution in the manner described in the prospectus without obtaining the licence, registration or approval.

Registration requirements

3.13 Issuers filing a prospectus and other market participants are reminded to ensure that members of underwriting syndicates are in compliance with registration requirements under securities legislation in each jurisdiction in which syndicate members are participating in the distribution of securities under the prospectus. Failure to comply with the registration requirements could cause the regulator to refuse to issue a receipt for the prospectus.

PART 4: General Content of Long Form Prospectus

Style of long form prospectus

4.1 Securities legislation requires that a long form prospectus contain "full, true and plain" disclosure. Issuers should apply plain language principles when they prepare a long form prospectus including:

- using short sentences;
- using definite everyday language;
- using the active voice;
- avoiding superfluous words;
- organizing the document into 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;
- avoiding vague 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.

Question and answer and bullet point formats are consistent with the disclosure requirements of the Instrument.

Pricing disclosure

4.2(1) If the offering price or the number of securities being distributed, or an estimate of the range of the offering price or the number of securities being distributed, has been publicly disclosed in a jurisdiction or a foreign jurisdiction as of the date of the preliminary long form prospectus, section 1.7 of Form 41-101F1 requires the issuer to disclose that information in the preliminary long form prospectus. For example, if an issuer has previously disclosed this information in a public filing or a press release, in a foreign jurisdiction, the information must also be disclosed in the preliminary long form prospectus. If the issuer discloses this information in the preliminary long form prospectus, we will not consider a difference between this information and the actual

offering price or number of securities being distributed to be, in itself, a material adverse change for which the issuer must file an amended preliminary long form prospectus.

(2) No disclosure is required under section 1.7 of Form 41-101F1 if the offering price or size of the offering has not been disclosed as of the date of the preliminary long form prospectus. However, given the materiality of pricing or offering size information, subsequent disclosure of this information on a selective basis could constitute conduct that is prejudicial to the public interest.

(3) If a minimum offering amount is not provided and the issuer faces significant short-term expenditures or commitments, the issuer must provide additional disclosure as required under subsections 6.3(3) and (4) of Form 41-101F1 or subsections 4.2(3) and (4) of Form 44-101F1. The issuer must provide disclosure of how it will use the proceeds at different thresholds, describing what business objectives will be accomplished at each threshold as well as the priority of how the proceeds will be used. In describing the use of proceeds under each threshold, the disclosure must also include an assessment of the impact of raising this amount on the issuer's liquidity, operations, capital resources and solvency.

Disclosures that may be necessary to understand this impact may include the following examples:

(a) for issuers without significant revenue and available working capital, disclose the anticipated length of time that the proceeds at each threshold will suffice to meet expected cash requirements;

(b) for issuers that have or anticipate having within the next 12 months any cash flow or liquidity problems, disclose how the proceeds at each threshold may impact the issuer's ability to continue in operation for the foreseeable future and realize assets and discharge liabilities in the normal course of operations;

(c) for issuers that have significant projects that have not yet commenced operations and the projects have therefore not yet generated revenue, describe how the proceeds at each threshold may impact the anticipated timing and costs of the project and other critical milestones;

(d) for issuers that have exploration and development expenditures or research and development expenditures required to maintain properties or agreements in good standing, describe how the proceeds at each threshold may impact these properties or agreements.

If the issuer anticipates additional funds from other sources are to be used in conjunction with the proceeds and the available working capital, the issuer will need to sufficiently describe the amounts of those funds, the source of those funds and whether those funds are firm or contingent. If the funds are contingent, the issuer should describe the nature of the contingency.

Depending on the particular circumstances of the issuer, one or more of the above examples may require the provision of a minimum offering amount in the prospectus. Refer to section 2.2.1 of this Policy for additional guidance.

Principal purposes – generally

4.3(1) Subsection 6.3(1) of Form 41-101F1 requires disclosure of each of the principal purposes for which the issuer will use the net proceeds. If an issuer has negative cash flow from operating activities in its most recently completed financial year for which financial statements have been included in the long form prospectus, the issuer should prominently disclose that fact in the use of proceeds section of the long form prospectus. The issuer should also disclose whether, and if so, to what extent, the issuer will use the proceeds of the distribution to fund any anticipated negative cash flow from operating activities in future periods. An issuer should disclose negative cash flow from operating activities as a risk factor under subsection 21.1(1) of Form 41-101F1. For the purposes of this section, in determining cash flow from operating activities, the issuer must include cash payments related to dividends and borrowing costs.

(2) For the purposes of the disclosure required under section 6.3 of Form 41-101F1, the phrase "for general corporate purposes" is not generally sufficient.

MD&A

Additional information for venture issuers without significant revenue

4.4(1) Section 8.6 of Form 41-101F1 requires certain venture issuers and IPO venture issuers to disclose a breakdown of material costs whether expensed or recognized as assets. 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.

Disclosure of outstanding security data

(2) Section 8.4 of Form 41-101F1 requires disclosure of information relating to the outstanding securities of the issuer as of the latest practicable date. The "latest practicable date" should be as close as possible to the date of the long form prospectus. Disclosing the number of securities outstanding at the most recently completed financial period is generally not sufficient to meet this requirement.

Additional disclosure for issuers with significant equity investees

(3) Section 8.8 of Form 41-101F1 requires issuers with significant equity investees to provide in their long form prospectuses summarized information about the equity investee. Generally, we will consider that an equity investee is significant if the equity investee would meet the thresholds for the significance tests in Item 35 of Form 41-101F1 using the financial statements of the equity investee and the issuer as at the issuer's financial year-end.

Distribution of asset-backed securities

4.5 Section 10.3 of Form 41-101F1 specifies additional disclosure that applies to distributions of asset-backed securities. Disclosure for a special purpose issuer of asset-backed securities will generally explain

- the nature, performance and servicing of the underlying pool of financial assets,
- the structure of the securities and dedicated cash flows, and
- any third party or internal support arrangements established to protect holders of the asset-backed securities from losses associated with non-performance of the financial assets or disruptions in payment.

The nature and extent of required disclosure may vary depending on the type and attributes of the underlying pool and the contractual arrangements through which holders of the asset-backed securities take their interest in such assets.

An issuer of asset-backed securities should consider the following factors when preparing its long form prospectus:

(a) The extent of disclosure respecting an 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.

(b) Disclosure about the business and affairs of the issuer should relate to the financial assets underlying the asset-backed securities.

(c) Disclosure about the originator or the seller of the underlying financial assets will often be relevant to investors in the asset-backed securities particularly where the originator or seller has an on-going involvement with the financial assets comprising the pool. For example, if asset-backed securities are serviced with the cash flows from a revolving pool of receivables, an evaluation of the nature and reliability of the future origination or the future sales of underlying assets by the

seller to or through the issuer may be a critical aspect of an investor's investment decision.

To address this, the focus of disclosure respecting an originator or seller of the underlying financial assets should deal with whether there are current circumstances that indicate that the originator or seller will not generate adequate assets in the future to avoid an early liquidation of the pool and, correspondingly, an early payment of the asset-backed securities. Summary historical financial information respecting the originator or seller will ordinarily be adequate to satisfy the disclosure requirements applicable to the originator or seller in circumstances where the originator or seller has an ongoing relationship with the assets comprising the pool.

Subsection 10.3(10) of Form 41-101F1 requires issuers of asset-backed securities to describe any person or company who originated, sold or deposited a material portion of the financial assets comprising the pool, irrespective of whether the person or company has an on-going relationship with the assets comprising the pool. The securities regulatory authorities consider 33⅓% of the dollar value of the financial assets comprising the pool to be a material portion in this context.

Distribution of derivatives and underlying securities

4.6(1) Section 10.4 of Form 41-101F1 specifies additional disclosure applicable to distributions of derivatives. This prescribed disclosure is formulated in general terms for issuers to customize appropriately in particular circumstances.

(2) If the securities being distributed are convertible into or exchangeable for other securities, or are a derivative of, or otherwise linked to, other securities, a description of the material attributes of the underlying securities will generally be necessary to meet the requirements of securities legislation that a long form prospectus contain full, true and plain disclosure of all material facts concerning the securities being distributed.

Restricted securities

4.7 Section 10.6 of Form 41-101F1 specifies additional disclosure for restricted securities, including a detailed description of any significant provisions under applicable corporate and securities law that do not apply to the holders of the restricted securities but do apply to the holders of another class of equity securities. An example of such provisions would be rights under takeover bids.

Credit supporter disclosure

4.8 A long form prospectus must include, under Item 33 of Form 41-101F1, disclosure about any credit supporters that have provided a guarantee or alternative credit support for all or substantially all of the payments to be made under the securities being distributed.

Disclosure about a credit supporter may be required even if the credit supporter has not provided full and unconditional credit support.

Exemptions for certain issues of guaranteed securities

4.9 Requiring disclosure about the issuer and any applicable credit supporters in a long form prospectus may result in unnecessary disclosure in some instances. Item 34 of Form 41-101F1 provides exemptions from the requirement to include both issuer and credit supporter disclosure where such disclosure is not necessary to ensure that the long form prospectus includes full, true and plain disclosure of all material facts concerning the securities to be distributed.

These exemptions are based on the principle that, in these instances, investors will generally require issuer disclosure or credit supporter disclosure to make an informed investment decision. These exemptions are not intended to be comprehensive and issuers may apply for exemptive relief from the requirement to provide both issuer and credit supporter disclosure, as appropriate.

Previously disclosed material forward-looking information

4.10 If an issuer, at the time it files a long form prospectus,

(a) has previously disclosed to the public material forward-looking information for a period that is not yet complete, and

(b) is aware of events and circumstances that are reasonably likely to cause actual results to differ materially from the material forward-looking information,

the issuer should discuss those events and circumstances, and the expected differences from the material forward-looking information, in the long form prospectus.

PART 5: Content of Long Form Prospectus (Financial Statements)

Exemptions from financial disclosure requirements

5.1 Request for exemptions from financial disclosure should be made in accordance with Part 19 of the Instrument, which requires the issuer to make submissions in writing along with the reasons for the request. Written submissions should be filed at the time the preliminary long form prospectus is filed, and include any proposed alternative disclosure. If the application involves a novel and substantive issue or raises a novel public policy concern, issuers should use the pre-filing procedures under NP 11-202. Issuers that are not filing their prospectuses under NP 11-202 should also follow the principles outlined and procedures set out in NP 11-202.

Presentation of Financial Results

5.1.1 Canadian GAAP applicable to publicly accountable enterprises provides an issuer two alternatives in presenting its income: (a) in one single statement of comprehensive income, or (b) in a statement of comprehensive income with a separate income statement. If an issuer presents its income using the second alternative, both statements must be filed to satisfy the requirements of this Instrument. (See subsections 32.2(1.1) and 32.3(3) of Form 41-101F1).

General financial statement requirements

5.2 If an issuer has filed annual financial statements or an interim financial report for periods that are more recent than those that the issuer must otherwise include in a long form prospectus before it files the prospectus, sections 32.6 and 35.8 of Form 41-101F1 require the issuer to include those financial statements in the long form prospectus. Issuers should update the disclosure in the prospectus accordingly in order to satisfy the requirement that the long form prospectus contain full, true and plain disclosure of all material facts relating to the securities being distributed. However, if historical financial information derived from more recent annual financial statements or interim financial report is released to the public by the issuer before the financial statements are filed, the prospectus should include the information included in the news release or public communication. There is no specific requirement in the Instrument to otherwise update the prospectus, or pro forma financial statements to reflect the more recent information.

We think the directors of an issuer should endeavor to consider and approve financial statements in a timely manner and should not delay the approval and filing of the financial statements for the purpose of avoiding their inclusion in a long form prospectus. Once the directors have approved an issuer's financial statements, the issuer should file them as soon as possible.

Interpretation of issuer – primary business

5.3(1) An issuer is required to provide historical financial statements under Item 32 of Form 41-101F1 for a business or related businesses that a reasonable investor would regard as the primary business of the issuer. However, if the issuer is a reporting issuer whose principal assets are not cash, cash equivalents or an exchange listing, and the acquisition of the primary business represents a significant acquisition for the issuer, the reporting issuer is subject to the requirements of Item 35 in respect of the financial statement and other disclosure for the acquisition.

An acquisition does not include a reverse takeover, as defined in NI 41-101 which cross-references the meaning of acquisition as used in Part 8 of NI 51-102. Therefore a reporting issuer cannot rely on the exemption in subsection 32.1(2) if the applicable transaction is a reverse takeover.

Examples of when a reasonable investor would regard the primary business of the issuer to be the acquired business or related businesses, thereby triggering the application of Item 32, are when the acquisition(s) was

(a) a reverse takeover,

(b) a qualifying transaction for a Capital Pool Company, or

(c) an acquisition that is a significant acquisition at over the 100% level under subsection 35.1(4) of Form 41-101F1.

The issuer should consider the facts of each situation to determine whether a reasonable investor would regard the primary business of the issuer to be the acquired business or related businesses.

(2) The periods for which the issuer must provide financial statements under Item 32 of Form 41-101F1 for an acquired business or businesses that are regarded as the primary business of the issuer should be determined in reference to sections 32.2 and 32.3 of Form 41-101F1, and with the same exceptions, where applicable, set out in paragraphs 32.4(a) through (e) of Form 41-101F1. For example, for an issuer that is a reporting issuer in at least one jurisdiction immediately before filing a long form prospectus, the reference to three years in subparagraph 32.2(6)(a) of Form 41-101F1 should be read as two years under paragraphs 32.4(a), (b), (d) and (e) of Form 41-101F1.

The issuer must also consider the necessity of including pro forma financial statements pursuant to section 32.7 of Form 41-101F1 to illustrate the impact of the acquisition of the primary business on the issuer's financial position and results of operations. For additional guidance, an issuer should refer to section 5.10 of this Policy.

Interpretation of issuer – predecessor entity

5.4(1) An issuer is required to provide historical financial statements under Item 32 of the Form 41-101F1 for any predecessor entity. This includes financial statements of acquired businesses that are unrelated and not otherwise individually significant, but together form the basis of the business of the issuer. ~~In these circumstances, the issuer should~~However, if the issuer is a reporting issuer whose principal assets are not cash, cash equivalents or an exchange listing, and the acquisition of the predecessor entity represents a significant acquisition for the issuer, the reporting issuer is subject to the requirements of Item 35 in respect of the financial statement and other disclosure for the acquisition.

The issuer must also consider the necessity of including pro forma financial statements ~~in the prospectus giving effect to the recently completed or proposed~~pursuant to section 32.7 of Form 41-101F1 to illustrate the impact of the acquisition of ~~a~~the predecessor entity~~.~~ on the issuer's financial position and results of operations. For additional guidance, an issuer should refer to section 5.10 of this Policy.

(2) If an issuer determines the financial statements of certain acquired businesses referred to in subsection (1) are not relevant, the issuer should utilize the pre-filing procedures in NP 11-202 to determine whether it would require an exemption from the requirement to include these financial statements.

Sufficiency of financial history included in a long form prospectus

5.5(1) Item 32 of Form 41-101F1 prescribes the issuer financial statements that must be included in a long form prospectus. We recognize that an issuer, at the time of filing a long form prospectus, may have been in existence for less than one year. We expect that in many situations the limited historical financial statement information that is available for such an issuer may be adequately supplemented by other relevant information disclosed in the long form prospectus. However, if the issuer cannot provide financial statements for a period of at least 12 months and the long form prospectus does not otherwise contain information concerning the business conducted or to be conducted by the issuer that is sufficient to enable an investor to make an informed investment decision, a securities regulatory authority or regulator may consider this a key factor when deciding whether it should refuse to issue a receipt for the long form prospectus.

(2) A reference to a prospectus includes a preliminary prospectus. Consequently, the time references in sections 32.2, 32.3, 35.5 and 35.6 of Form 41-101F1 should be considered as at the date of the preliminary long form prospectus and again at the date of the final long form prospectus for both the issuer and any business acquired or to be acquired. Depending on the period of time between the dates of the preliminary and final long form prospectuses, an issuer may have to include more recent financial statements.

(3) An issuer is subject to certain additional disclosure requirements when it discloses an interim financial report for a period in the year of adopting IFRS, as set out in subparagraph 32.3(2)(e) and subsection 32.3(4) of Form 41-101F1. These requirements only apply to interim financial reports relating to periods in the year of adopting IFRS and therefore do not apply if the prospectus includes annual financial statements prepared in accordance with IFRS.

An issuer is required to provide an opening IFRS statement of financial position at the date of transition to IFRS. An issuer with, for example, a year-end of December 31, 2010 that files a prospectus for which it must include its first interim financial report in the year of adopting IFRS for the period ended March 31, 2011, must generally provide an opening IFRS statement of financial position at January 1, 2010.

An issuer must also include various reconciliations required by IFRS 1 to explain how the transition from previous GAAP to IFRS has affected its reported financial position, financial performance and cash flows. In the first interim period IFRS 1 requires certain additional reconciliations which relate to annual periods and the date of transition to IFRS. Where an issuer that was not a reporting issuer in at least one jurisdiction immediately before filing the prospectus includes an interim financial report in respect of the second or third interim period in the year of adopting IFRS, subsection 32.3(4) of

Form 41-101F1 requires these additional reconciliations to be included in the prospectus. Alternatively, pursuant to subsection 32.3(4) of Form 41-101F1, the issuer may include the first interim financial report in the year of adopting IFRS as this report includes the required reconciliations.

These additional reconciliations may be summarized as follows:

- reconciliations of the issuer's equity presented in accordance with previous GAAP to its equity in accordance with IFRS for the date of transition to IFRS (January 1, 2010 in the above-noted example);

- reconciliations of the issuer's equity presented in accordance with previous GAAP to its equity in accordance with IFRS for the end of the latest period presented in the issuer's most recent annual financial statements in accordance with previous GAAP (December 31, 2010 in the above-noted example); and

- a reconciliation of the issuer's total comprehensive income (or total profit or loss) presented in accordance with previous GAAP to its total comprehensive income in accordance with IFRS for the latest period in the issuer's most recent annual financial statements presented in the prospectus in accordance with previous GAAP (year ended December 31, 2010 in the above-noted example).

The reconciliations summarized above must give sufficient detail to enable investors to understand the material adjustments to the statement of financial position, statement of comprehensive income and statement of cash flows.

Applications for exemption from requirement to include financial statements of the issuer

5.6(1) We believe investors should receive in a long form prospectus for an IPO no less than three years of audited historical financial statements and that relief from the financial statements requirements should be granted only in unusual circumstances and generally not related solely to the cost or the time involved in preparing and auditing the financial statements.

(2) In view of our reluctance to grant exemptions from the requirement to include audited historical financial statements, issuers seeking relief should consult with staff on a pre-filing basis.

(3) Considerations relevant to granting an exemption from the requirement to include financial statements, generally for the years immediately preceding the issuer's most recently completed financial year, may include the following:

The issuer's historical accounting records have been destroyed and cannot be reconstructed.

(a) In this case, as a condition of granting the exemption, the issuer may be requested by a securities regulatory authority or regulator to

(i) represent in writing to the securities regulatory authority or regulator, no later than the time the preliminary long form prospectus is filed, that the 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 long form prospectus the fact that the historical accounting records have been destroyed and cannot be reconstructed.

The issuer has emerged from bankruptcy and current management is denied access to the historical accounting records necessary to audit the financial statements.

(b) In this case, as a condition of granting the exemption, the issuer may be requested by a securities regulatory authority or regulator to

(i) represent in writing to the securities regulatory authority or regulator, no later than the time the preliminary long form prospectus is filed, that the 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, and

(ii) disclose in the long form prospectus the fact that the issuer has emerged from bankruptcy and current management is denied access to the historical accounting records.

The issuer has undergone a fundamental change in the nature of its business or operations affecting a majority of its operations and all, or substantially all, of the executive officers and directors of the company have changed.

(c) The evolution of a business or progression along a development cycle will not be considered to be a fundamental change in an issuer's business or operations. Relief from the requirement to include financial statements of the issuer required by the Instrument for the year in which the change occurred, or for the most recently completed financial year if the change in operations occurred during the issuer's current financial year, generally will not be granted.

(4) If, in unusual circumstances, relief from Part 4 of the Instrument is granted, additional financial information will likely be requested to allow a reader to gain a similar understanding of the entity's financial position and prospects as one would gain from the information required in Part 4 of the Instrument.

Examples of acceptable additional information include an audited interim financial report, audited divisional statements of comprehensive income or cash flows, financial

statements accompanied by an auditor's report that expresses a modified opinion, or audited statements of net operating income.

Additional information

5.7 An issuer may find it necessary, in order to meet the requirement for full, true and plain disclosure contained in securities legislation, to include certain additional information in its long form prospectus, such as separate financial statements of a subsidiary of the issuer in a long form prospectus, even if the financial statements of the subsidiary are included in the consolidated financial statements of the issuer. For example, separate financial statements of a subsidiary may be necessary to help explain the risk profile and nature of the operations of the subsidiary.

Audit and review of financial statements included or incorporated by reference into a long form prospectus

5.8(1) Part 4 of the Instrument requires that all financial statements included in a long form prospectus be audited, except financial statements specifically exempted in the Instrument. This requirement extends to financial statements of subsidiaries and other entities even if the financial statements are not required to be included in the long form prospectus but have been included at the discretion of the issuer.

(2) NI 52-107 requires that financial statements, other than acquisition statements, that are required to be audited by securities legislation, such as this Instrument, be accompanied by an auditor's report that expresses an unmodified opinion if they were audited in accordance with Canadian GAAS or International Standards on Auditing, or contain an unqualified opinion if they were audited in accordance with U.S. PCAOB GAAS. This requirement applies to all financial statements included in the long form prospectus under Item 32 of Form 41-101F1, including financial statements from entities acquired or to be acquired that are the primary business or the predecessor of the issuer. For greater clarity, subsections 3.12(3) and 4.12(6) of NI 52-107 only apply to financial statements included in the long form prospectus pursuant to Item 35 of Form 41-101F1. Relief may be granted to non-reporting issuers in appropriate circumstances to permit the auditor's report on financial statements to contain a qualified opinion relating to opening inventory if there is a subsequent audited period of at least six months on which the auditor's report expresses an unmodified opinion and the business is not seasonal. Issuers requesting this relief should be aware that NI 51-102 requires an issuer's comparative financial statements be accompanied by an auditors' report that expresses an unmodified opinion.

Financial statement disclosure for significant acquisitions

Applicable principles in NI 51-102

5.9(1) Generally, it is intended that the disclosure requirements set out in Item 35 of Form 41-101F1 for significant acquisitions follow the requirements in Part 8 of NI 51-102. The guidance in Part 8 of the companion policy to NI 51-102 ("51-102CP") apply to any

disclosure of a significant business acquisition in a long form prospectus required by Item 35 of Form 41-101F1, except

(a) any headings in Part 8 of 51-102CP should be disregarded,

(b) subsections 8.1(1), 8.1(5), 8.7(8), and 8.10(2) of 51-102CP do not apply,

(c) other than in subsections 8.3(4) and 8.7(7) of 51-102CP, any references to a "reporting issuer" should be read as an "issuer",

(d) any references to the "Instrument" should be read as "NI 51-102",

(e) any references to a provision in NI 51-102 in 51-102CP should be read to include the following "as it applies to a long form prospectus pursuant to Item 35 of Form 41-101F1",

(f) any references to "business acquisition report" should be read as "long form prospectus",

(g) in subsection 8.1(2) of 51-102CP, the term "file a copy of the documents as its business acquisition report" should be read as "include that disclosure in its long form prospectus in lieu of the significant acquisition disclosure required under Item 35 of Form 41-101F1",

(h) in subsection 8.2(1) of 51-102CP,

  (i) the term "The test" should be read as "For any completed acquisition, the test",

  (ii) the sentence "For any proposed acquisition of a business or related businesses by an issuer that has progressed to a state where a reasonable person would believe that the likelihood of the issuer completing the acquisition is high, the test must be applied using the financial statements included in the long form prospectus." should be added after "the business.", and

  (iii) the term "business acquisition report will be required to be filed" should be read as "disclosure regarding the significant acquisition is required to be included in the issuer's long form prospectus",

(i) in subsection 8.3(1) of 51-102CP, the term "filing a business acquisition report" should be read as "the financial statements used for the optional tests",

(j) in section 8.5, and subsection 8.7(4), of 51-102CP, the term "filed" wherever it occurs, should be read as "included in the long form prospectus",

(k) in subsection 8.7(1) of 51-102CP, the term "as already filed" should be read as "included in the long form prospectus",

(l) in subsection 8.7(2) of 51-102CP, the term "filed under the Instrument" should be read as "included in the long form prospectus",

(m) in subsection 8.7(4) of 51-102CP, the term "presented" should be read as "for which financial statements are included in the prospectus",

(n) in subsection 8.7(6) of 51-102CP, the term "for which financial statements are included in the long form prospectus" should be added after "financial year",

(o) in paragraph 8.8(a) of 51-102CP, the term "prior to the deadline for filing the business acquisition report" should be read as "using the pre-filing procedures referred to in section 5.1 of this Policy",

(p) in subsection 8.9(1) of 51-102CP, the term "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" should be read as "using the pre-filing procedures referred to in section 5.1 of this Policy", and

(q) in subparagraphs 8.9(4)(a)(i) and 8.9(4)(b)(i) of 51-102CP, the term "no later than the time the business acquisition report is required to be filed" wherever it occurs should be read as "using the pre-filing procedures referred to in section 5.1 of this Policy".

(r) in subparagraph 8.10(1) of 51-102CP, the term "but must be reviewed" should be added after "may be unaudited".

Completed significant acquisitions and the obligation to provide business acquisition report level disclosure for a non-reporting issuer

(2) For an issuer that is not a reporting issuer in any jurisdiction immediately before filing the long form prospectus (a "non-reporting issuer"), the long form prospectus disclosure requirements for a significant acquisition are generally intended to mirror those for reporting issuers subject to Part 8 of NI 51-102. To determine whether an acquisition is significant, non-reporting issuers would first look to the guidance under section 8.3 of NI 51-102. The initial test for significance would be calculated based on the financial statements of the issuer and acquired business or related businesses for the most recently completed financial year of each that ended before the acquisition date.

To recognize the possible growth of a non-reporting issuer between the date of its most recently completed year end and the acquisition date and the corresponding potential decline in significance of the acquisition to the issuer, issuers should refer to the guidance

in paragraph 35.1(4)(b) of Form 41-101F1 to perform the optional test. The applicable time period for this optional test for the issuer is the most recently completed interim period or financial year for which financial statements of the issuer are included in the prospectus and for the acquired business or related businesses is the most recently completed interim period or financial year ended before the date of the long form prospectus

The significance thresholds for IPO venture issuers are identical to the significance thresholds for venture issuers.

The timing of the disclosure requirements set out in subsection 35.3(1) of Form 41-101F1 are based on the principles under section 8.2 of NI 51-102. For reporting issuers, subsection 8.2(2) of NI 51-102 sets out the timing of disclosures for significant acquisitions where the acquisition occurs within 45 days after the year end of the acquired business. However, for IPO venture issuers, paragraph 35.3(1)(d) imposes a disclosure requirement for all significant acquisitions completed more than 90 days before the date of the long form prospectus, where the acquisition occurs within 45 days after the year end of the acquired business. This differs from the business acquisition report filing deadline for venture issuers under paragraph 8.2(2)(b) of NI 51-102 where the business acquisition report deadline for any significant acquisition where the acquisition occurs within 45 days after the year end of the acquired business is within 120 days after the acquisition date.

Probable acquisitions

(3) When interpreting the phrase "where a reasonable person would believe that the likelihood of the acquisition being completed is high", it is our view that the following factors may be relevant in determining whether the likelihood of an acquisition being completed is high:

(a) whether the acquisition has been publicly announced;

(b) whether the acquisition is the subject of an executed agreement;

(c) the nature of conditions to the completion of the acquisition including any material third party consents required.

The test of whether a proposed acquisition "has progressed to a state where a reasonable person would believe that the likelihood of the acquisition being completed is high" is an objective, rather than subjective, test in that the question turns on what a "reasonable person" would believe. It is not sufficient for an officer of an issuer to determine that he or she personally believes that the likelihood of the acquisition being completed is or is not high. The officer must form an opinion as to what a reasonable person would believe in the circumstances. In the event of a dispute, an objective test requires an adjudicator to decide whether a reasonable person would believe in the circumstances that the likelihood of an acquisition being completed was high. By contrast, if the disclosure

requirement involved a subjective test, the adjudicator would assess an individual's credibility and decide whether the personal opinion of the individual as to whether the likelihood of the acquisition being completed was high was an honestly held opinion. Formulating the disclosure requirement using an objective test rather than a subjective test strengthens the basis upon which the regulator may object to an issuer's application of the test in particular circumstances.

We generally presume that the inclusion of financial statements or other information is required for all acquisitions that are, or would be, significant under Part 8 of NI 51-102. Reporting issuers can rebut this presumption if they can provide evidence that the financial statements or other information are not required for full, true and plain disclosure.

Satisfactory alternative financial statements or other information

(4) Issuers must satisfy the disclosure requirements in section 35.5 or section 35.6 of Form 41-101F1 by including either:

(i) the financial statements or other information that would be required by Part 8 of NI 51-102; or

(ii) satisfactory alternative financial statements or other information.

Satisfactory alternative financial statements or other information may be provided to satisfy the requirements of subsection 35.5(3) or subsection 35.6(3) of Form 41-101F1 when the financial statements or other information that would be required by Part 8 of NI 51-102 relate to a financial year ended within 90 days before the date of the long form prospectus or an interim period ended within 60 days before the date of the long form prospectus for issuers that are venture issuers, and 45 days for issuers that are not venture issuers. In these circumstances, we believe that satisfactory alternative financial statements or other information would not have to include any financial statements or other information for the acquisition or probable acquisition related to:

(a) a financial year ended within 90 days before the date of the long form prospectus; or

(b) an interim period ended within 60 days before the date of the long form prospectus for issuers that are venture issuers, and 45 days for issuers that are not venture issuers.

An example of satisfactory alternative financial statements or other information that we will generally find acceptable would be:

(c) comparative annual financial statements or other information for the acquisition or probable acquisition for at least the number of financial years as would be required under Part 8 of NI 51-102 that ended more than 90 days before the date

of the long form prospectus, audited for the most recently completed financial period in accordance with section 4.2 of the Instrument, and reviewed for the comparative period in accordance with section 4.3 of the Instrument;

(d) a comparative interim financial report or other information for the acquisition or probable acquisition for any interim period ended subsequent to the latest annual financial statements included in the long form prospectus and more than 60 days before the date of the long form prospectus for issuers that are venture issuers, and 45 days for issuers that are not venture issuers reviewed in accordance with section 4.3 of the Instrument; and

(e) pro forma financial statements or other information required under Part 8 of NI 51-102.

If the issuer intends to include financial statements as set out in the example above as satisfactory alternative financial statements, we ask that this be highlighted in the cover letter to the long form prospectus. If the issuer does not intend to include financial statements or other information, or intends to file financial statements or other information that are different from those set out above, the issuer should use the pre-filing procedures in NP 11-202.

Acquired business has recently completed an acquisition

(5) When an issuer acquires a business or related businesses that has itself recently acquired another business or related businesses (an "indirect acquisition"), the issuer should consider whether long form prospectus disclosure about the indirect acquisition, including historical financial statements, is necessary to satisfy the requirement that the long form prospectus contain full, true and plain disclosure of all material facts relating to the securities being distributed. In making this determination, the issuer should consider the following factors:

- if the indirect acquisition would meet any of the significance tests in section 35.1(4) of Form 41-101F1 when the issuer applies each of those tests to its proportionate interest in the indirect acquisition of the business;

- if the amount of time between the separate acquisitions is such that the effect of the first acquisition is not adequately reflected in the results of the business or related businesses the issuer is acquiring.

Financial statements or other information

(6) Paragraphs 35.5(2)(b) and 35.6(2)(b) discuss financial statements or other information for the acquired business or related businesses. This "other information" is intended to capture the financial information disclosures required under Part 8 of NI 51-102 other than financial statements. An example of "other information" would include the

operating statements, property descriptions, production volumes and reserves disclosures described under section 8.10 of NI 51-102.

(7) Section 3.11 of NI 52-107 permits acquisition statements included in a business acquisition report or prospectus to be prepared in accordance with Canadian GAAP applicable to private enterprises in certain circumstances. The ability to present acquisition statements using Canadian GAAP applicable to private enterprises would not extend to a situation where an entity acquired or to be acquired is considered the primary business or the predecessor of the issuer~~.~~ and the issuer must provide financial statements for this acquisition under Item 32.

Financial statements for acquisitions of a predecessor entity, a business or businesses acquired by reporting and non-reporting issuers

~~**Pro forma financial statements for acquisitions of a predecessor entity, a business or businesses acquired by the issuer, or other entity**~~

5.10(1) The financial statements for acquisitions of a predecessor entity, a business or businesses acquired by the issuer, or other entity must be ~~filed~~included in the prospectus under Item 32 of Form 41-101F1, if the entities or businesses satisfy the conditions of paragraph 32.1(1)(a), (b), or (c) of Form 41-101F~~1. Despite this requirement, acquisitions of a predecessor entity, a business or businesses acquired by the issuer, or other entity may also be subject to the requirements in Item 35 of Form 41-101F1. For example, the long form prospectus should include pro forma financial statements and a description of the entities or businesses.~~1 and

(a) the issuer was not a reporting issuer in any jurisdiction on the acquisition date in the case of a completed acquisition or immediately prior to the prospectus filing in the case of a proposed acquisition, as set out in section 35.1 of Form 41-101F1; or

(b) the issuer was a reporting issuer with only cash, cash equivalents or an exchange listing as its principal asset.

If the issuer was a reporting issuer prior to the filing of the prospectus, but its principal asset was not cash, cash equivalents or its exchange listing, the issuer would be eligible to disclose the above-noted acquisitions in accordance with Item 35. The disclosure requirements applicable to a reporting issuer in Item 35 are intended to reflect the requirements that would be prescribed for such acquisitions in the reporting issuer's business acquisition report.

(2) An issuer that is subject to Item 32 must also consider the necessity of including pro forma financial statements pursuant to section 32.7 of Form 41-101F1 to illustrate the impact of the acquisition on the issuer's financial position and results of operations. However, these pro forma financial statements are only required if their inclusion is necessary for the prospectus to contain full, true and plain disclosure of all material facts

relating to the securities being distributed. Examples of when pro forma financial statements would likely be necessary are in cases where:

(a) the issuer has acquired multiple businesses over the relevant period; or

(b) the issuer has an active business and has acquired another business that will constitute its primary business going forward.

In certain circumstances, an issuer may need to disclose multiple acquisitions in its prospectus where the acquisitions include an acquisition of a primary business or predecessor entity to which section 32.1 of Form 41-101F1 applies and a significant acquisition to which only item 35 of Form 41-101F1 applies. In this case, the issuer may wish to present one set of pro forma financial statements reflecting the results of all of the acquisitions, as contemplated separately in each of sections 32.8 and 35.7 of Form 41-101F1. The securities regulatory authority or regulator would not generally object to providing this relief. However the issuer must request the relief when filing its preliminary prospectus.

PART 6: Advertising or Marketing Activities in Connection with Prospectus Offerings

Scope

6.1(1) The discussion below is focused on the impact of the prospectus requirement on advertising or marketing activities in connection with a prospectus offering.

(2) Issuers and market participants who engage in advertising or marketing activities must also consider the impact of the registration requirement in each jurisdiction where such advertising or marketing activities are undertaken. Unless an exemption to the registration requirement is available, such activities may be made only by a person or company who is registered in the appropriate category having regard to the securities that are the subject of the advertising or marketing activities.

(3) Advertising or marketing activities are also subject to regulation under securities legislation and other rules, including those relating to disclosure, and insider trading and registration, which are not discussed below.

The prospectus requirement

6.2(1) Securities legislation generally provides that no one may trade in a security where that trade would be a distribution unless the prospectus requirement has been satisfied, or an exemption is available.

(2) The analysis of whether any particular advertising or marketing activities is prohibited by virtue of the prospectus requirement turns largely on whether the activities constitute a trade and, if so, whether such a trade would constitute a distribution.

(3) In Québec, since securities legislation has been designed without the notion of a "trade", the analysis is dependent solely on whether the advertising or marketing activities constitute a distribution.

Definition of "trade"

(4) Securities legislation (other than the securities legislation of Québec) defines a "trade" in a non-exhaustive manner to include, among other things

any sale or disposition of a security for valuable consideration,

any receipt by a registrant of an order to buy or sell a security, and

any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of any of the foregoing.

(5) Any advertising or marketing activities that can be reasonably regarded as intended to promote a distribution of securities would be "conduct directly or indirectly in furtherance" of the distribution of a security and, therefore, would fall within the definition of a trade.

Definition of distribution

(6) Even though advertising or marketing activities constitute a "trade" for the purposes of securities legislation (other than the securities legislation of Québec), they would be prohibited by virtue of the prospectus requirement only if they also constitute a distribution under securities legislation. Securities legislation (other than the securities legislation of Québec) defines a distribution to include a "trade" in, among other things, previously unissued securities and securities that form part of a control block.

(7) The definition of distribution under the securities legislation of Québec includes the endeavour to obtain or the obtaining of subscribers or purchasers of previously unissued securities.

Prospectus exemptions

(8) It has been suggested by some that advertising or marketing activities, even if clearly made in furtherance of a distribution, could be undertaken in certain circumstances on a prospectus exempt basis. Specifically, it has been suggested that if an exemption from the prospectus requirement is available in respect of a specific distribution (even though the securities will be distributed under a prospectus), advertising or marketing related to such distribution would be exempt from the prospectus requirement. This analysis is premised on an argument that the advertising or marketing activities constitute one distribution that is exempt from the prospectus requirement while the actual sale of the security to the purchaser constitutes a second discrete distribution effected pursuant to the prospectus.

(9) We are of the view that this analysis is contrary to securities legislation. In these circumstances, the distribution in respect of which the advertising or marketing activities are undertaken is the distribution pursuant to the anticipated prospectus. Advertising or marketing must be viewed in the context of the prospectus offering and as an activity in furtherance of that distribution. If it were otherwise, the overriding concerns implicit and explicit in securities legislation regarding equal access to information, conditioning of the market, tipping and insider trading, and the provisions of the legislation designed to ensure such access to information and curb such abuses, could be easily circumvented.

(10) We recognize that an issuer and a dealer may have a demonstrable *bona fide* intention to effect an exempt distribution and this distribution may be abandoned in favour of a prospectus offering. In these very limited circumstances, there may be two separate distributions. From the time when it is reasonable for a dealer to expect that a *bona fide* exempt distribution will be abandoned in favour of a prospectus offering, the general rules relating to advertising or marketing activities that constitute an act in furtherance of a distribution will apply.

Advertising or marketing activities

6.3(1) The prospectus requirement applies to any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of a distribution unless a prospectus exemption is available. Accordingly, advertising or marketing activities intended to promote the distribution of securities, in any form, would be prohibited by virtue of the prospectus requirement. Advertising or marketing activities subject to the prospectus requirement may be oral, written or electronic and include the following:

- television or radio advertisements or commentaries;
- published materials;
- correspondence;
- records;
- videotapes or other similar material;
- market letters;
- research reports;
- circulars;
- promotional seminar text;
- telemarketing scripts;

- reprints or excerpts of any other sales literature.

(2) Advertising or marketing activities that are not in furtherance of a distribution of securities would not generally fall within the definition of a distribution and, therefore, would not be prohibited by virtue of the prospectus requirement. The following activities would not generally be subject to the prospectus requirement:

- advertising and publicity campaigns that are aimed at either selling products or services of the issuer or raising public awareness of the issuer;

- communication of factual information concerning the business of the issuer that is released in a manner, timing and form that is consistent with the regular past communications practices of the issuer if that communication does not refer to or suggest the distribution of securities;

- the release or filing of information that is required to be released or filed pursuant to securities legislation.

(3) Any activities that form part of a plan or series of activities undertaken in anticipation or in furtherance of a distribution would usually trigger the prospectus requirement, even if they would be permissible if viewed in isolation. Similarly, we may still consider advertising or marketing activities that do not indicate that a distribution of securities is contemplated to be in furtherance of a distribution by virtue of their timing and content. In particular, where a private placement or other exempt distribution occurs prior to or contemporaneously with a prospectus offering, we may consider activities undertaken in connection with the exempt distribution as being in furtherance of the prospectus offering.

Pre-marketing and solicitation of expressions of interest in the context of a bought deal

6.4(1) In general, any advertising or marketing activities undertaken in connection with a prospectus prior to the issuance of a receipt for the preliminary prospectus are prohibited under securities legislation by virtue of the prospectus requirement.

(2) In the context of a bought deal, a limited exception to the prospectus requirement has been provided in Part 7 of NI 44-101. The exception is limited to communications by a dealer, directly or through any of its directors, officers, employees or agents, with any person or company (other than another dealer) for the purpose of obtaining from that person or company information as to the interest that it, or any person or company that it represents, may have in purchasing securities of the type that are proposed to be distributed, prior to a preliminary prospectus relating to those securities being filed with the relevant securities regulatory authorities.

(3) The conditions set out in Part 7 of NI 44-101, including the entering into of an enforceable agreement between the issuer and an underwriter or underwriters who have

agreed to purchase the securities and the issuance and filing of a press release announcing the agreement, must be satisfied prior to any solicitation of expressions of interest.

(4) A distribution of securities commences at the time when

- a dealer has had discussions with an issuer or a selling securityholder, or with another dealer that has had discussions with an issuer or a selling securityholder about the distribution, and

- those distribution discussions are of sufficient specificity that it is reasonable to expect that the dealer (alone or together with other dealers) will propose to the issuer or the selling securityholder an underwriting of the securities.

(5) We understand that many dealers communicate on a regular basis with clients and prospective clients concerning their interest in purchasing various securities of various issuers. We will not generally consider such ordinary course communications as being made in furtherance of a distribution. However, from the commencement of a distribution, communications by the dealer, with a person or company designed to have the effect of determining the interest that it, or any person or company that it represents, may have in purchasing securities of the type that are the subject of distribution discussions, that are undertaken by any director, officer, employee or agent of the dealer

(a) who participated in or had actual knowledge of the distribution discussions, or

(b) whose communications were directed, suggested or induced by a person referred to in (a), or another person acting directly or indirectly at or upon the direction, suggestion or inducement of a person referred to in (a),

are considered to be in furtherance of the distribution and contrary to securities legislation.

(6) From the commencement of the distribution no communications, market making, or other principal trading activities in securities of the type that are the subject of distribution discussions may be undertaken by a person referred to in paragraph 5(a), above, or at or upon the direction, suggestion or inducement of a person or persons referred to in paragraph 5(a) or (b) above until the earliest of

- the issuance of a receipt for a preliminary prospectus in respect of the distribution,

- the time at which a press release that announces the entering into of an enforceable agreement in respect of a bought deal is issued and filed in accordance with Part 7 of NI 44-101, and

- the time at which the dealer determines not to pursue the distribution.

(7) We note that the Investment Industry Regulatory Organization of Canada has adopted IIROC Rule 29.13 which is consistent with the above discussion relating to pre-marketing of bought deals of equity securities. However, the principles articulated above apply to all offerings, whether of debt or equity securities, or a combination.

Advertising or marketing activities during the waiting period

6.5(1) Securities legislation provides an exception to the prospectus requirement for limited advertising or marketing activities during the waiting period between the issuance of the receipt for the preliminary prospectus and the receipt for the final prospectus. Despite the prospectus requirement, it is permissible during the waiting period to

(a) distribute notices, circulars, advertisements, letters or other communications that

- "identify" the securities proposed to be issued,
- state the price of such securities, if then determined, and
- state the name and address of a person or company from whom purchases of securities may be made,

provided that any such notice, circular, advertisement, letter or other communication states the name and address of a person or company from whom a preliminary prospectus may be obtained,

(b) distribute the preliminary prospectus, and

(c) solicit expressions of interest from a prospective purchaser, if prior to such solicitation or forthwith after the prospective purchaser indicates an interest in purchasing the securities, a copy of the preliminary prospectus is forwarded to the prospective purchaser.

(2) The use of any other marketing information or materials during the waiting period would result in the violation of the prospectus requirement.

(3) The "identification" of the security does not permit an issuer or dealer to include a summary of the commercial features of the issue. These details are set out in the preliminary prospectus which is intended as the main disclosure vehicle pending the issuance of the final receipt. The purpose of the permitted advertising or marketing activities during the waiting period is essentially to alert the public to the availability of the preliminary prospectus.

(4) For the purpose of identifying a security, the advertising or marketing material may only

- indicate whether a security represents debt or a share in a company or an interest in a non-corporate entity (e.g. a unit of undivided ownership in a film property) or a partnership interest,

- name the issuer if the issuer is a reporting issuer, or name and describe briefly the business of the issuer if the issuer is not already a reporting issuer (the description of the business should be cast in general terms and should not attempt to summarize the proposed use of proceeds),

- indicate, without giving details, whether the security qualifies the holder for special tax treatment, and

- indicate how many securities will be made available.

Green sheets

6.6(1) Some dealers prepare summaries of the principal terms of an offering, sometimes referred to as green sheets. Typically green sheets include information beyond the limited information for which an exemption to the prospectus requirement is available during the waiting period. If so, we would consider the distribution of a green sheet to a potential investor to contravene the prospectus requirement.

(2) Including material information in a green sheet or other marketing communication that is not contained in the preliminary prospectus could indicate a failure to provide in the preliminary prospectus full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and result in the prospectus certificate constituting a misrepresentation.

(3) We may request copies of green sheets and other advertising or marketing materials as part of our prospectus review procedures. Any discrepancies between the content of a green sheet and the preliminary prospectus could result in the delay or refusal of a receipt for a final prospectus and, in appropriate circumstances, could result in enforcement action.

Advertising or marketing activities following the issuance of a receipt for a final prospectus

6.7 Advertising or marketing activities that are not prohibited by the prospectus requirement during the waiting period may also be undertaken on the same basis after a receipt has been issued for the final prospectus relating to the distribution. In addition, the prospectus and any document filed with or referred to in the prospectus may be distributed.

Sanctions and enforcement

6.8 Any contravention of the prospectus requirement through the advertising or marketing activities is a serious matter that could result in a cease trade order in respect of the

preliminary prospectus to which such advertising or marketing activities relate. In addition, a receipt for a final prospectus relating to any such offering may be refused. In appropriate circumstances, enforcement proceedings may be initiated.

Media reports and coverage

6.9(1) We recognize that an issuer does not have control over media coverage; however, an issuer should take appropriate precautions to ensure that media coverage which can reasonably be considered to be in furtherance of a distribution of securities does not occur after a decision has been made to file a preliminary prospectus or during the waiting period.

(2) We may investigate the circumstances surrounding media coverage of an issuer which appears immediately prior to or during the waiting period and which can reasonably be considered as being in furtherance of a distribution of securities. Action will be taken in appropriate circumstances.

Disclosure practices

6.10 At a minimum, participants in all prospectus distributions should consider the following practices to avoid contravening securities legislation:

- Directors or officers of an issuer should not give interviews to the media immediately prior to or during the waiting period. Directors and officers should normally limit themselves to responding to unsolicited inquiries of a factual nature made by shareholders, securities analysts, financial analysts, the media and others who have a legitimate interest in such information.

- No director or officer of an issuer should make any statement during the period of distribution of securities (which includes the period from the commencement of the distribution as described in subsection 6.4(4) until the closing of the distribution) which constitutes a forecast, projection or prediction with respect to future financial performance, unless that statement relates to and is consistent with a forecast contained in the prospectus.

- Underwriters and legal counsel have the responsibility of ensuring that the issuer and all directors and officers of the issuer who may come in contact with the media are fully aware of the restrictions applicable during the period of distribution of securities. It is not sufficient to make those restrictions known only to the officers comprising the working group.

- Issuers, dealers and other market participants should develop, implement, maintain and enforce procedures to ensure that advertising or marketing activities that are contrary to securities legislation are not undertaken whether intentionally or through inadvertence.

Misleading or untrue statements

6.11 In addition to the prohibitions on advertising or marketing activities that result from the prospectus requirement, securities legislation in certain jurisdictions prohibits any person or company from making any misleading or untrue statements that would reasonably be expected to have a significant effect on the market value of securities. Therefore, in addition to ensuring that advertising or marketing activities are carried out in compliance with the prospectus requirement, issuers, dealers and their advisors must ensure that any statements made in the course of advertising or marketing activities are not untrue or misleading and otherwise comply with securities legislation.

PART 7: TRANSITION

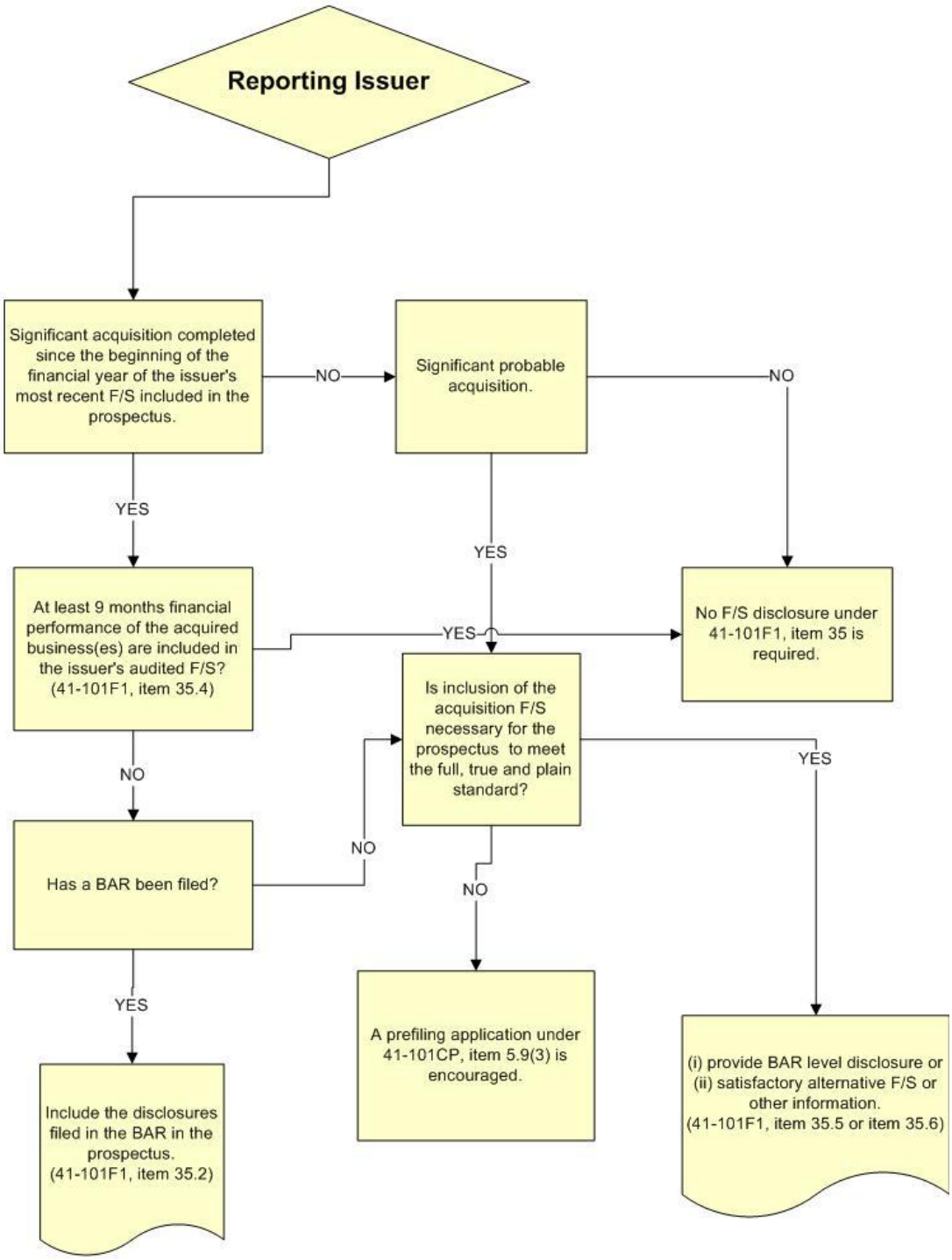
Transition – Application of Amendments

7.1 The amendments to the Instrument and this Policy which came into effect on January 1, 2011 only apply to a preliminary prospectus, an amendment to a preliminary prospectus, a final prospectus or an amendment to a final prospectus of an issuer which includes financial statements of the issuer in respect of periods relating to financial years beginning on or after January 1, 2011.

Appendix A

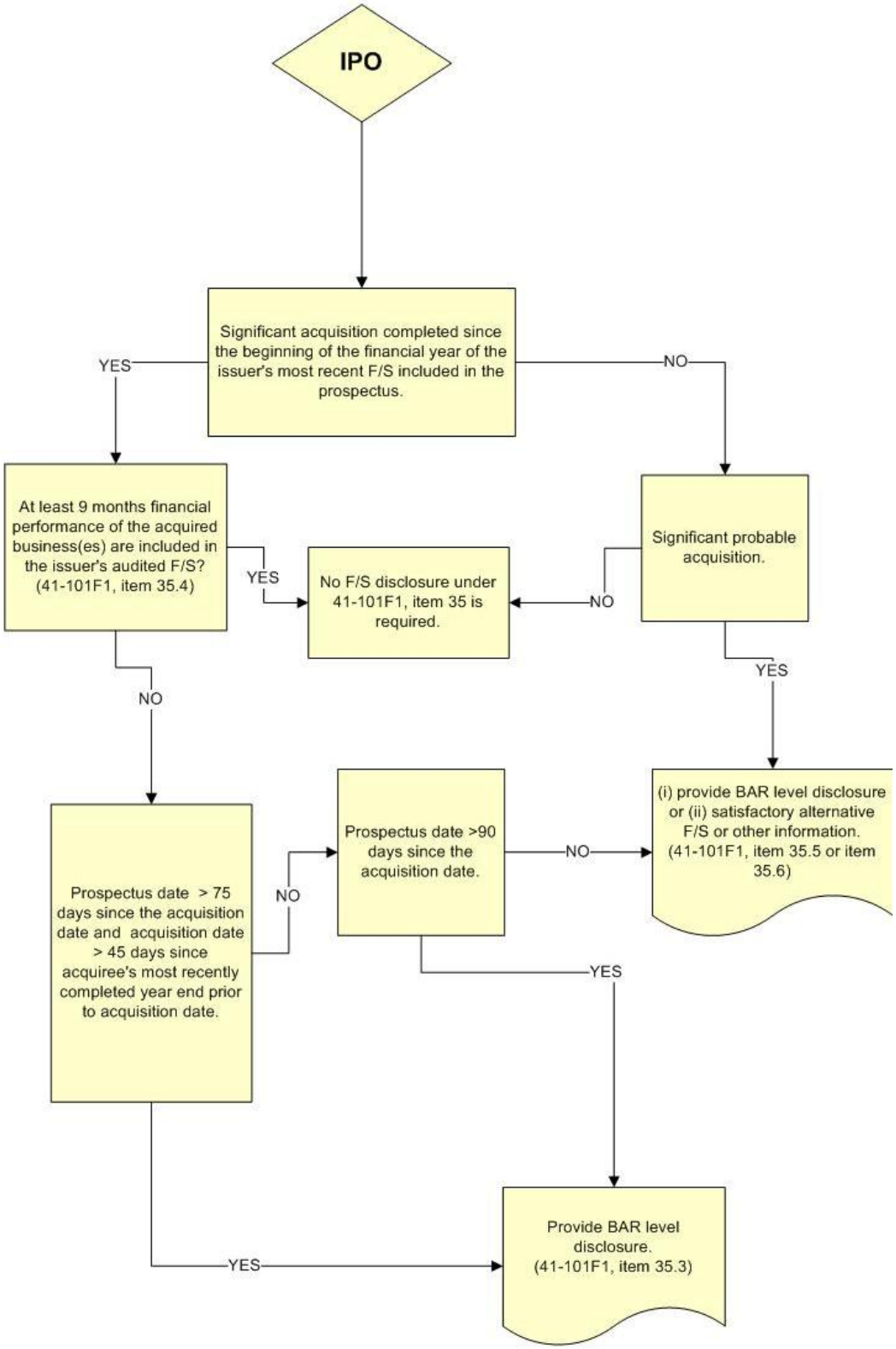
Financial Statement Disclosure Requirements for Significant Acquisitions

Chart 1 – Reporting Issuer



Note: These decision charts provide general guidance and should be read in conjunction with Form 41-101F1.

Chart 2 – Non-Reporting Issuer



Note: These decision charts provide general guidance and should be read in conjunction with Form 41-101F1.

Appendix C

Schedule C-1

Proposed Amendments to
National Instrument 44-101 *Short Form Prospectus Distributions*

1. National Instrument 44-101 Short Form Prospectus Distributions is amended by this Instrument.

2. Section 1.1 is amended by

(a) after the definition of "permitted supranational agency***", adding the following definition:***

""reverse takeover acquiree" has the same meaning as in section 1.1 of NI 51-102;***", and***

(b) replacing the definition of "successor issuer***" with the following:***

""successor issuer" means

(a) except for an issuer which, in the case where the restructuring transaction involved a divestiture of a portion of a reporting issuer's business, succeeded to or otherwise acquired less than substantially all of the business divested, an issuer that meets any of the following requirements:

(i) it was a reverse takeover acquiree in a completed reverse takeover;

(ii) it exists as a result of a completed restructuring transaction;

(iii) it participated in a restructuring transaction and its existence continued following the completion of the restructuring transaction; or

(b) an issuer that issued securities to the securityholders of a second issuer that was a reporting issuer, in a reorganization that did not alter those securityholders' proportionate interest in the second issuer or the second issuer's proportionate interest in its assets;***".***

3. Section 2.7 is amended by

(a) replacing "Exemptions for New Reporting Issuers and Successor Issuers***" in the title with "***Exemptions for Reporting Issuers that Previously Filed a Prospectus and Successor Issuers***", and***

(b) adding the following subsection after subsection (1):

"(1.1) Subparagraphs 2.2(d)(ii), 2.3(1)(d)(ii) and 2.6(1)(b)(ii) do not apply to an issuer if

(a) the issuer has filed annual financial statements as required under the applicable CD rule, and

(b) unless the issuer is seeking qualification under section 2.6, the issuer has filed and obtained a receipt for a final prospectus that included the issuer's or each predecessor entity's comparative annual financial statements for its most recently completed financial year or the financial year immediately preceding its most recently completed financial year, together with the auditor's report accompanying those financial statements and, if there has been a change of auditors since the comparative period, an auditor's report on the financial statements for the comparative period.***".***

4. Subsection 2.7(1) is amended by replacing "Paragraph 2.2(d), paragraph 2.3(1)(d) and paragraph 2.6(1)(b)***" with "***Paragraphs 2.2(d), 2.3(1)(d) and 2.6(1)(b)***".***

5. Paragraph 2.7(1)(a) is amended by adding "any***" after "***has not yet been required under the applicable CD rule to file***".***

6. Paragraph 2.7(2)(a) is amended by adding "or the reorganization described in paragraph (b) of the definition of "successor issuer",***" after "***transaction***".***

7. Paragraph 2.7(2)(b) is amended by

(a) replacing "that***" with "***or the reorganization described in paragraph (b) of the definition of ***"***successor issuer***"***, in which the successor issuer participated or which***",***

(b) adding "or reorganization***" after "***an issuer that was a party to the restructuring transaction***", and***

(c) adding ", in the case of a restructuring transaction***" after "***circular***".***

8. Section 2.7 is amended by adding the following subsection after subsection (2):

"(3) Paragraphs 2.2(d), 2.3(1)(d) and 2.6(1)(b) do not apply to an issuer if

(a) the issuer is not exempt from the requirement in the applicable CD rule to file annual financial statements within a prescribed period after its financial year end, but the issuer has not yet, since the completion of a

qualifying transaction or reverse takeover (as both terms are defined in the TSX Venture Exchange Corporate Finance Manual as amended from time to time) been required under the applicable CD rule to file annual financial statements, and

(b) a CPC filing statement (as defined in the TSX Venture Exchange Corporate Finance Manual as amended from time to time) or other filing statement of the TSX Venture Exchange was filed by the issuer, and

(i) in the case of a CPC filing statement, such statement

(A) was filed in connection with a qualifying transaction, and

(B) complied with the TSX Venture Exchange Corporate Finance Manual, as amended from time to time, in respect of that qualifying transaction; or

(ii) in the case of a TSX Venture Exchange filing statement, other than a CPC filing statement, such statement

(A) was filed in connection with a reverse takeover, and

(B) complied with TSX Venture Exchange Corporate Finance Manual, as amended from time to time, in respect of that reverse takeover.**"**.

9. Subsection 2.8(5) is repealed.

10. Section 2.8 is amended by adding the following subsection after subsection (5):

"(6) For the purposes of this section, an issuer is exempted from the requirement to wait at least 10 business days between filing the notice referred to in subsection (1) and filing its first preliminary short form prospectus if

(a) in the case of an issuer that is relying on section 2.4 or 2.5 in order to qualify to file a short form prospectus, the following requirements are met:

(i) the issuer satisfies the requirements of section 2.4 or 2.5, as applicable, at the time of filing its short form prospectus;

(ii) the issuer files its notice of intention before or concurrently with the filing of its preliminary short form prospectus; and

(iii) the issuer's credit supporter

(A) previously filed a notice of intention under subsection (1) which has not been withdrawn; or

(B) is deemed to have filed a notice of intention under subsection (4); or

(b) in the case of an issuer that is a successor issuer, the following requirements are met:

(i) the issuer satisfies the requirements of any of section 2.2, 2.3 or 2.6 and subsection 2.7(2);

(ii) the issuer files its notice of intention before or concurrently with the filing of its preliminary short form prospectus; and

(iii) the issuer has acquired substantially all of its business from a predecessor entity which

(A) previously filed a notice of intention under subsection (1) which has not been withdrawn; or

(B) is deemed to have filed a notice of intention under subsection (4).***"***

11. Section 4.1 is amended by renumbering it as subsection 4.1(1).

12. Subparagraph 4.1(1)(b)(i) is amended by

(a) replacing "Appendix A to NI 41-101***" with "***personal information form***", and***

(b) deleting ";***" after "***for***".***

13. Clause 4.1(1)(b)(i)(D) is amended by

(a) replacing "executive officer of the promoter,***" with "***executive officer of the promoter; and***", and***

(b) deleting "for whom the issuer has not previously filed or delivered,***".***

14. Clause 4.1(1)(b)(i)(E) is repealed.

15. Clause 4.1(1)(b)(i)(F) is repealed.

16. Clause 4.1(1)(b)(i)(G) is repealed.

17. Section 4.1 is amended by adding the following after subsection (1):

"(2) Despite subparagraph (1)(b)(ii), an issuer is not required to file a personal information form for an individual if all of the following are satisfied:

(a) a personal information form of the individual has been executed by the individual within three years preceding the date of the filing of the preliminary short form prospectus;

(b) the personal information form was delivered to the regulator or, in Québec, the securities regulatory authority

(i) by an issuer on behalf of the individual on or after [insert effective date of amendments]; or

(ii) by the issuer on behalf of the individual after March 16, 2008 but before [insert effective date of amendments] in the form set out in Appendix A to NI 41-101 in effect during this period;

(c) the information concerning the individual contained in the responses to

(i) questions 6 through 10 of the personal information form referenced in subparagraph (b)(i) remain correct as at the date of the certificate referred to in paragraph (d); or

(ii) questions 4(B) and (C) and questions 6 through 9 of the personal information form referenced in subparagraph (b)(ii) remain correct as at the date of the certificate referred to in paragraph (d);

(d) the issuer delivers to the regulator or, in Québec, the securities regulatory authority, concurrently with the filing of the preliminary short form prospectus, a certificate of the issuer in the form set out in Schedule 4 of Appendix A to NI 41-101 stating that the individual has provided the issuer with confirmation in respect of the requirement contained in paragraph (c);

(e) the certificate referenced in paragraph (d) is dated no earlier than 30 days before the filing of the preliminary short form prospectus.**".**

18. Subparagraph 4.2(a)(vi) is amended by

(a) deleting "and***" in clause (A),***

(b) adding the following clause after clause (A):

"(A.1) each director of the issuer, and***", and***

(c) ***replacing "***each person or company required to provide a certificate under Part 5 of NI 41-101 or other securities legislation, other than an issuer,***" in clause (B) with "***any other person or company that provides or signs a certificate under Part 5 of NI 41-101 or other securities legislation, other than an issuer,***".***

19. Subparagraph 4.2(a)(x) is amended by

(a) ***after "***Undertaking to File***", replacing "***Documents and Material Contracts***" with "***Agreements, Contracts and Material Contracts***",***

(b) ***replacing "***a document referred to in subparagraph (iii) or (iii.1)***" with "***an agreement or contract referred to in subparagraph (iii) or a material contract under subparagraph (iii.1)***",***

(c) ***deleting "***or become effective***" wherever it appears,***

(d) ***adding "***final***" before "***short form prospectus***", and***

(e) ***replacing "***file the document promptly and in any event within seven days after the completion of the distribution; and***" with "***file the agreement, contract or material contract promptly and in any event no later than seven days after the execution of the agreement, contract or material contract;***".***

20. Paragraph 4.2(a) is amended by adding the following subparagraph after subparagraph (x):

"(x.1) **Undertaking to File Unexecuted Documents –** if a document referred to in subparagraph (iii) will not be executed in order to become effective and has not become effective before the filing of the final short form prospectus, but will become effective on or before the completion of the distribution, the issuer must file with the securities regulatory authority, no later than the time of filing of the final short form prospectus, an undertaking of the issuer to the securities regulatory authority to file the document promptly and in any event no later than seven days after the document becomes effective; and***".***

21. Section 7.1 is amended by replacing "filing of a preliminary short form prospectus***" with "***issuance of a receipt for a preliminary short form prospectus***".***

22. Section 7.2 is amended by replacing "filing of a preliminary short form prospectus***" with "***issuance of a receipt for a preliminary short form prospectus***".***

23. Subsection 1.6(2) of Form 44-101F1* Information Required in a Prospectus *is amended by replacing

"(a) disclose that a purchaser who acquires securities forming part of the underwriters' over-allocation position acquires those securities under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases, and

(b) describe the terms of the option.**"**

with the following:

"(a) describe the terms of the option, and

(b) provide the following disclosure:

"A purchaser who acquires [*insert type of securities qualified for distribution under the prospectus*] forming part of the underwriters' over-allocation position acquires those securities under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases."**"**

24. Subsection 1.6(3) of Form 44-101F1 is amended by replacing ", provide totals for both the minimum and maximum subscriptions, if applicable.***" with the following:***

"and a minimum offering amount

(a) is required for the issuer to achieve one or more of the purposes of the offering, provide totals for both the minimum and maximum offering amount, or

(b) is not required for the issuer to achieve any of the purposes of the offering, state the following in boldface type:

"**There is no minimum amount of funds that must be raised under this offering. This means that the issuer could complete this offering after raising only a small proportion of the offering amount set out above.**"**".**

25. Subsection 1.9(1) of Form 44-101F1 is amended by adding "or series***" after "***class***".***

26. Section 1.11 of Form 44-101F1 is amended by

(a) replacing "*International Issuers" with "*Enforcement of Judgments against Foreign Persons or Companies***",***

(b) replacing

"If the issuer, a selling securityholder, or any person or company required to provide a certificate under Part 5 of NI 41-101***"***

with the following:

"If the issuer, a director of the issuer, a selling securityholder, or any other person or company that is signing or providing a certificate under Part 5 of NI 41-101***",***

(c) replacing

"[issuer, selling securityholder, person or company signing a certificate under Part 5 of NI 41-101 or securities legislation]***"***

with the following:

"[issuer, director of the issuer, selling securityholder, or any other person or company signing or providing a certificate under Part 5 of NI 41-101 or other securities legislation]***", and***

(d) replacing "addresses***" with "***address(es)***".***

27. Subsection 4.2(2) of Form 44-101F1 is amended by

(a) replacing "subscription***" with "***offering amount***", and***

(b) replacing "subscriptions***" with "***offering amounts***".***

28. Section 4.2 of Form 44-101F1 is amended by adding the following subsections after subsection (2):

"(3) If all of the following apply, disclose how the proceeds will be used by the issuer, with reference to various potential thresholds of proceeds raised, in the event that the issuer raises less than the maximum offering amount:

(a) the closing of the distribution is not subject to a minimum offering amount;
(b) the distribution of the securities is to be on a best efforts basis; and
(c) the issuer has significant short-term non-discretionary expenditures including those for general corporate purposes, or significant short-term capital or contractual commitments, and may not have other readily accessible resources to satisfy those expenditures or commitments.

(4) If the issuer is required to provide disclosure under subsection (3), the issuer must discuss, in respect of each threshold, the impact (if any) of raising this amount on its liquidity, operations, capital resources and solvency.

INSTRUCTIONS

*If the issuer is required to disclose the use of proceeds at various thresholds under subsections 4.2(3) and (4), include as an example a threshold that reflects the receipt of a small portion of the offering.**"***

29. Subsection 4.10(1) of Form 44-101F1 is amended by

(a) replacing "acquired on a short-form prospectus-exempt basis***" with "***acquired on a prospectus-exempt basis***", and***

(b) replacing "proceeds of the short-form prospectus-exempt financing***" with "***proceeds of the prospectus-exempt financing***".***

30. Section 7.6 of Form 44-101F1 is amended by

(a) replacing "disclose***" with "***provide the following disclosure in the short form prospectus to indicate***", and***

(b) deleting "and provide the following disclosure in the short form prospectus, with the bracketed information completed***".***

31. Section 7A.1 of Form 44-101F1 is amended by

(a) adding "or series***" after "***each class***",***

(b) adding "or exchangeable***" after "***convertible***", and***

(c) adding "or series***" after "***those classes***".***

32. Paragraph 7A.1(a) of Form 44-101F1 is amended by adding "sold by the***" before "***selling securityholder***".***

33. Paragraph 7A.1(b) of Form 44-101F1 is amended by adding "or sold***" after "***issued***".***

34. Paragraph 7A.1(c) of Form 44-101F1 is amended by adding "or sold***" after "***issued***".***

35. Subsection 7A.2(1) of Form 44-101F1 is amended by

(a) replacing "each class of***" with "***the following***",***

(b) replacing "is***" with "***are***",***

(c) ***adding*** **"**for the securities***" after "***quotation***", and***

(d) ***replacing*** **"**generally occurs.***" with the following:***

"generally occurs:

(a) each class or series of securities of the issuer distributed under the short form prospectus;

(b) securities of the issuer into which those classes or series of securities are convertible or exchangeable.***".***

36. Subsection 7A.2(2) of Form 44-101F1 is amended by

(a) ***replacing*** **"**If a class of***" with "***For the following***",***

(b) ***replacing*** **"**is***" with "***that are***",***

(c) ***replacing*** **"**but is traded***" with "***but are traded***",***

(d) ***adding*** **"**for the securities***" after "***quotation***", and***

(e) ***replacing*** **"**generally occurs.***" with the following:***

"generally occurs:

(a) each class or series of securities of the issuer distributed under the short form prospectus;

(b) securities of the issuer into which those classes or series of securities are convertible or exchangeable.***".***

37. Subsection 11.1(2) of Form 44-101F1 is amended by adding "applicable portions of***" after "***clarify that***".***

38. Section 11.1 of Form 44-101F1 is amended by adding the following subsection after subsection (2):

"(3) Despite item (7.) of subsection (1), an issuer may exclude from its short form prospectus a report, valuation, statement or opinion of a person or company contained in an information circular prepared in connection with a special meeting of securityholders of the issuer and any references therein, if:

(a) the report is not an auditor's report in respect of financial statements of a person or company; and

(b) the report, valuation, statement or opinion was prepared in respect of a specific transaction contemplated in the information circular, unrelated to the distribution of securities under the short form prospectus, and that transaction has been previously abandoned or completed.***"***.

39. Subsection 11.3(2) of Form 44-101F1 is amended by replacing "Item 14.2 or 14.5 of Form 51-102F5 in the information circular referred to in paragraph 2.7(2)(b) of the Instrument.***" with the following:***

"(a) Item 14.2 or 14.5 of Form 51-102F5 in the information circular referred to in paragraph 2.7(2)(b) of the Instrument; or

(b) the policies and requirements of the TSX Venture Exchange prescribed for disclosure of a qualifying transaction in a CPC filing statement or a reverse takeover in a filing statement referred to in paragraph 2.7(3)(b) of the Instrument.***"***.

40. The INSTRUCTION section of section 11.3 of Form 44-101F1 is amended by numbering the existing text as subsection (1).

41. Subsection (1) of the INSTRUCTION section of section 11.3 is amended by

(a) adding "11.3***" before "***(2)***", and***

(b) adding ", CPC filing statement or other filing statement of the TSX Venture Exchange***" after "***information circular***".***

42. The INSTRUCTION section of section 11.3 of Form 44-101F1 is amended by adding the following subsection after subsection (1):

"*(2) The disclosure referenced in instruction (1) above must be presented in a way that supplements, but does not replace, the disclosure prescribed for a transaction that also constitutes a significant acquisition for the issuer or a reverse takeover in which the issuer was involved, if applicable.****"***.

43. Item 11 of Form 44-101F1 is amended by adding the following after the INSTRUCTION section of section 11.4:

"11.5 Additional Disclosure for Issuers of Asset-Backed Securities

If the issuer has not filed or been required to file interim financial statements and related MD&A in respect of an interim period, if any, subsequent to the financial year in respect of which it has included annual financial statements in the short form prospectus because it is not a reporting issuer and is qualifying to file the short form prospectus under section 2.6 of the Instrument, include the interim

financial statements and related MD&A that the issuer would have been required to incorporate by reference under paragraph 3 of subsection 11.1(1) if the issuer were a reporting issuer at the relevant time.***"***.

44. Section 15.3 of Form 44-101F1 is amended by adding "and that disclosure is correct as at the date of the prospectus***" after "***AIF***".***

45. Section 20.1 of Form 44-101F1 is amended by replacing "revisions of the price of damages***" with "***revisions of the price or damages***".***

46. Item 20 of Form 44-101F1 is amended by adding the following section after section 20.2:

"**20.3 Convertible, Exchangeable or Exercisable Securities** - In the case of an offering of convertible, exchangeable or exercisable securities, provide a statement in the following form:

> "In an offering of [state name of convertible, exchangeable or exercisable securities], investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial [or territorial] securities legislation, to the price at which the [state name of convertible, exchangeable or exercisable securities] is offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces [or territories], if the purchaser pays additional amounts upon [conversion, exchange or exercise] of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in such provinces [or territories]. The purchaser should refer to the applicable provisions of the purchaser's province [or territory] for the particulars of this right of action for damages or consult with a legal adviser."***"***

47. This Instrument comes into force on ●, 2012.

Appendix C
Schedule C-2

Proposed Amendments to
Companion Policy 44-101 CP to *National Instrument 44-101*
Short Form Prospectus Distributions

1. Companion Policy 44-101 CP to National Instrument 44-101 Short Form Prospectus Distributions is amended.

2. Subsection 1.7(5) is amended by

(a) replacing "The definition of **"**successor issuer***"*** requires that the issuer exist "as a result of a restructuring transaction".***" with the following:***

"A successor issuer is defined to include a reverse takeover acquiree in a completed reverse takeover. Alternatively, the definition of **"**successor issuer***"*** requires that the issuer exist **"**as a result of a restructuring transaction***"*** or that the issuer participate in the restructuring transaction and continue to exist following completion of the restructuring transaction. In both instances, prospectus level disclosure or comparable disclosure prescribed by the TSX Venture Exchange for such issuer must be provided in an information circular or similar disclosure document pursuant to subsections 2.7(2) and (3) of NI 44-101.***",***

(b) deleting the following:

"Also, if a corporation is incorporated for the sole purpose of facilitating a restructuring transaction, the securities regulatory authorities regard the new corporation as **"**existing as a result of a restructuring transaction***"*** despite the fact that the corporation may have been incorporated before the restructuring transaction.***", and***

(c) adding the following at the end:
"However, if the divestiture represents a divestiture of substantially all of the business of the predecessor entity to the issuer, the issuer would be considered a successor issuer. In such circumstances, the financial information concerning the predecessor entity should be representative of the financial information of the successor issuer. Therefore, if an issuer is relying on this basis for short form prospectus qualification, it must ensure that the financial statements of the predecessor entity are a relevant, accurate proxy for its financial statements as a successor issuer.

An issuer may also be considered a successor issuer to a second issuer where there has been an internal reorganization of the second issuer, provided that the conditions in paragraph (b) of the definition of **"**successor issuer***"*** are met. In

particular, the internal reorganization must not result in an alteration of the securityholders' proportionate interest in the second issuer nor the second issuer's proportionate interest in its assets. For example, this may arise in an internal reorganization in which all of the securityholders of the second issuer exchange their securities in the second issuer for securities of the successor issuer. The second issuer would become a subsidiary of the successor issuer and its ownership in its assets would remain the same. The successor issuer definition was expanded to include this type of internal reorganization as it may not be considered a **"**restructuring transaction**"** as defined in NI 51-102 by virtue of the exclusion found at the end of the definition of "restructuring transaction"**.***"***.**

3. Subsection 2.1(1) is amended in the second paragraph by deleting "and, in Québec, disclosure of material facts likely to affect the value or the market price of the securities to be distributed***".***

4. Part 3 is amended by

(a) adding the following section after section 3.4:

"*3.4.1 Special meeting information circular** – Subsection 11.1(3) of Form 44-101F1 sets out certain circumstances where an issuer is not required to incorporate by reference into its prospectus a report, valuation, statement or opinion of an expert that is indirectly incorporated by reference into its prospectus through the incorporation by reference of an information circular prepared for a special meeting of the issuer. A special meeting information circular often relates to a restructuring transaction of an issuer or other special business of the issuer. In these circumstances, the issuer or its board of directors may engage an expert to provide an opinion that is specific to the business that will be considered at the special meeting of securityholders. For example, the board may retain a person or company to provide a fairness opinion which would assist the board in determining whether to recommend the approval of the proposed transaction to its securityholders. Similarly, the issuer may include a tax opinion in the information circular to illustrate the tax consequences of the proposed transaction to its securityholders. Pursuant to subsection 11.1(3), we would not require the incorporation by reference of these particular opinions, provided that these opinions were prepared in respect of the specific transaction contemplated in the information circular and this transaction has been completed or abandoned prior to the filing of the prospectus.", and***

(b) adding the following section after section 3.9:

"*3.10 No Minimum Offering Amount** – Issuers distributing securities on a best efforts basis that have not specified a minimum offering amount in their prospectus, should refer to section 2.2.1 and subsection 4.3(3) of the Companion Policy to NI 41-101 for further guidance.".***

5. These amendments become effective on ●, 2012.

Appendix D

Schedule D-1

NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

TABLE OF CONTENTS

NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

PART 1 DEFINITIONS AND INTERPRETATIONS

1.1 Definitions - In this Instrument

"AIF" has the same meaning as in NI 51-102 for a reporting issuer other than an investment fund, and for an investment fund means an annual information form as such term is used in NI 81-106;

"applicable CD rule" means, for a reporting issuer other than an investment fund, NI 51-102 and, for an investment fund, NI 81-106;

"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**
DBRS 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

"cash equivalent" means an evidence of indebtedness that has a remaining term to maturity of 365 days or less and that is issued, or fully and unconditionally guaranteed as to principal and interest, by

(a) the government of Canada or the government of a jurisdiction of Canada,

(b) the government of the United States of America, the government of one of the states of the United States of America, the government of another sovereign state or a permitted supranational agency, if, in each case, the evidence of indebtedness has an approved rating, or

(c) a Canadian financial institution, or other entity that is regulated as a banking institution, loan corporation, trust company, or insurance company or credit union

by the government, or an agency of the government, of the country under whose laws the entity is incorporated or organized or a political subdivision of that country, if, in either case, the Canadian financial institution or other entity has outstanding short term debt securities that have received an approved rating from any approved rating organization;

"cash settled derivative" means a derivative, the terms of which provide for settlement only by means of cash or cash equivalent the amount of which is determinable by reference to the underlying interest of the derivative;

"current AIF" means,

(a) if the issuer has filed an AIF for its most recently completed financial year, that AIF, or

(b) the issuer's AIF filed for the financial year immediately preceding its most recently completed financial year if

(i) the issuer has not filed an AIF for its most recently completed financial year, and

(ii) the issuer is not yet required under the applicable CD rule to have filed its annual financial statements for its most recently completed financial year,

"current annual financial statements" means,

(a) if the issuer has filed its comparative annual financial statements in accordance with the applicable CD rule for its most recently completed financial year, those financial statements together with the auditor's report accompanying the financial statements and, if there has been a change of auditors since the comparative period, an auditor's report on the financial statements for the comparative period, or

(b) the issuer's comparative annual financial statements filed for the financial year immediately preceding its most recently completed financial year, together with the auditor's report accompanying the financial statements and, if there has been a change of auditors since the comparative period, an auditor's report on the financial statements for the comparative period if

(i) the issuer has not filed its comparative annual financial statements for its most recently completed financial year, and

(ii) the issuer is not yet required under the applicable CD rule to have filed its annual financial statements for its most recently completed financial year;

"material change report" means, for a reporting issuer other than an investment fund, a completed Form 51-102F3, and for an investment fund, a completed Form 51-102F3 *Material Change Report* of NI 51-102 adjusted as directed by NI 81-106;

"MD&A" has the same meaning as in NI 51-102 in relation to a reporting issuer other than an investment fund, and in relation to an investment fund means an annual or interim management report of fund performance as defined in NI 81-106;

"NI 13-101" means National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*;

"NI 41-101" means National Instrument 41-101 *General Prospectus Requirements;*

"permitted supranational agency" means the International Bank for Reconstruction and Development, the International Finance Corporation, the Inter-American Development Bank, the Asian Development Bank, the Caribbean Development Bank, the European Bank for Reconstruction and Development, the African Development Bank and any person or company prescribed under paragraph (g) of the definition of "foreign property" in subsection 206(1) of the ITA;

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

"short form eligible exchange" means each of the Toronto Stock Exchange, Tier 1 and Tier 2 of the TSX Venture Exchange and the Canadian National Stock Exchange;

"successor issuer" means

(a) ~~"successor issuer" means~~ except for an issuer ~~existing as a result of a restructuring transaction, other than~~which, in the case where the restructuring transaction involved a divestiture of a portion of ~~an~~a reporting issuer's business, ~~an issuer that~~ succeeded to or otherwise acquired ~~the portion~~less than substantially all of the business divested~~;~~, an issuer that meets any of the following requirements:

(i) it was a reverse takeover acquiree in a completed reverse takeover;

(ii) it exists as a result of a completed restructuring transaction;

(iii) it participated in a restructuring transaction and its existence continued following the completion of the restructuring transaction; or

(b) an issuer that issued securities to the securityholders of a second issuer that was a reporting issuer, in a reorganization that did not alter those securityholders' proportionate interest in the second issuer or the second issuer's proportionate interest in its assets;

"underlying interest" means, for a derivative, the security, commodity, financial instrument, currency, interest rate, foreign exchange rate, economic indicator, index, basket, agreement, benchmark or any other reference, interest or variable, and, if applicable, the relationship between any of the foregoing, from, to or on which the market price, value or any payment obligation of the derivative is derived, referenced or based; and

"U.S. credit supporter" means a credit supporter 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 section 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 filing of the preliminary short form prospectus,

(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, and

(e) is not a commodity pool issuer as defined in National Instrument 71-101 *The Multijurisdictional Disclosure System*.

1.1.1 Definitions in NI 41-101 – Every term that is defined or interpreted in NI 41-101, the definition or interpretation of which is not restricted to a specific portion of NI 41-101, has, if used in this Instrument, the meaning ascribed to it in NI 41-101, unless otherwise defined or interpreted in this Instrument.

1.2 References to Information Included in a Document - References in this Instrument to information included in a document refer to both information contained directly in the document and information incorporated by reference in the document.

1.3 References to Information to be Included in a Document - Provisions of this Instrument that require an issuer to include information in a document require an issuer either to insert the information directly in the document or to incorporate the information in the document by reference.

1.4 Interpretation of "short form prospectus" - In this Instrument, other than in Parts 4 through 8 or unless otherwise stated, a reference to a short form prospectus includes a preliminary short form prospectus.

1.5 [Repealed]

PART 2 QUALIFICATION TO FILE A PROSPECTUS IN THE FORM OF A SHORT FORM PROSPECTUS

2.1 Short Form Prospectus

(1) An issuer shall not file a prospectus in the form of Form 44-101F1 of this Instrument unless the issuer is qualified under any of sections 2.2 through 2.6 to file a prospectus in the form of a short form prospectus.

(2) An issuer that is qualified under any of sections 2.2 through 2.6 to file a prospectus in the form of a short form prospectus for a distribution may file, for that distribution,

(a) a preliminary prospectus, prepared and certified in the form of Form 44-101F1; and

(b) a prospectus, prepared and certified in the form of Form 44-101F1.

2.2 Basic Qualification Criteria - An issuer is qualified to file a prospectus in the form of a short form prospectus for a distribution of any of its securities in the local jurisdiction, if the following criteria are satisfied:

(a) the issuer is an electronic filer under NI 13-101;

(b) the issuer is a reporting issuer in at least one jurisdiction of Canada;

(c) the issuer has filed with the securities regulatory authority in each jurisdiction in which it is a reporting issuer all periodic and timely disclosure documents that it is required to have filed in that jurisdiction

(i) under applicable securities legislation,

(ii) pursuant to an order issued by the securities regulatory authority, or

(iii) pursuant to an undertaking to the securities regulatory authority;

(d) the issuer has, in at least one jurisdiction in which it is a reporting issuer,

(i) current annual financial statements, and

(ii) a current AIF;

(e) the issuer's equity securities are listed and posted for trading on a short form eligible exchange and the issuer is not an issuer

(i) whose operations have ceased, or

(ii) whose principal asset is cash, cash equivalents, or its exchange listing.

2.3 Alternative Qualification Criteria for Issuers of Approved Rating Non-Convertible Securities

(1) An issuer is qualified to file a prospectus in the form of a short form prospectus for a distribution of non-convertible securities in the local jurisdiction, if the following criteria are satisfied:

(a) the issuer is an electronic filer under NI 13-101;

(b) the issuer is a reporting issuer in at least one jurisdiction of Canada;

(c) the issuer has filed with the securities regulatory authority in each jurisdiction in which it is a reporting issuer all periodic and timely disclosure documents that it is required to have filed in that jurisdiction

(i) under applicable securities legislation,

(ii) pursuant to an order issued by the securities regulatory authority, or

(iii) pursuant to an undertaking to the securities regulatory authority;

(d) the issuer has, in at least one jurisdiction in which it is a reporting issuer,

(i) current annual financial statements, and

(ii) a current AIF;

(e) the securities to be distributed

(i) have received an approved rating on a provisional basis,

(ii) are not the subject of an announcement by an approved rating organization, of which the issuer is or ought reasonably to be aware, that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating, and

(iii) have not received a provisional or final rating lower than an approved rating from any approved rating organization.

(2) Paragraph (1)(e) does not apply to an issuer filing a short form prospectus that is a base shelf prospectus under NI 44-102.

2.4 Alternative Qualification Criteria for Issuers of Guaranteed Non-Convertible Debt Securities, Preferred Shares and Cash Settled Derivatives

(1) An issuer is qualified to file a prospectus in the form of a short form prospectus for a distribution of non-convertible debt securities, non-convertible preferred shares or non-convertible cash settled derivatives in the local jurisdiction, if the following criteria are satisfied:

(a) a credit supporter has provided full and unconditional credit support for the securities being distributed,

(b) at least one of the following is true:

(i) the credit supporter satisfies the criteria in paragraphs 2.2(a), (b), (c) and (d) if the word "issuer" is replaced with "credit supporter" wherever it occurs;

(ii) the credit supporter is a U.S. credit supporter and the issuer is incorporated or organized under the laws of Canada or a jurisdiction of Canada;

(c) unless the credit supporter satisfies the criteria in paragraph 2.2(e) if the word "issuer" is replaced with "credit supporter" wherever it occurs, at the time the preliminary short form prospectus is filed

(i) the credit supporter has outstanding non-convertible securities that

(A) have received an approved rating,

(B) have not been the subject of an announcement by an approved rating organization, of which the issuer is or ought reasonably to be aware, that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating, and

(C) have not received a rating lower than an approved rating from any approved rating organization, and

(ii) the securities to be issued by the issuer

(A) have received an approved rating on a provisional basis,

(B) have not been the subject of an announcement by an approved rating organization, of which the issuer is or ought reasonably to be aware, that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating, and

(C) have not received a provisional or final rating lower than an approved rating from any approved rating organization.

(2) Subparagraph (1)(c)(ii) does not apply to an issuer filing a short form prospectus that is a base shelf prospectus under NI 44-102.

2.5 Alternative Qualification Criteria for Issuers of Guaranteed Convertible Debt Securities or Preferred Shares - An issuer is qualified to file a prospectus in the form of a short form prospectus for a distribution of convertible debt securities or convertible preferred shares in the local jurisdiction, if the following criteria are satisfied:

(a) the debt securities or the preferred shares are convertible into securities of a credit supporter that has provided full and unconditional credit support for the securities being distributed;

(b) the credit supporter satisfies the criteria in section 2.2 if the word "issuer" is replaced with "credit supporter" wherever it occurs.

2.6 Alternative Qualification Criteria for Issuers of Asset-Backed Securities

(1) An issuer established in connection with a distribution of asset-backed securities is qualified to file a prospectus in the form of a short form prospectus for a distribution of asset-backed securities in the local jurisdiction, if the following criteria are satisfied:

(a) the issuer is an electronic filer under NI 13-101;

(b) the issuer has, in at least one jurisdiction of Canada,

(i) current annual financial statements, and

(ii) a current AIF;

(c) the asset-backed securities to be distributed

(i) have received an approved rating on a provisional basis,

(ii) have not been the subject of an announcement by an approved

rating organization, of which the issuer is or ought reasonably to be aware, that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating, and

(iii) have not received a provisional or final rating lower than an approved rating from any approved rating organization.

(2) Paragraph (1)(c) does not apply to an issuer filing a short form prospectus that is a base shelf prospectus under NI 44-102.

2.7 Exemptions for ~~New~~ Reporting Issuers that Previously Filed a Prospectus and Successor Issuers

(1) ~~Paragraph~~Paragraphs 2.2(d), ~~paragraph~~ 2.3(1)(d) and ~~paragraph~~ 2.6(1)(b) do not apply to an issuer if

(a) the issuer is not exempt from the requirement in the applicable CD rule to file annual financial statements within a prescribed period after its financial year end, but the issuer has not yet been required under the applicable CD rule to file any annual financial statements, and

(b) unless the issuer is seeking qualification under section 2.6, the issuer has filed and obtained a receipt for a final prospectus that included the issuer's or each predecessor entity's comparative annual financial statements for its most recently completed financial year or the financial year immediately preceding its most recently completed financial year, together with the auditor's report accompanying those financial statements and, if there has been a change of auditors since the comparative period, an auditor's report on the financial statements for the comparative period.

(~~2) Paragraph~~1.1) Subparagraphs 2.2(d)(ii), ~~paragraph~~ 2.3(1)(d)(ii) and ~~paragraph~~ 2.6(1)(b)(ii) do not apply to ~~a successor~~an issuer if

(a) the issuer has filed annual financial statements as required under the applicable CD rule, and

(b) unless the issuer is seeking qualification under section 2.6, the issuer has filed and obtained a receipt for a final prospectus that included the issuer's or each predecessor entity's comparative annual financial statements for its most recently completed financial year or the financial year immediately preceding its most recently completed financial year, together with the auditor's report accompanying those financial statements and, if there has been a change of auditors since the comparative period, an auditor's report on the financial statements for the comparative period.

(2) Paragraphs 2.2(d), 2.3(1)(d) and 2.6(1)(b) do not apply to a successor issuer if

(a) the successor issuer is not exempt from the requirement in the applicable CD rule to file annual financial statements within a prescribed period after its financial year end, but the successor issuer has not yet, since the completion of the restructuring transaction or the reorganization described in paragraph (b) of the definition of "successor issuer", which resulted in the successor issuer, been required under the applicable CD rule to file annual financial statements, and

(b) an information circular relating to the restructuring transaction ~~that~~or the reorganization described in paragraph (b) of the definition of "successor issuer", in which the successor issuer participated or which resulted in the successor issuer, was filed by the successor issuer or an issuer that was a party to the restructuring transaction or reorganization, and such information circular, in the case of a restructuring transaction

(i) complied with applicable securities legislation, and

(ii) included disclosure in accordance with section 14.2 or 14.5 of Form 51-102F5 for the successor issuer;

(3) Paragraphs 2.2(d), 2.3(1)(d) and 2.6(1)(b) do not apply to an issuer if

(a) the issuer is not exempt from the requirement in the applicable CD rule to file annual financial statements within a prescribed period after its financial year end, but the issuer has not yet, since the completion of a qualifying transaction or reverse takeover (as both terms are defined in the TSX Venture Exchange Corporate Finance Manual as amended from time to time) been required under the applicable CD rule to file annual financial statements, and

(b) a CPC filing statement (as defined in the TSX Venture Exchange Corporate Finance Manual as amended from time to time) or other filing statement of the TSX Venture Exchange was filed by the issuer, and

(i) in the case of a CPC filing statement, such statement

(A) was filed in connection with a qualifying transaction, and

(B) complied with the TSX Venture Exchange Corporate Finance Manual, as amended from time to time, in respect of that qualifying transaction; or

(ii) in the case of a TSX Venture Exchange filing statement, other than a CPC filing statement, such statement

(A) was filed in connection with a reverse takeover, and

(B) complied with TSX Venture Exchange Corporate Finance Manual, as amended from time to time, in respect of that reverse takeover.

2.8 Notice of Intention and Transition

(1) An issuer is not qualified to file a short form prospectus under this Part unless it has filed a notice declaring its intention to be qualified to file a short form prospectus at least 10 business days prior to the issuer filing its first preliminary short form prospectus after the notice

(a) with its notice regulator, and

(b) in substantially the form of Appendix A.

(2) The notice under subsection (1) is effective until withdrawn.

(3) For the purposes of subsection (1), "notice regulator" means, as determined on the date the notice is filed, the securities regulatory authority or regulator of the jurisdiction of Canada

(a) in which the issuer's head office is located, if the issuer is not an investment fund and the issuer is a reporting issuer in that jurisdiction,

(b) in which the investment fund manager's head office is located, if the issuer is an investment fund and the issuer is a reporting issuer in that jurisdiction, or

(c) with which the issuer has determined that it has the most significant connection, if paragraphs (a) and (b) do not apply to the issuer.

(4) For the purposes of this section, if, on December 29, 2005, an issuer had a current AIF under National Instrument 44-101 *Short Form Prospectus Distributions* that was in force on December 29, 2005, the issuer is deemed to have filed a notice on December 14, 2005 declaring its intention to be qualified to file a short form prospectus.

(5) ~~For the purposes of this Part, if, on December 29, 2005, an issuer or a credit supporter had an annual information form in Form 44-101F1 *AIF*, prior to its repeal on May 18, 2005, that was a current AIF under National Instrument 44-101 *Short Form Prospectus Distributions* that was in force on December 29, 2005, the issuer or credit supporter is deemed to have a current AIF under this Part until the date it is first required under the applicable CD rule to file its annual financial statements.~~ Repealed.

(6) For the purposes of this section, an issuer is exempted from the requirement to wait at least 10 business days between filing the notice referred to in subsection (1) and filing its first preliminary short form prospectus if

(a) in the case of an issuer that is relying on section 2.4 or 2.5 in order to qualify to file a short form prospectus, the following requirements are met:

(i) the issuer satisfies the requirements of section 2.4 or 2.5, as applicable, at the time of filing its short form prospectus;

(ii) the issuer files its notice of intention before or concurrently with the filing of its preliminary short form prospectus; and

(iii) the issuer's credit supporter

(A) previously filed a notice of intention under subsection (1) which has not been withdrawn; or

(B) is deemed to have filed a notice of intention under subsection (4); or

(b) in the case of an issuer that is a successor issuer, the following requirements are met:

(i) the issuer satisfies the requirements of any of section 2.2, 2.3 or 2.6 and subsection 2.7(2);

(ii) the issuer files its notice of intention before or concurrently with the filing of its preliminary short form prospectus; and

(iii) the issuer has acquired substantially all of its business from a predecessor entity which

(A) previously filed a notice of intention under subsection (1) which has not been withdrawn; or

(B) is deemed to have filed a notice of intention under subsection (4).

PART 3 DEEMED INCORPORATION BY REFERENCE

3.1 Deemed Incorporation by Reference of Filed Documents - If an issuer does not incorporate by reference in its short form prospectus a document required to be incorporated by reference under section 11.1 or 12.1 of Form 44-101F1, the document is deemed for purposes of securities legislation to be incorporated by reference in the

issuer's short form prospectus as of the date of the short form prospectus to the extent not otherwise modified or superseded by a statement contained in the short form prospectus or in any other subsequently filed document that also is, or is deemed to be, incorporated by reference in the short form prospectus.

3.2 Deemed Incorporation by Reference of Subsequently Filed Documents - If an issuer does not incorporate by reference in its short form prospectus a subsequently filed document required to be incorporated by reference under section 11.2 or 12.1 of Form 44-101F1, the document is deemed for purposes of securities legislation to be incorporated by reference in the issuer's short form prospectus as of the date the issuer filed the document to the extent not otherwise modified or superseded by a statement contained in the short form prospectus or in any other subsequently filed document that also is, or is deemed to be, incorporated by reference in the short form prospectus.

3.3 Incorporation by Reference - A document deemed by this Instrument to be incorporated by reference in another document is deemed for purposes of securities legislation to be incorporated by reference in the other document.

PART 4 FILING REQUIREMENTS FOR A SHORT FORM PROSPECTUS

4.1 Required Documents for Filing a Preliminary Short Form Prospectus –

(1) An issuer that files a preliminary short form prospectus shall

(a) file the following with the preliminary short form prospectus:

(i) **Signed Copy** - a signed copy of the preliminary short form prospectus;

(ii) **Qualification Certificate** - a certificate, dated as of the date of the preliminary short form prospectus, executed on behalf of the issuer by one of its executive officers

(A) specifying which of the qualification criteria set out in Part 2 the issuer is relying on in order to be qualified to file a prospectus in the form of a short form prospectus, and

(B) certifying that

(I) all of those qualification criteria have been satisfied, and

(II) all of the material incorporated by reference in the preliminary short form prospectus and not previously filed is being filed with the preliminary short form prospectus;

(iii) **Material Incorporated by Reference** - copies of all material incorporated by reference in the preliminary short form prospectus and not previously filed;

(iv) **Documents Affecting the Rights of Securityholders –** a copy of any document required to be filed under subsection 12.1(1) of NI 51-102 or section 16.4 of NI 81-106, as applicable, that relates to the securities being distributed, and that has not previously been filed;

(iv.1) **Material Contracts –** a copy of any material contract required to be filed under section 12.2 of NI 51-102 or section 16.4 of NI 81-106 that has not previously been filed;

(v) **Mining Reports** - if the issuer has a mineral project, the technical reports required to be filed with a preliminary short form prospectus under NI 43-101;

(vi) **Reports and Valuations** - a copy of each report or valuation referred to in the preliminary short form prospectus for which a consent is required to be filed under section 10.1 of NI 41-101 and that has not previously been filed, other than a technical report that

(A) deals with a mineral project or oil and gas activities, and

(B) is not otherwise required to be filed under paragraph (v); and

(b) deliver to the regulator, concurrently with the filing of the preliminary short form prospectus, the following:

(i) **Personal Information Form and Authorization to Collect, Use and Disclose Personal Information** – a completed ~~Appendix A to NI 41-101~~personal information form for~~,~~

(A) each director and executive officer of an issuer;

(B) if the issuer is an investment fund, each director and executive officer of the manager of the issuer;

(C) each promoter of the issuer; and

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

~~for whom the issuer has not previously filed or delivered,~~

~~(E) a completed personal information form and authorization in the form set out in Appendix A of NI 41-101,~~

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

~~(I) the form set out in Appendix B to this Instrument,~~

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

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

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

(ii) **Auditor's Comfort Letter Regarding Audited Financial Statements** – if a financial statement of an issuer or a business included in, or incorporated by reference into, a preliminary short form prospectus is accompanied by an unsigned auditor's report, a signed letter addressed to the regulator from the auditor of the issuer or of the business, as applicable, prepared in accordance with the form suggested for this circumstance in the Handbook.

(2) Despite subparagraph (1)(b)(ii), an issuer is not required to file a personal information form for an individual if all of the following are satisfied:

(a) a personal information form of the individual has been executed by the individual within three years preceding the date of the filing of the preliminary short form prospectus;

(b) the personal information form was delivered to the regulator or, in Québec, the securities regulatory authority

(i) by an issuer on behalf of the individual on or after [insert effective date of amendments]; or

(ii) by the issuer on behalf of the individual after March 16, 2008 but before [insert effective date of amendments] in the form set out in Appendix A to NI 41-101 in effect during this period;

(c) the information concerning the individual contained in the responses to

(i) questions 6 through 10 of the personal information form referenced in subparagraph (b)(i) remain correct as at the date of the certificate referred to in paragraph (d); or

(ii) questions 4(B) and (C) and questions 6 through 9 of the personal information form referenced in subparagraph (b)(ii) remain correct as at the date of the certificate referred to in paragraph (d);

(d) the issuer delivers to the regulator or, in Québec, the securities regulatory authority, concurrently with the filing of the preliminary short form prospectus, a certificate of the issuer in the form set out in Schedule 4 of Appendix A to NI 41-101stating that the individual has provided the issuer with confirmation in respect of the requirement contained in paragraph (c);

(e) the certificate referenced in paragraph (d) is dated no earlier than 30 days before the filing of the preliminary short form prospectus.

4.2 Required Documents for Filing a Short Form Prospectus - An issuer that files a short form prospectus shall

(a) file the following with the short form prospectus:

(i) **Signed Copy** - a signed copy of the short form prospectus;

(ii) **Material Incorporated by Reference** - copies of all material incorporated by reference in the short form prospectus and not previously filed;

(iii) **Documents Affecting the Rights of Securityholders** – a copy of any document described under subparagraph 4.1(a)(iv) that has not previously been filed;

(iii.1) **Material Contracts** – a copy of any material contract described under subparagraph 4.1(a)(iv.1) that has not previously been filed;

(iv) **Other Reports and Valuations** - a copy of any report or valuation referred to in the short form prospectus, for which a consent is required to be filed under section 10.1 of NI 41-101 and that has not previously been filed, other than a technical report that

(A) deals with a mineral project or oil and gas activities of the issuer, and

(B) is not otherwise required to be filed under subparagraph 4.1(a)(v) or (vi);

(v) **Issuer's Submission to Jurisdiction** - a submission to jurisdiction and appointment of agent for service of process of the issuer in the form set out in Appendix B of NI 41-101, if an issuer is incorporated or organized in a foreign jurisdiction and does not have an office in Canada;

(vi) **Non-Issuer's Submission to Jurisdiction** - a submission to jurisdiction and appointment of agent for service of process of

(A) each selling securityholder, ~~and~~
(A.1) each director of the issuer, and
(B) ~~each~~any other person or company ~~required to provide~~that provides or signs a certificate under Part 5 of NI 41-101 or other securities legislation, other than an issuer,

in the form set out in Appendix C of NI 41-101, if the person or company is incorporated or organized under a foreign jurisdiction and does not have an office in Canada or is an individual who resides outside of Canada;

(vii) **Expert's Consents** - the consents required to be filed under section 10.1 of NI 41-101;

(viii) **Credit Supporter's Consent** - the written consent of the credit supporter to the inclusion of its financial statements in the short form prospectus, if financial statements of a credit supporter are required under section 12.1 of Form 44-101F1 to be included in a short form prospectus and a certificate of the credit supporter is not required under section 5.12 of NI 41-101 to be included in the short form prospectus;

(ix) **Undertaking in Respect of Credit Supporter Disclosure** – an undertaking of the issuer to file the periodic and timely disclosure of a credit supporter similar to the disclosure provided under section 12.1 of Form 44-101F1, for so long as the securities being distributed are issued and outstanding;

(x) **Undertaking to File ~~Documents~~Agreements, Contracts and Material Contracts** – if ~~a document~~an agreement or contract referred to in subparagraph (iii) or a material contract under subparagraph (iii.1) has not been executed ~~or become effective~~ before the filing of the final short form prospectus but will be executed ~~or become effective~~ on or before the completion of the

distribution, the issuer must file with the securities regulatory authority, no later than the time of filing of the final short form prospectus, an undertaking of the issuer to the securities regulatory authority to file the ~~document~~agreement, contract or material contract promptly and in any event ~~within seven days after~~no later than seven days after the execution of the agreement, contract or material contract;

(x.1) **Undertaking to File Unexecuted Documents** – if a document referred to in subparagraph (iii) will not be executed in order to become effective and has not become effective before the filing of the final short form prospectus, but will become effective on or before the completion of the distribution, the issuer must file with the securities regulatory authority, no later than the time of filing of the final short form prospectus, an undertaking of the issuer to the securities regulatory authority to file the document promptly and in any event no later than seven days after the document becomes effective; and

(xi) **Undertaking in Respect of Restricted Securities** – for distributions of non-voting securities an undertaking of the issuer to give notice to holders of non-voting securities of a meeting of securityholders if a notice of such meeting is given to its registered holders of voting securities; and

(b) deliver the following to the regulator, no later than the filing of the short form prospectus,

(i) a copy of the short form prospectus, blacklined to show changes from the preliminary short form prospectus, and

(ii) if the issuer has made an application to list the securities being distributed on an exchange in Canada, a copy of a communication in writing from the exchange stating that the application for listing has been made and has been accepted subject to the issuer meeting the requirements for listing of the exchange.

4.3 Review of Unaudited Financial Statements

(1) Subject to subsection (2), any unaudited financial statements, other than *pro forma* financial statements, included in, or incorporated by reference into, a short form prospectus must have been reviewed in accordance with the relevant standards set out in the Handbook for a review of financial statements by the person or company's auditor or a public accountant's review of financial statements.

(2) If NI 52-107 permits the financial statements of the person or company in subsection (1) to be audited in accordance with

(a) U.S. AICPA GAAS, the unaudited financial statements may be reviewed in accordance with the review standards issued by the American Institute of Certified Public Accountants,

(a.1) U.S. PCAOB GAAS, the unaudited financial statements may be reviewed in accordance with the review standards issued by the Public Company Accounting Oversight Board (United States of America),

(b) International Standards on Auditing, the unaudited financial statements may be reviewed in accordance with International Standards on Review Engagement issued by the International Auditing and Assurance Standards Board, or

(c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, the unaudited financial statements

(i) may be reviewed in accordance with review standards that meet the foreign disclosure requirements of the designated foreign jurisdiction, or

(ii) do not have to be reviewed if

(A) the designated foreign jurisdiction does not have review standards for unaudited financial statements, and

(B) the short form prospectus includes disclosure that the unaudited financial statements have not been reviewed.

4.4 [Repealed]

4.5 [Repealed]

PART 5 [REPEALED]

PART 6 [REPEALED]

PART 7 SOLICITATIONS OF EXPRESSIONS OF INTEREST

7.1 Solicitations of Expressions of Interest - The prospectus requirement does not apply to solicitations of expressions of interest before the ~~filing~~issuance of a receipt for a preliminary short form prospectus for securities to be qualified for distribution under a short form prospectus in accordance with this Instrument, if

(a) the issuer has entered into an enforceable agreement with an underwriter who has, or underwriters who have, agreed to purchase the securities,

(b) the agreement referred to in paragraph (a) has fixed the terms of the distribution and requires that the issuer file a preliminary short form prospectus for the securities and obtain from the regulator a receipt, dated as of a date that is not more than four business days after the date that the agreement is entered into, for the preliminary short form prospectus,

(c) the issuer has issued and filed a news release announcing the agreement immediately upon entering into the agreement,

(d) upon issuance of a receipt for the preliminary short form prospectus, a copy of the preliminary short form prospectus is sent to each person or company who has expressed an interest in acquiring the securities, and

(e) except as provided in paragraph (a), no agreement of purchase and sale for the securities is entered into until the short form prospectus has been filed and a receipt obtained.

7.2 Solicitations of Expressions of Interest – Over-allotment Options – The prospectus requirement does not apply to solicitations of expressions of interest before the ~~filing~~issuance of a receipt for a preliminary short form prospectus for securities to be issued pursuant to an over-allotment option that are qualified for distribution under a short form prospectus in accordance with this Instrument, if

(a) the issuer has entered into an enforceable agreement with the underwriters who have agreed to purchase the securities offered under a short form prospectus, other than the securities issuable on the exercise of an over-allotment option,

(b) the agreement referred to in paragraph (a) has fixed the terms of the distribution and requires that the issuer file a preliminary short form prospectus for the securities and obtain from the regulator a receipt, dated as of a date that is not more than four business days after the date that the agreement is entered into, for the preliminary short form prospectus,

(c) the issuer has issued and filed a news release announcing the agreement immediately upon entering into the agreement,

(d) upon issuance of a receipt for the preliminary short form prospectus, a copy of the preliminary short form prospectus is sent to each person or company who has expressed an interest in acquiring the securities, and

(e) except as provided in paragraph (a), no agreement of purchase and sale for the securities is entered into until the short form prospectus has been filed and a

receipt obtained.

PART 8 EXEMPTION

8.1 Exemption

(1) The regulator or the securities regulatory authority may grant an exemption from the provisions of this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario only the regulator may grant such an exemption.

(3) An application made to the securities regulatory authority or regulator for an exemption from the provisions of this Instrument shall include a letter or memorandum describing the matters relating to the exemption, and indicating why consideration should be given to the granting of the exemption.

(4) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

8.2 Evidence of Exemption

(1) Subject to subsection (2) and without limiting the manner in which an exemption under this Part may be evidenced, the granting under this Part of an exemption, other than an exemption, in whole or in part, from Part 2, may be evidenced by the issuance of a receipt for a short form prospectus or an amendment to a short form prospectus.

(2) The issuance of a receipt for a final short form prospectus or an amendment to a final short form prospectus is not evidence that the exemption has been granted unless

(a) the person or company that sought the exemption sent to the regulator

(i) the letter or memorandum referred to in subsection 8.1(3), on or before the date of the filing of the preliminary short form prospectus, or

(ii) the letter or memorandum referred to in subsection 8.1(3) after the date of the filing of the preliminary short form prospectus and received a written acknowledgement from the regulator that the exemption may be evidenced in the manner set out in subsection (1), and

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

PART 9 TRANSITION, REPEAL AND EFFECTIVE DATE

9.1 Applicable Rules - A short form prospectus may, at the issuer's option be prepared in accordance with securities legislation in effect at either the date of issuance of a receipt for the preliminary short form prospectus or the date of issuance of a receipt for the short form prospectus.

9.2 Repeal - National Instrument 44-101 *Short Form Prospectus Distributions* and Form 44-101F3 *Short Form Prospectus*, both of which came into force on December 31, 2000, are repealed on December 30, 2005.

9.3 Effective Date - This Instrument comes into force on December 30, 2005.

APPENDIX A NOTICE DECLARING INTENTION TO BE QUALIFIED UNDER NATIONAL INSTRUMENT 44-101 *SHORT FORM PROSPECTUS DISTRIBUTIONS* ("NI 44-101")

[date]

To: [the issuer's notice regulator (as defined in subsection 2.8(2) of NI 44-101), and any other securities regulatory authority or regulator of a jurisdiction of Canada with whom the issuer may voluntarily file this notice]

[name of issuer] (the "Issuer") intends to be qualified to file a short form prospectus under NI 44-101. The Issuer acknowledges that it must satisfy all applicable qualification criteria prior to filing a preliminary short form prospectus. This notice does not evidence the Issuer's intent to file a short form prospectus, to enter into any particular financing or transaction or to become a reporting issuer in any jurisdiction. This notice will remain in effect until withdrawn by the Issuer.

[signature of Issuer]
[name and title of duly authorized signing officer of Issuer]

APPENDIX B AUTHORIZATION OF INDIRECT COLLECTION, USE AND DISCLOSURE OF PERSONAL INFORMATION

[Repealed]

APPENDIX C ISSUER FORM OF SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE OF PROCESS

[Repealed]

APPENDIX D NON-ISSUER FORM OF SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE OF PROCESS

[Repealed]

Appendix D

Schedule D-2

Form 44-101F1
Short Form Prospectus

TABLE OF CONTENTS

FORM 44-101F1
SHORT FORM PROSPECTUS

INSTRUCTIONS

(1) The objective of the short form prospectus is to provide information concerning the issuer that an investor needs in order to make an informed investment decision. This Form sets out specific disclosure requirements that are in addition to the general requirement under securities legislation to provide full, true and plain disclosure of all material facts relating to the securities to be distributed. Certain rules of specific application impose prospectus disclosure obligations in addition to those described in this Form.

(2) Terms used and not defined in this Form that are defined or interpreted in the Instrument or NI 41-101 bear that definition or interpretation. Other definitions are set out in NI 14-101.

(3) In determining the degree of detail required, a standard of materiality must be applied. Materiality is a matter of judgement in the particular circumstance, and is determined in relation to an item's significance to investors, analysts and other users of information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the issuer's securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items must be considered individually rather than on a net basis, if the items have an offsetting effect.

(4) Unless an item specifically requires disclosure only in the preliminary short form prospectus, the disclosure requirements set out in this Form apply to both the preliminary short form prospectus and the short form prospectus. Details concerning the price and other matters dependent upon or relating to price, such as the number of securities being distributed, may be left out of the preliminary short form prospectus, along with specifics concerning the plan of distribution, to the extent that these matters have not been decided.

(5) Any information required in a short form prospectus may be incorporated by reference in the short form prospectus, other than confidential material change reports. Clearly identify in a short form prospectus any document incorporated by reference. If an excerpt of a document is incorporated by reference, clearly identify the excerpt in the short form prospectus by caption and paragraph of the document. Any material incorporated by reference in a short form prospectus is required under sections 4.1 and 4.2 of the Instrument to be filed with the short form prospectus unless it has been previously filed.

(6) *The disclosure must be understandable to readers and presented in an easy-to-read format. The presentation of information should comply with the plain language principles listed in section 4.2 of Companion Policy 44-101CP* Short Form Prospectus Distributions. *If technical terms are required, clear and concise explanations should be included.*

(7) *No reference need be made to inapplicable items and, unless otherwise required in this Form, negative answers to items may be omitted.*

(8) *Where the term "issuer" is used, it may be necessary, in order to meet the requirement for full, true and plain disclosure of all material facts, to also include disclosure with respect to persons or companies that the issuer is required, under the issuer's GAAP, to consolidate, proportionately consolidate or account for using the equity method (for example, including "subsidiaries" as that term is used in Canadian GAAP applicable to publicly accountable enterprises). If it is more likely than not that a person or company will become an entity that the issuer will be required, under the issuer's GAAP, to consolidate, proportionately consolidate or account for using the equity method, it may be necessary to also include disclosure with respect to the person or company.*

(9) *An issuer that is a special purpose entity may have to modify the disclosure items to reflect the special purpose nature of its business.*

(10) *If disclosure is required as of a specific date and there has been a material change or change that is otherwise significant in the required information subsequent to that date, present the information as of the date of the change or a date subsequent to the change instead.*

(11) *If the term "class" is used in any item to describe securities, the term includes a series of a class.*

(12) *Disclosure in a preliminary short form prospectus or short form prospectus must be consistent with NI 51-101 if the issuer is engaged in oil and gas activities (as defined in NI 51-101).*

(13) *Forward-looking information included in a short form prospectus must comply with section 4A.2 of NI 51-102 and must include the disclosure described in section 4A.3 of NI 51-102. In addition to the foregoing, FOFI or a financial outlook, each as defined in NI 51-102, included in a short form prospectus must comply with Part 4B of NI 51-102. If the forward-looking information relates to an issuer or other entity that is not a reporting issuer, section 4A.2, section 4A.3 and Part 4B of NI 51-102 apply as if the issuer or other entity were a reporting issuer.*

(14) If an issuer discloses financial information in a short form prospectus in a currency other than the Canadian dollar, prominently display the presentation currency.

(15) Except as otherwise required or permitted, include information in a narrative form. The issuer may include graphs, photographs, maps, artwork or other forms of illustration, if relevant to the business of the issuer or the distribution and not misleading. Include descriptive headings. Except for information that appears in a summary, information required under more than one Item need not be repeated.

(16) Certain requirements in this Form make reference to requirements in another instrument or form. Unless this Form states otherwise, issuers must also follow the instructions or requirements in the other instrument or form.

(17) Wherever this Form uses the word "subsidiary", the term includes companies and other types of business organizations such as partnerships, trusts, and other unincorporated business entities.

(18) Issuers must supplement any disclosure incorporated by reference into a short form prospectus if that supplemented disclosure is necessary to ensure that the short form prospectus provides full, true and plain disclosure of all material facts related to the securities to be distributed as required under Item 18 of this Form.

Item 1 - Cover Page Disclosure

1.1 Required Language - State in italics at the top of the cover page the following:

"No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise."

1.2 Preliminary Short Form Prospectus Disclosure - Every preliminary short form prospectus shall have printed in red ink and italics on the top of the cover page the following, with the bracketed information completed:

"A copy of this preliminary short form prospectus has been filed with the securities regulatory authority[ies+] in [each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authority[ies]."

INSTRUCTION

Issuers shall complete the bracketed information by

(a) inserting the names of each jurisdiction in which the issuer intends to offer securities under the short form prospectus;

(b) stating that the filing has been made in each of the provinces of Canada or each of the provinces and territories of Canada; or

(c) identifying the filing jurisdictions by exception (i.e., every province of Canada or every province and territory of Canada, except [excluded jurisdiction]).

1.3 Disclosure Concerning Documents Incorporated by Reference - State the following in italics on the cover page, with the first sentence in boldface type and the bracketed information completed:

> "Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of the issuer at [insert complete address and telephone number], and are also available electronically at www.sedar.com.

1.4 Basic Disclosure about the Distribution - State the following, immediately below the disclosure required under sections 1.1, 1.2 and 1.3, with the bracketed information completed:

> [PRELIMINARY] SHORT FORM PROSPECTUS
>
> [INITIAL PUBLIC OFFERING OR NEW ISSUE AND/OR SECONDARY OFFERING]
>
> (Date)
>
> [Name of Issuer]
>
> [number and type of securities qualified for distribution under the short form prospectus, including any options or warrants, and the price per security]

1.5 Name and Address of Issuer - State the full corporate name of the issuer or, if the issuer is an unincorporated entity, the full name under which the entity exists and carries on business and the address(es) of the issuer's head and registered office.

1.6 Distribution

(1) If the securities are being distributed for cash, provide the information called for below, in substantially the following tabular form or in a note to the table:

	Price to public **(a)**	**Underwriting discounts or commissions** **(b)**	**Proceeds to issuer or selling securityholders** **(c)**
Per security			
Total			

(2) If there is an over-allotment option or an option to increase the size of the distribution before closing,

(a) describe the terms of the option, and

(b) provide the following disclosure:

~~(a) disclose that a~~"A purchaser who acquires [*insert type of securities qualified for distribution under the prospectus*] forming part of the underwriters' over-allocation position acquires those securities under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases~~, and (b) describe the terms of the option~~."

(3) If the distribution of the securities is to be on a best efforts basis~~, provide totals for both the minimum and maximum subscriptions, if applicable.~~ and a minimum offering amount

(a) is required for the issuer to achieve one or more of the purposes of the offering, provide totals for both the minimum and maximum offering amount, or

(b) is not required for the issuer to achieve any of the purposes of the offering, state the following in boldface type:

"There is no minimum amount of funds that must be raised under this offering. This means that the issuer could complete this offering after raising only a small proportion of the offering amount set out above."

(3.1) If a minimum subscription amount is required from each subscriber, provide details of the minimum subscription requirements in the table required under subsection (1).

(4) If debt securities are distributed at a premium or a discount, state in boldface type the effective yield if held to maturity.

(5) Disclose separately those securities that are underwritten, those under option and those to be sold on a best efforts basis and, in the case of a best efforts distribution, the latest date that the distribution is to remain open.

(6) In column (b) of the table, disclose only commissions paid or payable in cash by the issuer or selling securityholder and discounts granted. Set out in a note to the table

(a) commissions or other consideration paid or payable by persons or companies other than the issuer or selling securityholder;

(b) consideration other than discounts granted and cash paid or payable by the issuer or selling securityholder, other than securities described in section 1.10 below; and

(c) any finder's fees or similar required payment.

(7) If a security is being distributed for the account of a selling securityholder, state the name of the selling securityholder and a cross-reference to the applicable section in the short form prospectus where further information about the selling securityholder is provided. State the portion of expenses of the distribution to be borne by the selling securityholder and, if none of the expenses of the distribution are being borne by the selling securityholder, include a statement to that effect and discuss the reasons why this is the case.

INSTRUCTIONS

(1) Estimate amounts, if necessary. For non-fixed price distributions that are being made on a best efforts basis, disclosure of the information called for by the table may be set forth as a percentage or a range of percentages and need not be set forth in tabular form.

(2) If debt securities are being distributed, also express the information in the table as a percentage.

1.6.1 Offering price in currency other than Canadian dollar – If the offering price of the securities being distributed is disclosed in a currency other than the Canadian dollar, disclose in boldface type the currency.

1.7 Non-Fixed Price Distributions - If the securities are being distributed at non-fixed prices, disclose

(a) the discount allowed or commission payable to the underwriter;

(b) any other compensation payable to the underwriter and, if applicable, that the underwriter's compensation will be increased or decreased by the amount by which the aggregate price paid for the securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriter to the issuer or selling securityholder;

(c) that the securities to be distributed under the short form prospectus will be distributed, as applicable, at

(i) prices determined by reference to the prevailing price of a specified security in a specified market,

(ii) market prices prevailing at the time of sale, or

(iii) prices to be negotiated with purchasers;

(d) that prices may vary from purchaser to purchaser and during the period of distribution;

(e) if the price of the securities is to be determined by reference to the prevailing price of a specified security in a specified market, the price of the specified security in the specified market at the latest practicable date;

(f) if the price of the securities will be the market price prevailing at the time of sale, the market price at the latest practicable date; and

(g) the net proceeds or, if the distribution is to be made on a best efforts basis, the minimum amount of net proceeds, if any, to be received by the issuer or selling securityholder.

1.7.1 Pricing Disclosure – If the offering price or the number of securities being distributed, or an estimate of the range of the offering price or of the number of securities being distributed, has been publicly disclosed in a jurisdiction or a foreign jurisdiction as of the date of the preliminary short form prospectus, include this information in the preliminary short form prospectus.

1.8 Reduced Price Distributions - If an underwriter wishes to be able to decrease the price at which securities are distributed for cash from the initial offering price disclosed in the short form prospectus, include in boldface type a cross-reference to the section in the short form prospectus where disclosure concerning the possible price decrease is provided.

1.9 Market for Securities

(1) Identify the exchange(s) and quotation system(s), if any, on which securities of the issuer of the same class or series as the securities being distributed are traded or quoted and the market price of those securities as of the latest practicable date.

(2) Disclose any intention to stabilize the market and provide a cross-reference to the section in the short form prospectus where further information about market stabilization is provided.

(3) If no market for the securities being distributed under the short form prospectus exists or is expected to exist upon completion of the distribution, state the following in boldface type:

> There is no market through which the securities may be sold and purchasers may not be able to resell securities purchased under the short form prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See Risk Factors.

1.10 Underwriter(s)

(1) State the name of each underwriter.

(2) If applicable, comply with the requirements of NI 33-105 for front page prospectus disclosure.

(3) If an underwriter has agreed to purchase all of the securities being distributed at a specified price and the underwriter's obligations are subject to conditions, state the following, with the bracketed information completed:

> "We, as principals, conditionally offer these securities, subject to prior sale, if, as and when issued by [name of issuer] and accepted by us in accordance with the conditions contained in the underwriting agreement referred to under Plan of Distribution."

(4) If an underwriter has agreed to purchase a specified number or principal amount of the securities at a specified price, state that the securities are to be taken up by the underwriter, if at all, on or before a date not later than 42 days after the date of the receipt for the short form prospectus.

(5) If there is no underwriter involved in the distribution, provide a statement in boldface type to the effect that no underwriter has been involved in the preparation of the short form prospectus or performed any review of the contents of the short form prospectus.

(6) Provide the following tabular information:

Underwriter's Position	**Maximum size or number of securities available**	**Exercise period or Acquisition date**	**Exercise price or average acquisition price**
Over-allotment option			
Compensation option			
Any other option granted by issuer or insider of issuer to underwriter			
Total securities under option issuable to underwriter			
Other compensation securities issuable to underwriter			

INSTRUCTION

If the underwriter has been granted compensation securities, state, in a footnote, whether the prospectus qualifies the grant of all or part of the compensation securities and provide a cross-reference to the applicable section in the prospectus where further information about the compensation securities is provided.

1.11 ~~**International Issuers**~~**Enforcement of Judgments against Foreign Persons or Companies** - If the issuer, a director of the issuer, a selling securityholder, or any other person or company ~~required to provide~~that is signing or providing a certificate under Part 5 of NI 41-101 or other securities legislation, is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, state the following on the cover page or under a separate heading elsewhere in the short form prospectus, with the bracketed information completed:

> "The [issuer, director of the issuer, selling securityholder, or any other person or company signing or providing a certificate under Part 5 of NI 41-101 or other securities legislation] is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada. Although [the person or company described above] has appointed [name(s) and ~~addresses~~address(es) of agent(s) for service] as its agent(s) for service of process in [list jurisdictions] it may not be possible for investors to enforce judgments obtained in Canada against [the person or company described above]."

1.12 Restricted Securities

(1) Describe the number and class or classes of restricted securities being distributed using the appropriate restricted security terms in the same type face and type size as the rest of the description.

(2) If the securities being distributed are restricted securities and the holders of the securities do not have the right to participate in a takeover bid made for other equity securities of the issuer, disclose that fact.

1.13 Earnings Coverage Ratios – If any of the earnings coverage ratios required to be disclosed under section 6.1 is less than one-to-one, disclose this fact in boldface type.

Item 2 - Summary Description of Business

2.1 Summary of Description of Business - Provide a brief summary on a consolidated basis of the business carried on and intended to be carried on by the issuer.

Item 3 - Consolidated Capitalization

3.1 Consolidated Capitalization - Describe any material change in, and the effect of the material change on, the share and loan capital of the issuer, on a consolidated basis, since the date of the issuer's financial statements most recently filed in accordance with the applicable CD rule, including any material change that will result from the issuance of the securities being distributed under the short form prospectus.

Item 4 - Use of Proceeds

4.1 Proceeds

(1) State the estimated net proceeds to be received by the issuer or selling securityholder or, in the case of a non-fixed price distribution or a distribution to be made on a best efforts basis, the minimum amount, if any, of net proceeds to be received by the issuer or selling securityholder from the sale of the securities distributed.

(2) State the particulars of any provision or arrangements made for holding any part of the net proceeds of the distribution in trust or escrow subject to the fulfillment of conditions.

(3) If the short form prospectus is used for a special warrant or similar transaction, state the amount that has been received by the issuer of the special warrants or similar securities on the sale of the special warrants or similar securities.

4.2 Principal Purposes - Generally

(1) Describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the net proceeds will be used by the issuer.

(2) If the closing of the distribution is subject to a minimum ~~subscription~~offering amount, provide disclosure of the use of proceeds for the minimum and maximum ~~subscriptions~~offering amounts.

(3) If all of the following apply, disclose how the proceeds will be used by the issuer, with reference to various potential thresholds of proceeds raised, in the event that the issuer raises less than the maximum offering amount:

(a) the closing of the distribution is not subject to a minimum offering amount;

(b) the distribution of the securities is to be on a best efforts basis; and

(c) the issuer has significant short-term non-discretionary expenditures including those for general corporate purposes, or significant short-term capital or contractual commitments, and may not have other readily accessible resources to satisfy those expenditures or commitments.

(4) If the issuer is required to provide disclosure under subsection (3), the issuer must discuss, in respect of each threshold, the impact (if any) of raising this amount on its liquidity, operations, capital resources and solvency.

INSTRUCTIONS

If the issuer is required to disclose the use of proceeds at various thresholds under subsections 4.2(3) and (4), include as an example a threshold that reflects the receipt of a small portion of the offering.

4.3 Principal Purposes - Indebtedness

(1) If more than 10% of the net proceeds will be used to reduce or retire indebtedness and the indebtedness was incurred within the two preceding years, describe the principal purposes for which the proceeds of the indebtedness were used.

(2) If the creditor is an insider, associate or affiliate of the issuer, identify the creditor and the nature of the relationship to the issuer and disclose the outstanding amount owed.

4.4 Principal Purposes – Asset Acquisition

(1) If more than 10% of the net proceeds are to be used to acquire assets, describe the assets.

(2) If known, disclose the particulars of the purchase price being paid for or being allocated to the assets or categories of assets, including intangible assets.

(3) If the vendor of the assets is an insider, associate or affiliate of the issuer, identify the vendor and the nature of the relationship to the issuer, and disclose the method used in determining the purchase price.

(4) Describe the nature of the title to or interest in the assets to be acquired by the issuer.

(5) If part of the consideration for the acquisition of the assets consists of securities of the issuer, give brief particulars of the class, number or amount, voting rights, if any, and other appropriate information relating to the securities, including particulars of the issuance of securities of the same class within the two preceding years.

4.5 Principal Purposes – Insiders, etc. – If an insider, associate or affiliate of the issuer will receive more than 10% of the net proceeds, identify the insider, associate or affiliate and the nature of the relationship to the issuer, and disclose the amount of net proceeds to be received.

4.6 Principal Purposes – Research and Development – If more than 10% of the net proceeds from the distribution will be used for research and development of products or services, describe

(a) the timing and stage of research and development programs that management anticipates will be reached using such proceeds,

(b) the major components of the proposed programs that will be funded using the proceeds from the distribution, including an estimate of anticipated costs,

(c) if the issuer is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods, and

(d) the additional steps required to reach commercial production and an estimate of costs and timing.

4.7 Business Objectives and Milestones

(1) State the business objectives that the issuer expects to accomplish using the net proceeds of the distribution under section 4.1.

(2) Describe each significant event that must occur for the business objectives described under subsection (1) to be accomplished and state the specific time

period in which each event is expected to occur and the costs related to each event.

4.8 Unallocated Funds in Trust or Escrow

(1) Disclose that unallocated funds will be placed in a trust or escrow account, invested or added to the working capital of the issuer.

(2) Give details of the arrangements made for, and the persons or companies responsible for,

(a) the supervision of the trust or escrow account or the investment of unallocated funds, and

(b) the investment policy to be followed.

4.9 Other Sources of Funding – If any material amounts of other funds are to be used in conjunction with the proceeds, state the amounts and sources of the other funds.

4.10 Financing by Special Warrants, etc.

(1) If the short form prospectus is used to qualify the distribution of securities issued upon the exercise of special warrants or the exercise of other securities acquired on a ~~short form~~ prospectus-exempt basis, describe the principal purposes for which the proceeds of the ~~short form~~ prospectus-exempt financing were used or are to be used.

(2) If all or a portion of the funds have been spent, explain how the funds were spent.

Item 5 - Plan of Distribution

5.1 Disclosure of Conditions to Underwriters' Obligations - If securities are distributed by an underwriter that has agreed to purchase all of the securities at a specified price and the underwriter's obligations are subject to conditions,

(a) include a statement in substantially the following form, with the bracketed information completed and with modifications necessary to reflect the terms of the distribution:

> "Under an agreement dated [insert date of agreement] between [insert name of issuer or selling securityholder] and [insert name(s) of underwriter(s)], as underwriter[s], [insert name of issuer or selling securityholder] has agreed to sell and the underwriter[s] [has/have] agreed to purchase on [insert closing date] the securities at a price of [insert offering price], payable in cash to [insert name of issuer or selling securityholder] against delivery. The obligations of the underwriter[s]

under the agreement may be terminated at [its/their] discretion on the basis of [its/their] assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The underwriter[s] [is/are], however, obligated to take up and pay for all of the securities if any of the securities are purchased under the agreement.", and

(b) describe any other conditions and indicate any information known that is relevant to whether such conditions will be satisfied.

5.2 Best Efforts Offering - Outline briefly the plan of distribution of any securities being distributed other than on the basis described in section 5.1.

5.3 Determination of Price - Disclose the method by which the distribution price has been or will be determined and, if estimates have been provided, explain the process for determining the estimates.

5.4 Stabilization - If the issuer, a selling securityholder or an underwriter knows or has reason to believe that there is an intention to over-allot or that the price of any security may be stabilized to facilitate the distribution of the securities, describe the nature of these transactions, including the anticipated size of any over-allocation position, and explain how the transactions are expected to affect the price of the securities.

5.4.1 Underwriting Discounts – Interests of Management and Others in Material Transactions – Disclose any material underwriting discounts or commissions on the sale of securities by the issuer if any of the persons or companies listed under section 13.1 of Form 51-102F2 were or are to be an underwriter or are associates, affiliates or partners of a person or company that was or is to be an underwriter.

5.5 Minimum Distribution - If securities are being distributed on a best efforts basis and minimum funds are to be raised, state

(a) the minimum funds to be raised,

(b) that the issuer must appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practicing member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until the minimum amount of funds stipulated in paragraph (a) has been raised, and

(c) that if the minimum amount of funds is not raised within the distribution period, the trustee must return the funds to the subscribers without any deduction.

5.5.1 Approvals – If the proceeds of the distribution will be used to substantially fund a material undertaking that would constitute a material departure from the business or

operations of the issuer and the issuer has not obtained all material licences, registrations and approvals necessary for the stated principal use of proceeds, include a statement that

(a) the issuer must appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practicing member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until all material licences, registrations and approvals necessary for the stated principal use of proceeds have been obtained, and

(b) if all material licences, registrations and approvals necessary for the operation of the material undertaking have not been obtained within 90 days from the date of receipt of the final short form prospectus, the trustee must return the funds to subscribers.

5.6 Reduced Price Distributions - If the underwriter may decrease the offering price after the underwriter has made a reasonable effort to sell all of the securities at the initial offering price disclosed in the short form prospectus in accordance with the procedures permitted by the Instrument, disclose this fact and that the compensation realised by the underwriter will be decreased by the amount that the aggregate price paid by purchasers for the securities is less than the gross proceeds paid by the underwriter to the issuer or selling securityholder.

5.7 Listing Application - If application has been made to list or quote the securities being distributed, include a statement in substantially the following form with the bracketed information completed:

> "The issuer has applied to [list/quote] the securities distributed under this short form prospectus on [name of exchange or other market]. [Listing/Quotation] will be subject to the issuer fulfilling all the listing requirements of [name of exchange or other market]."

5.8 Conditional Listing Approval - If application has been made to list or quote the securities being distributed and conditional listing approval has been received, include a statement in substantially the following form, with the bracketed information completed:

> "[name of exchange or other market] has conditionally approved the [listing/quotation] of these securities. [Listing/Quotation] is subject to the [name of the issuer] fulfilling all of the requirements of the [name of exchange or market] on or before [date], [including distribution of these securities to a minimum number of public securityholders.]"

5.9 Constraints - If there are constraints imposed on the ownership of securities of the issuer to ensure that the issuer has a required level of Canadian ownership, describe the mechanism, if any, by which the level of Canadian ownership of the securities of the issuer will be monitored and maintained.

5.10 Special Warrants Acquired by Underwriters or Agents – Disclose the number and dollar value of any special warrants acquired by any underwriter or agent and the percentage of the distribution represented by those special warrants.

Item 6 - Earnings Coverage Ratios

6.1 Earnings Coverage Ratios

(1) If the securities being distributed are debt securities having a term to maturity in excess of one year or are preferred shares, disclose the following earnings coverage ratios adjusted in accordance with subsection (2):

(a) the earnings coverage ratio based on the most recent 12 month period included in the issuer's current annual financial statements included in the short form prospectus,

(b) if there has been a change in year end and the issuer's most recent financial year is less than nine months in length, the earnings coverage calculation for its old financial year, and

(c) the earnings coverage ratio based on the 12-month period ended on the last day of the most recently completed period for which an interim financial report of the issuer has been included in the short form prospectus.

(2) Adjust the ratios referred to in subsection (1) to reflect

(a) the issuance of the securities being distributed under the short form prospectus, based on the price at which these securities are expected to be distributed;

(b) in the case of a distribution of preferred shares,

(i) the issuance of all preferred shares since the date of the annual financial statements or interim financial report, and

(ii) the repurchase, redemption or other retirement of all preferred shares repurchased, redeemed, or otherwise retired since the date of the annual financial statements or interim financial report and of all preferred shares to be repurchased, redeemed, or otherwise retired from the proceeds to be realized from the sale of securities under the short form prospectus;

(c) the issuance of all financial liabilities, as defined in accordance with the issuer's GAAP since the date of the annual financial statements or interim financial report; and

(d) the repayment, redemption or other retirement of all financial liabilities, as defined in accordance with the issuer's GAAP, since the date of the annual financial statements or interim financial report and all financial liabilities to be repaid or redeemed from the proceeds to be realized from the sale of securities distributed under the short form prospectus.

(e) [Repealed]

(3) [Repealed]

(4) If the earnings coverage ratio is less than one-to-one, disclose in the short form prospectus the dollar amount of the numerator required to achieve a ratio of one-to-one.

(5) If the short form prospectus includes a *pro forma* income statement, calculate the *pro forma* earnings coverage ratios for the periods of the *pro forma* income statement, and disclose them in the short form prospectus.

INSTRUCTIONS

(1) Cash flow coverage may be disclosed but only as a supplement to earnings coverage and only if the method of calculation is fully disclosed.

(2) Earnings coverage is calculated by dividing an entity's profit or loss attributable to owners of the parent (the numerator) by its borrowing costs and dividend obligations (the denominator).

(3) For the earnings coverage calculation

(a) the numerator should be calculated using consolidated profit or loss attributable to owners of the parent before borrowing costs and income taxes;

(b) imputed interest income from the proceeds of a distribution should not be added to the numerator;

(c) [Repealed]

(d) for distributions of debt securities, the appropriate denominator is borrowing costs, after giving effect to the new debt securities issue and any retirement of obligations, plus the borrowing costs that have been capitalized during the period;

(e) for distributions of preferred shares

(i) the appropriate denominator is dividends declared during the period, together with undeclared dividends on cumulative preferred shares, after giving effect to the new preferred share issue, plus the issuer's annual borrowing cost requirements, including the borrowing costs that have been capitalized during the period, less any retirement of obligations, and

(ii) dividends should be grossed-up to a before-tax equivalent using the issuer's effective income tax rate; and

(f) for distributions of both debt securities and preferred shares, the appropriate denominator is the same as for a preferred share issue, except that the denominator should also reflect the effect of the debt securities being offered pursuant to the short form prospectus.

(4) The denominator represents a pro forma calculation of the aggregate of an issuer's borrowing cost obligations on all financial liabilities and dividend obligations (including both dividends declared and undeclared dividends on cumulative preferred shares) with respect to all outstanding preferred shares, as adjusted to reflect

(a) the issuance of all financial liabilities and, in addition in the case of an issuance of preferred shares, all preferred shares issued, since the date of the annual financial statements or interim financial report;

(b) the issuance of the securities that are to be distributed under the short form prospectus, based on a reasonable estimate of the price at which these securities will be distributed; and

(c) the repayment or redemption of all financial liabilities since the date of the annual financial statements or interim financial report, all financial liabilities to be repaid or redeemed from the proceeds to be realized from the sale of securities under the short form prospectus and, in addition, in the case of an issuance of preferred shares, all preferred shares repaid or redeemed since the date of the annual financial statements or interim financial report and all preferred shares to be repaid or redeemed from the proceeds to be realized from the sale of securities under the short form prospectus.

(d) [Repealed]

(5) [Repealed]

(6) For debt securities, disclosure of earnings coverage shall include language similar to the following, with the bracketed and bulleted information completed:

"[Name of the issuer]'s borrowing cost requirements, after giving effect to the issue of [the debt securities to be distributed under the short form prospectus], amounted to $• for the 12 months ended •. [Name of the issuer]'s profit or loss attributable to owners of the parent before borrowing costs and income tax for the 12 months then ended was $•, which is • times [name of the issuer]'s borrowing cost requirements for this period."

(7) For preferred share issues, disclosure of earnings coverage shall include language similar to the following, with the bracketed and bulleted information completed:

"[Name of the issuer]'s dividend requirements on all of its preferred shares, after giving effect to the issue of [the preferred shares to be distributed under the short form prospectus], and adjusted to a before-tax equivalent using an effective income tax rate of •%, amounted to $• for the 12 months ended •. [Name of the issuer]'s borrowing cost requirements for the 12 months then ended amounted to $•. [Name of the issuer]'s profit or loss attributable to owners of the parent before borrowing costs and income tax for the 12 months ended • was $•, which is • times [name of the issuer]'s aggregate dividend and borrowing cost requirements for this period."

(8) [Repealed]

(9) Other earnings coverage calculations may be included as supplementary disclosure to the required earnings coverage calculations outlined above as long as their derivation is disclosed and they are not given greater prominence than the required earnings coverage calculations.

Item 7 - Description of Securities Being Distributed

7.1 Equity Securities - If equity securities are being distributed, state the description or the designation of the class of the equity securities and describe all material attributes and characteristics that are not described elsewhere in a document incorporated by reference in the short form prospectus including, as applicable,

(a) dividend rights;

(b) voting rights;

(c) rights upon dissolution or winding up;

(d) pre-emptive rights;

(e) conversion or exchange rights;

(f) redemption, retraction, purchase for cancellation or surrender provisions;

(g) sinking or purchase fund provisions;

(h) provisions permitting or restricting the issuance of additional securities and any other material restrictions; and

(i) provisions requiring a securityholder to contribute additional capital.

7.2 Debt Securities - If debt securities are being distributed, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt that are not described elsewhere in a document incorporated by reference in the short form prospectus, including

(a) provisions for interest rate, maturity and premium, if any;

(b) conversion or exchange rights;

(c) redemption, retraction, purchase for cancellation or surrender provisions;

(d) sinking or purchase fund provisions;

(e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge;

(f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants including restrictions against payment of dividends and restrictions against giving security on the assets of the issuer or its subsidiaries and provisions as to the release or substitution of assets securing the debt securities;

(g) the name of the trustee under any indenture relating to the debt securities and the nature of any material relationship between the trustee or any of its affiliates and the issuer or any of its affiliates; and

(h) any financial arrangements between the issuer and any of its affiliates or among its affiliates that could affect the security for the indebtedness.

7.3 Asset-backed Securities

(1) This section applies only if any asset-backed securities are being distributed.

(2) Describe the material attributes and characteristics of the asset-backed securities, including

(a) the rate of interest or stipulated yield and any premium,

(b) the date for repayment of principal or return of capital and any circumstances in which payments of principal or capital may be made before such date, including any redemption or pre-payment obligations or privileges of the issuer and any events that may trigger early liquidation or amortization of the underlying pool of financial assets,

(c) provisions for the accumulation of cash flows to provide for the repayment of principal or return of capital,

(d) provisions permitting or restricting the issuance of additional securities and any other material negative covenants applicable to the issuer,

(e) the nature, order and priority of the entitlements of holders of asset-backed securities and any other entitled persons or companies to receive cash flows generated from the underlying pool of financial assets, and

(f) any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of payments or distributions to be made under the asset-backed securities, including those that are dependent or based on the economic performance of the underlying pool of financial assets.

(3) Provide financial disclosure that describes the underlying pool of financial assets, for the period from the date as at which the following information was presented in the issuer's current AIF to a date not more than 90 days before the date of the issuance of a receipt for the preliminary short form prospectus, of

(a) the composition of the pool as at the end of the period,

(b) profit and losses from the pool for the period presented on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets,

(c) the payment, prepayment and collection experience of the pool for the period on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

(d) servicing and other administrative fees, and

(e) any significant variances experienced in the matters referred to in paragraphs (a) through (d).

(4) Describe the type of financial assets, the manner in which the financial assets originated or will originate and, if applicable, the mechanism and terms of the agreement governing the transfer of the financial assets comprising the underlying pool to or through the issuer, including the consideration paid for the financial assets.

(5) Describe any person or company who

(a) originated, sold or deposited a material portion of the financial assets comprising the pool, or has agreed to do so,

(b) acts, or has agreed to act, as a trustee, custodian, bailee or agent of the issuer or any holder of the asset-backed securities, or in a similar capacity,

(c) administers or services a material portion of the financial assets comprising the pool or provides administrative or managerial services to the issuer, or has agreed to do so, on a conditional basis or otherwise, if

(i) finding a replacement provider of the services at a cost comparable to the cost of the current provider is not reasonably likely.

(ii) a replacement provider of the services is likely to achieve materially worse results than the current provider,

(iii) the current provider of the services is likely to default in its service obligations because of its current financial condition, or

(iv) the disclosure is otherwise material,

(d) provides a guarantee, alternative credit support or other credit enhancement to support the obligations of the issuer under the asset-backed securities or the performance of some or all of the financial assets in the pool, or has agreed to do so, or

(e) lends to the issuer in order to facilitate the timely payment or repayment of amounts payable under the asset-backed securities, or has agreed to do so.

(6) Describe the general business activities and material responsibilities under the asset-backed securities of a person or company referred to in subsection (5).

(7) Describe the terms of any material relationships between

(a) any of the persons or companies referred to in subsection (5) or any of their respective affiliates, and

(b) the issuer.

(8) Describe any provisions relating to termination of services or responsibilities of any of the persons or companies referred to in subsection (5) and the terms on which a replacement may be appointed.

(9) Describe any risk factors associated with the asset-backed securities, including disclosure of material risks associated with changes in interest rates or prepayment levels, and any circumstances where payments on the asset-backed securities could be impaired or disrupted as a result of any reasonably foreseeable event that may delay, divert or disrupt the cash flows dedicated to service the asset-backed securities.

INSTRUCTIONS

(1) Present the information required under subsection (3) in a manner that will enable a reader to easily determine whether, and the extent to which, the events, covenants, standards and preconditions referred to in paragraph (2)(f) have occurred, are being satisfied or may be satisfied.

(2) If the information required under subsection (3) is not compiled specifically from the underlying pool of financial assets, but is compiled from a larger pool of the same assets from which the securitized assets are randomly selected so that the performance of the larger pool is representative of the performance of the pool of securitized assets, then an issuer may comply with subsection (3) by providing the financial disclosure required based on the larger pool and disclosing that it has done so.

(3) Issuers are required to summarize contractual arrangements in plain language and may not merely restate the text of the contracts referred to. The use of diagrams to illustrate the roles of, and the relationship among, the persons and companies referred to in subsection (5) and the contractual arrangements underlying the asset-backed securities is encouraged.

7.4 Derivatives - If derivatives are being distributed, describe fully the material attributes and characteristics of the derivatives, including

(a) the calculation of the value or payment obligations under the derivatives;

(b) the exercise of the derivatives;

(c) settlements that are the result of the exercise of the derivatives;

(d) the underlying interest of the derivatives;

(e) the role of a calculation expert in connection with the derivatives;

(f) the role of any credit supporter of the derivatives; and

(g) the risk factors associated with the derivatives.

7.5 Other Securities - If securities other than equity securities, debt securities, asset-backed securities or derivatives are being distributed, describe fully the material attributes and characteristics of those securities.

7.6 Special Warrants, etc. – If the short form prospectus is used to qualify the distribution of securities issued upon the exercise of special warrants or other securities acquired on a prospectus-exempt basis, ~~disclose that holders of such securities have been provided with a contractual right of rescission and~~ provide the following disclosure in the short form prospectus~~, with the bracketed information completed~~ to indicate that holders of such securities have been provided with a contractual right of rescission:

"The issuer has granted to each holder of a special warrant a contractual right of rescission of the prospectus-exempt transaction under which the special warrant was initially acquired. The contractual right of rescission provides that if a holder of a special warrant who acquires another security of the issuer on exercise of the special warrant as provided for in the prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the short form prospectus or an amendment to the short form prospectus containing a misrepresentation,

(a) the holder is entitled to rescission of both the holder's exercise of its special warrant and the private placement transaction under which the special warrant was initially acquired,

(b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the underwriter or issuer, as the case may be, on the acquisition of the special warrant, and

(c) if the holder is a permitted assignee of the interest of the original special warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber."

7.7 Restricted Securities

(1) If the issuer has outstanding, or proposes to distribute under a short form prospectus restricted securities, subject securities or securities that are, directly or indirectly, convertible into or exercisable or exchangeable for restricted securities or subject securities, provide a detailed description of:

(a) the voting rights attached to the restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, and the voting rights, if any,

attached to the securities of any other class of securities of the issuer that are the same as or greater than, on a per security basis, those attached to the restricted securities,

(b) any significant provisions under applicable corporate and securities law that do not apply to the holders of the restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, but do apply to the holders of another class of equity securities, and the extent of any rights provided in the constating documents or otherwise for the protection of holders of the restricted securities.

(c) any rights under applicable corporate law, in the constating documents or otherwise, of holders of restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, to attend, in person or by proxy, meetings of holders of equity securities of the issuer and to speak at the meetings to the same extent that holders of equity securities are entitled, and

(d) how the issuer complied with, or basis upon which it was exempt from, the requirements of Part 12 of NI 41-101

(2) If holders of restricted securities do not have all of the rights referred to in subsection (1) the detailed description referred to in that subsection must include, in boldface, a statement of the rights the holders do not have.

(3) If the issuer is required to include the disclosure referred to in subsection (1), state the percentage of the aggregate voting rights attached to the issuer's securities that will be represented by restricted securities after effect has been given to the issuance of the securities being offered.

7.8 Modification of Terms - Describe provisions about the modification, amendment or variation of any rights or other terms attached to the securities being distributed. If the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

7.9 Ratings - If the issuer has asked for and received a stability rating, or if the issuer is aware that it has received any other kind of rating, including a provisional rating, from one or more approved rating organizations for the securities being distributed and the rating or ratings continue in effect, disclose

(a) each security rating, including a provisional rating or stability rating, received from an approved rating organization,

(b) the name of each approved rating organization that has assigned a rating for the securities to be distributed,

(c) a definition or description of the category in which each approved rating organization rated the securities to be distributed and the relative rank of each rating within the organization's overall classification system,

(d) an explanation of what the rating addresses and what attributes, if any, of the securities to be distributed are not addressed by the rating,

(e) any factors or considerations identified by the approved rating organization as giving rise to unusual risks associated with the securities to be distributed,

(f) a statement that a security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization, and

(g) any announcement made by, or any proposed announcement known to the issuer that is to be made by, an approved rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.

INSTRUCTION

There may be factors relating to a security that are not addressed by a ratings agency when they give a rating. For example, in the case of cash settled 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 this section.

7.10 Other Attributes

(1) If the rights attaching to the securities being distributed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being distributed, include information about the other securities that will enable investors to understand the rights attaching to the securities being distributed.

(2) If securities of the class being distributed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

INSTRUCTION

This Item requires only a brief summary of the provisions that are material from an investment standpoint. The provisions attaching to the securities being distributed or any other class of securities do not need to be set out in full. They may, in the issuer's discretion, be attached as a schedule to the short form prospectus.

Item 7A - Prior Sales

7A.1 Prior Sales – For each class or series of securities of the issuer distributed under the short form prospectus and for securities that are convertible or exchangeable into those classes or series of securities, state, for the 12-month period before the date of the short form prospectus,

(a) the price at which the securities have been issued or are to be issued by the issuer or sold by the selling securityholder,

(b) the number of securities issued or sold at that price, and

(c) the date on which the securities were issued or sold.

7A.2 Trading Price and Volume

(1) For ~~each class of~~the following securities of the issuer that ~~is~~are 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 for the securities generally occurs~~.~~:

(a) each class or series of securities of the issuer distributed under the short form prospectus;

(b) securities of the issuer into which those classes or series of securities are convertible or exchangeable.

(2) ~~If a class of~~For the following securities of the issuer ~~is~~that are not traded or quoted on a Canadian marketplace, but ~~is~~are traded or quoted on a foreign marketplace, identify the foreign marketplace and the price ranges and volume traded or quoted on the foreign marketplace on which the greatest volume or quotation for the securities generally occurs:

(a) each class or series of securities of the issuer distributed under the short form prospectus;

(b) securities of the issuer into which those classes or series of securities are convertible or exchangeable.

(3) Provide the information required under subsections (1) and (2) on a monthly basis for each month or, if applicable, partial months of the 12-month period before the date of the short form prospectus.

Item 8 - Selling Securityholder

8.1 Selling Securityholder

(1) If any securities are being distributed for the account of a securityholder, provide the following information for each securityholder:

1. The name.

2. The number or amount of securities owned, controlled or directed of the class being distributed.

3. The number or amount of securities of the class being distributed for the account of the securityholder.

4. The number or amount of securities of the issuer of any class to be owned, controlled or directed after the distribution, and the percentage that number or amount represents of the total outstanding.

5. Whether the securities referred to in paragraph 2, 3 or 4 are owned both of record and beneficially, of record only, or beneficially only.

(2) If securities are being distributed in connection with a restructuring transaction, indicate, to the extent known, the holdings of each person or company described in paragraph 1. of subsection (1) that will exist after effect has been given to the transaction.

(3) If any of the securities being distributed are being distributed for the account of a securityholder and those securities were purchased by the selling securityholder within the two years preceding the date of the short form prospectus, state the date the selling securityholder acquired the securities and, if the securities were acquired in the 12 months preceding the date of the short form prospectus, the cost to the securityholder in the aggregate and on an average cost-per-security basis.

(4) If, to the knowledge of the issuer or the underwriter of the securities being distributed, any selling securityholder is an associate or affiliate of another person or company named as a principal holder of voting securities in the issuer's information circular required to be incorporated by reference under paragraph 7. of subsection 11.1(1), disclose, to the extent known, the material facts of the relationship, including any basis for influence over the issuer held by the person or company other than the holding of voting securities of the issuer.

(5) In addition to the above, include in a footnote to the table the required calculation(s) on a fully-diluted basis.

(6) Describe any material change to the information required to be included in the short form prospectus under subsection (1) to the date of the short form prospectus.

INSTRUCTION

If a company, partnership, trust or other unincorporated entity is a selling securityholder, disclose, to the extent known, the name of each individual who, through ownership of or control or direction over the securities of that company, trust or other unincorporated entity, or membership in the partnership, as the case may be, is a principal securityholder of that entity.

Item 9 - Mineral Property

9.1 Mineral Property – If a material part of the proceeds of the distribution is to be expended on a particular mineral property and if the current AIF does not contain the disclosure required under section 5.4 of Form 51-102F2 for the property or that disclosure is inadequate or incorrect due to changes, disclose the information required under section 5.4 of Form 51-102F2.

Item 10 - Recently Completed and Probable Acquisitions

10.1 Application and Definitions – This Item does not apply to a completed or proposed transaction by the issuer that was or will be accounted for as a reverse takeover or a transaction that is a proposed reverse takeover that has progressed to a state where a reasonable person would believe that the likelihood of the reverse takeover being completed is high.

10.2 Significant Acquisitions

(1) Describe any acquisition

(a) that the issuer has completed within 75 days prior to the date of the short form prospectus;

(b) that is a significant acquisition for the purposes of Part 8 of NI 51-102; and

(c) for which the issuer has not yet filed a business acquisition report under NI 51-102.

(2) Describe any proposed acquisition by an issuer that

(a) has progressed to a state where a reasonable person would believe that the likelihood of the issuer completing the acquisition is high; and

(b) would be a significant acquisition for the purposes of Part 8 of NI 51-102 if completed as of the date of the short form prospectus.

(3) If disclosure about an acquisition or proposed acquisition is required under subsection (1) or (2), include financial statements or other information about the acquisition or proposed acquisition if the inclusion of the financial statements is necessary for the short form prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed.

(4) The requirement to include financial statements or other information under subsection (3) must be satisfied by including

(a) the financial statements or other information that will be required to be included in, or incorporated by reference into, a business acquisition report filed under Part 8 of NI 51-102, or

(b) satisfactory alternative financial statements or other information.

INSTRUCTION

For the description of the acquisition or proposed acquisition, include the information required by sections 2.1 through 2.6 of Form 51-102F4. For a proposed acquisition, modify this information as necessary to convey that the acquisition is not yet completed.

Item 10A - Reverse Takeover and Probable Reverse Takeover

10A.1 Completed Reverse Takeover Disclosure – If the issuer has completed a reverse takeover since the end of the financial year in respect of which the issuer's current AIF is incorporated by reference into the short form prospectus under paragraph 1. of subsection 11.1(1), provide disclosure about the reverse takeover acquirer by complying with the following:

1. If the reverse takeover acquirer satisfies the criteria set out in paragraphs 2.2(a), (b), (c), and (d) of the Instrument, incorporate by reference into the short form prospectus all documents that would be required to be incorporated by reference under Item 11 if the reverse takeover acquirer were the issuer of the securities.

2. If paragraph 1 does not apply to the reverse takeover acquirer, include in the short form prospectus the same disclosure about the reverse takeover acquirer that would be required to be contained in Form 41-101F1 if the reverse takeover acquirer were the issuer of the securities being distributed and the reverse

takeover acquirer were distributing those securities by way of the short form prospectus.

10A.2 Probable Reverse Takeover Disclosure – If the issuer is involved in a proposed reverse takeover that has progressed to a state where a reasonable person would believe that the likelihood of the reverse takeover being completed is high, provide disclosure about the reverse takeover acquirer by complying with the following:

1. If the reverse takeover acquirer satisfies the criteria set out in paragraphs 2.2(a), (b), (c), and (d) of the Instrument, incorporate by reference into the short form prospectus all documents that would be required to be incorporated by reference under Item 11 if the reverse takeover acquirer were the issuer of the securities.

2. If paragraph 1 does not apply to the reverse takeover acquirer, include in the short form prospectus the same disclosure about the reverse takeover acquirer that would be required to be contained in Form 41-101F1 if the reverse takeover acquirer were the issuer of the securities being distributed and the reverse takeover acquirer were distributing those securities by way of the short form prospectus.

Item 11 - Documents Incorporated by Reference

11.1 Mandatory Incorporation by Reference

(1) In addition to any other document that an issuer may choose to incorporate by reference, specifically incorporate by reference in the short form prospectus, by means of a statement in the short form prospectus to that effect, the documents set forth below:

1. The issuer's current AIF, if it has one.

2. The issuer's current annual financial statements, if any, and related MD&A.

3. The issuer's interim financial report most recently filed or required to have been filed under the applicable CD rule in respect of an interim period, if any, subsequent to the financial year in respect of which the issuer has filed its current annual financial statements or has included annual financial statements in the short form prospectus, and the related interim MD&A.

4. If, before the short form prospectus is filed, historical financial information about the issuer for a financial period more recent than the period for which financial statements are required under paragraphs 2 and 3 is publicly disseminated by, or on behalf of, the issuer through news

release or otherwise, the content of the news release or public communication.

5. Any material change report, except a confidential material change report, filed under Part 7 of NI 51-102 or Part 11 of NI 81-106 since the end of the financial year in respect of which the issuer's current AIF is filed.

6. Any business acquisition report filed by the issuer under Part 8 of NI 51-102 for acquisitions completed since the beginning of the financial year in respect of which the issuer's current AIF is filed, unless the issuer

   (a) incorporated the BAR by reference into its current AIF, or

   (b) incorporated at least 9 months of the acquired business or related businesses operations into the issuer's current annual financial statements.

7. Any information circular filed by the issuer under Part 9 of NI 51-102 or Part 12 of NI 81-106 since the beginning of the financial year in respect of which the issuer's current AIF is filed, other than an information circular prepared in connection with an annual general meeting if the issuer has filed and incorporated by reference an information circular for a subsequent annual general meeting.

8. The most recent Form 51-101F1, Form 51-101F2 and Form 51-101F3, filed by an SEC issuer, unless

   (a) the issuer's current AIF is in the form of Form 51-102F2; or

   (b) the issuer is otherwise exempted from the requirements of NI 51-101.

9. Any other disclosure document which the issuer has filed pursuant to an undertaking to a provincial and territorial securities regulatory authority since the beginning of the financial year in respect of which the issuer's current AIF is filed.

10. Any other disclosure document of the type listed in paragraphs 1 through 8 that the issuer has filed pursuant to an exemption from any requirement under securities legislation since the beginning of the financial year in respect of which the issuer's current AIF is filed.

(2) In the statement incorporating the documents listed in subsection (1) by reference in a short form prospectus, clarify that applicable portions of the documents are not incorporated by reference to the extent their contents are modified or superseded by a statement contained in the short form prospectus or in any other

subsequently filed document that is also incorporated by reference in the short form prospectus.

(3) Despite item (7.) of subsection (1), an issuer may exclude from its short form prospectus a report, valuation, statement or opinion of a person or company contained in an information circular prepared in connection with a special meeting of securityholders of the issuer and any references therein, if:

(a) the report is not an auditor's report in respect of financial statements of a person or company; and

(b) the report, valuation, statement or opinion was prepared in respect of a specific transaction contemplated in the information circular, unrelated to the distribution of securities under the short form prospectus, and that transaction has been previously abandoned or completed.

INSTRUCTIONS

(1) Paragraph 4 of subsection (1) requires issuers to incorporate only the news release or other public communication through which more recent financial information is released to the public. However, if the financial statements from which the information in the news release has been derived have been filed, then the financial statements must be incorporated by reference.

(2) Issuers must provide a list of the material change reports and business acquisition reports required under paragraphs 5 and 6 of subsection (1), giving the date of filing and briefly describing the material change or acquisition, as the case may be, in respect of which the report was filed.

(3) Any material incorporated by reference in a short form prospectus is required under sections 4.1 and 4.2 of the Instrument to be filed with the short form prospectus unless it has been previously filed.

11.2 Mandatory Incorporation by Reference of Future Documents - State that any documents, of the type described in section 11.1, if filed by the issuer after the date of the short form prospectus and before the termination of the distribution, are deemed to be incorporated by reference in the short form prospectus.

11.3 Issuers without a Current AIF or Current Annual Financial Statements

(1) If the issuer does not have a current AIF or current annual financial statements and is relying on the exemption in subsection 2.7(1) of the Instrument, include the disclosure, including financial statements and related MD&A, that would otherwise have been required to have been included in a current AIF and current annual financial statements and related MD&A under section 11.1.

(2) ~~(2)~~ If the issuer does not have a current AIF or current annual financial statements and is relying on the exemption in subsection 2.7(2) of the Instrument, include the disclosure, including financial statements, provided in accordance with ~~Item 14.2 or 14.5 of Form 51-102F5 in the information circular referred to in paragraph 2.7(2)(b) of the Instrument~~.

(a) Item 14.2 or 14.5 of Form 51-102F5 in the information circular referred to in paragraph 2.7(2)(b) of the Instrument; or

(b) the policies and requirements of the TSX Venture Exchange prescribed for disclosure of a qualifying transaction in a CPC filing statement or a reverse takeover in a filing statement referred to in paragraph 2.7(3)(b) of the Instrument.

INSTRUCTION

(1) If an issuer is required to include disclosure under subsection 11.3(2), it must include the historical financial statements of any entity that was a party to the restructuring transaction and any other information contained in the information circular, CPC filing statement or other filing statement of the TSX Venture Exchange that was used to construct financial statements for the issuer.

(2) The disclosure referenced in instruction (1) above must be presented in a way that supplements, but does not replace, the disclosure prescribed for a transaction that also constitutes a significant acquisition for the issuer or a reverse takeover in which the issuer was involved, if applicable.

11.4 Significant Acquisition for Which No Business Acquisition Report is Filed

(1) If the issuer has,

(a) since the beginning of the most recently completed financial year in respect of which annual financial statements are included in the short form prospectus; and

(b) more than 75 days prior to the date of filing the preliminary short form prospectus;

completed a transaction that would have been a significant acquisition for the purposes of Part 8 of NI 51-102 if the issuer had been a reporting issuer at the time of the transaction, and the issuer has not filed a business acquisition report in respect of the transaction, include the financial statements and other information in respect of the transaction that is prescribed by Form 51-102F4.

(2) If the issuer was exempt from the requirement to file a business acquisition report in respect of a transaction because the disclosure that would normally be included

in a business acquisition report was included in another document, include that disclosure in the short form prospectus.

INSTRUCTION

Disclosure required by section 11.3 or 11.4 to be included in the short form prospectus may be incorporated by reference from another document or included directly in the short form prospectus.

11.5 Additional Disclosure for Issuers of Asset-Backed Securities

If the issuer has not filed or been required to file interim financial statements and related MD&A in respect of an interim period, if any, subsequent to the financial year in respect of which it has included annual financial statements in the short form prospectus because it is not a reporting issuer and is qualifying to file the short form prospectus under section 2.6 of the Instrument, include the interim financial statements and related MD&A that the issuer would have been required to incorporate by reference under paragraph 3 of subsection 11.1(1) if the issuer were a reporting issuer at the relevant time.

Item 12 - Additional Disclosure for Issues of Guaranteed Securities

12.1 Credit Supporter Disclosure - Provide disclosure about each credit supporter, if any, that has provided a guarantee or alternative credit support for all or substantially all of the payments to be made under the securities to be distributed, by complying with the following:

1. If the credit supporter is a reporting issuer in at least one jurisdiction and has a current AIF, incorporating by reference into the short form prospectus all documents that would be required to be incorporated by reference under Item 11 if the credit supporter were the issuer of the securities.

2. If the credit supporter is not a reporting issuer in any jurisdiction and has a class of securities registered under section 12(b) or 12(g) of the 1934 Act, or is required to file reports under section 15(d) of the 1934 Act, incorporating by reference into the short form prospectus all 1934 Act filings that would be required to be incorporated by reference in a Form S-3 or Form F-3 registration statement filed under the 1933 Act if the securities distributed under the short form prospectus were being registered on Form S-3 or Form F-3.

3. If neither paragraph 1 nor paragraph 2 applies to the credit supporter, providing directly in the short form prospectus the same disclosure that would be contained in the short form prospectus through the incorporation by reference of the documents referred to in Item 11 if the credit supporter were the issuer of the securities and those documents had been prepared by the credit supporter.

4. Providing such other information about the credit supporter as is necessary to provide full, true and plain disclosure of all material facts concerning the securities to be distributed, including the credit supporter's earnings coverage ratios under Item 6 as if the credit supporter were the issuer of the securities.

Item 13 - Exemptions for Certain Issues of Guaranteed Securities

13.1 Definitions and Interpretation

(1) In this Item

(a) the impact of subsidiaries, on a combined basis, on the financial results of the parent entity is "minor" if each item of the summary financial information of the subsidiaries, on a combined basis, represents less than 3% of the total consolidated amounts,

(b) a parent entity has "limited independent operations" if each item of its summary financial information represents less than 3% of the total consolidated amounts,

(c) a subsidiary is a "finance subsidiary" if it has minimal assets, operations, revenue or cash flows other than those related to the issuance, administration and repayment of the security being distributed and any other securities guaranteed by its parent entity,

(d) "parent credit supporter" means a credit supporter of which the issuer is a subsidiary,

(e) "parent entity" means a parent credit supporter for the purposes of sections 13.2 and 13.3 and an issuer for the purpose of section 13.4,

(f) "subsidiary credit supporter" means a credit supporter that is a subsidiary of the parent credit supporter, and

(g) "summary financial information" includes the following line items:

(i) revenue;

(ii) profit or loss from continuing operations attributable to owners of the parent;

(iii) profit or loss attributable to owners of the parent; and

(iv) unless the issuer's GAAP permits the preparation of the credit support issuer's statement of financial position without classifying assets and liabilities between current and non-current and the credit

support issuer provides alternative meaningful financial information which is more appropriate to the industry,

(A) current assets,

(B) non-current assets;

(C) current liabilities; and

(D) non-current liabilities.

INSTRUCTION

See section 1.1 of NI 41-101 for the definitions of "profit or loss attributable to owners of the parent" and "profit or loss from continuing operations attributable to owners of the parent".

(2) For the purpose of this Item, consolidating summary financial information must be prepared on the following basis

(a) an entity's annual or interim summary financial information must be derived from the entity's financial information underlying the corresponding consolidated financial statements of the parent entity included in the short form prospectus,

(b) the parent entity column must account for investments in all subsidiaries under the equity method, and

(c) all subsidiary entity columns must account for investments in non-credit supporter subsidiaries under the equity method.

13.2 Issuer is Wholly-owned Subsidiary of Parent Credit Supporter – Despite Items 6 and 11, an issuer is not required to incorporate by reference into the short form prospectus any of its documents under paragraphs 1 to 4 and 6 to 8 of subsection 11.1(1) or include in the short form prospectus its earning coverage ratios under section 6.1, if

(a) a parent credit supporter has provided full and unconditional credit support for the securities being distributed;

(b) the parent credit supporter satisfies the criterion in paragraph 2.4(1)(b) of the Instrument;

(c) the securities being distributed are non-convertible debt securities, non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible, in each case, into non-convertible securities of the parent credit supporter;

(d) the parent credit supporter is the beneficial owner of all the issued and outstanding equity securities of the issuer;

(e) no other subsidiary of the parent credit supporter has provided a guarantee or alternative credit support for all or substantially all of the payments to be made under the securities being distributed;

(f) the issuer includes in the short form prospectus either

(i) a statement that the financial results of the issuer are included in the consolidated financial results of the parent credit supporter, if

(A) the issuer is a finance subsidiary, and

(B) the impact of any subsidiaries of the parent credit supporter on a combined basis, excluding the issuer, on the consolidated financial results of the parent credit supporter is minor, or

(ii) for the periods covered by the parent credit supporter's consolidated interim financial report and consolidated annual financial statements included in the short form prospectus under section 12.1, consolidating summary financial information for the parent credit supporter presented with a separate column for each of the following:

(A) the parent credit supporter;

(B) the issuer;

(C) any other subsidiaries of the parent credit supporter on a combined basis;

(D) consolidating adjustments;

(E) the total consolidated amounts.

13.3 Issuer is Wholly-owned Subsidiary of, and One or More Subsidiary Credit Supporters Controlled by, Parent Credit Supporter

(1) Despite Items 6, 11 and 12, an issuer is not required to incorporate by reference into the short form prospectus any of its documents under paragraphs 1 to 4 and 6 to 8 of subsection 11.1(1), or include in the short form prospectus its earning coverage ratios under section 6.1, or include in the short form prospectus the disclosure of one or more subsidiary credit supporters required by section 12.1, if

(a) a parent credit supporter and one or more subsidiary credit supporters have each provided full and unconditional credit support for the securities being distributed;

(b) the parent credit supporter satisfies the criterion in paragraph 2.4(1)(b) of the Instrument;

(c) the guarantees or alternative credit supports are joint and several;

(d) the securities being distributed are non-convertible debt securities, non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible in each case into non-convertible securities of the parent credit supporter;

(e) the parent credit supporter is the beneficial owner of all the issued and outstanding equity securities of the issuer;

(f) the parent credit supporter controls each subsidiary credit supporter and the parent credit supporter has consolidated the financial statements of each subsidiary credit supporter into the parent credit supporter's financial statements that are included in the short form prospectus; and

(g) the issuer includes in the short form prospectus for the periods covered by the parent credit supporter's financial statements included in the short form prospectus under section 12.1, consolidating summary financial information for the parent credit supporter presented with a separate column for each of the following:

(i) the parent credit supporter

(ii) the issuer;

(iii) each subsidiary credit supporter on a combined basis;

(iv) any other subsidiaries of the parent credit supporter on a combined basis;

(v) consolidating adjustments;

(vi) the total consolidated amounts.

(2) Despite paragraph (1)(g)

(a) if the impact of any subsidiaries of the parent credit supporter on a combined basis, excluding the issuer and all subsidiary credit supporters,

on the consolidated financial results of the parent credit supporter is minor, column (iv) may be combined with another column, and

(b) if the issuer is a finance subsidiary, column (ii) may be combined with another column.

13.4 One or More Credit Supporters Controlled by Issuer – Despite Item 12, an issuer is not required to include in the short form prospectus the credit supporter disclosure for one or more credit supporters required by section 12.1, if

(a) one or more credit supporters have each provided full and unconditional credit support for the securities being distributed,

(b) if there is more than one credit supporter, the guarantee or alternative credit supports are joint and several,

(c) the securities being distributed are non-convertible debt securities or non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible, in each case, into non-convertible securities of the issuer,

(d) the issuer controls each credit supporter and the issuer has consolidated the financial statements of each credit supporter into the issuer's financial statements that are included in the short form prospectus, and

(e) the issuer includes in the short form prospectus either

(i) a statement that the financial results of the credit supporter(s) are included in the consolidated financial results of the issuer, if

(A) the issuer has limited independent operations, and

(B) the impact of any subsidiaries of the issuer on a combined basis, excluding the credit supporter(s) but including any subsidiaries of the credit supporter(s) that are not themselves credit supporters, on the consolidated financial results of the issuer is minor, or

(ii) for the periods covered by the issuer's financial statements included in the short form prospectus under Item 11, consolidating summary financial information for the issuer, presented with a separate column for each of the following:

(A) the issuer;

(B) the credit supporters on a combined basis;

(C) any other subsidiaries of the issuer on a combined basis;

(D) consolidating adjustments;

(E) the total consolidated amounts.

Item 14 - Relationship between Issuer or Selling Securityholder and Underwriter

14.1 Relationship between Issuer or Selling Securityholder and Underwriter

(1) If the issuer or selling securityholder is a connected issuer or related issuer of an underwriter of the distribution, or if the issuer or selling securityholder is also an underwriter of the distribution, comply with the requirements of NI 33-105.

(2) For the purposes of subsection (1), "connected issuer" and "related issuer" have the same meaning as in NI 33-105.

Item 15 - Interest of Experts

15.1 Names of Experts – Name each person or company

(a) who is named as having prepared or certified a report, valuation, statement or opinion in the short form prospectus or an amendment to the short form prospectus, either directly or in a document incorporated by reference; and

(b) whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company.

15.2 Interest of Experts – For each person or company referred to in section 15.1, provide the disclosure that would be required under section 16.2 of Form 51-102F2, as of the date of the short form prospectus, as if that person or company were a person or company referred to in section 16.1 of Form 51-102F2.

15.3 Exemption – Sections 15.1 and 15.2 do not apply to a person or company if the disclosure regarding that person or company required under section 15.2 is already disclosed in the issuer's current AIF~~,~~ and that disclosure is correct as at the date of the prospectus.

Item 16 - Promoters

16.1 Promoters

(1) For a person or company that is, or has been within the two years immediately preceding the date of the short form prospectus, a promoter of the issuer or subsidiary of the issuer, state, to the extent not disclosed elsewhere in a document incorporated by reference in the short form prospectus,

(a) the person or company's name;

(b) the number and percentage of each class of voting securities and equity securities of the issuer or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by the person or company,

(c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter, directly or indirectly, from the issuer or from a subsidiary of the issuer, and the nature and amount of any assets, services or other consideration received or to be received by the issuer or a subsidiary of the issuer in return, and

(d) for an asset acquired within the two years before the date of the preliminary short form prospectus, or to be acquired, by the issuer or by a subsidiary of the issuer from a promoter

(i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,

(ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the issuer or the promoter or an affiliate of the issuer or promoter, and

(iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

(2) If a promoter referred to in subsection (1) is, as at the date of the preliminary short form prospectus, or was within 10 years before the date of the preliminary short form prospectus, a director, chief executive officer or chief financial officer of any person or company that

(a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

(3) For the purposes of subsection (2), "order" means:

(a) a cease trade order,

(b) an order similar to a cease trade order, or

(c) an order that denied the relevant person or company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

(4) If a promoter referred to in subsection (1)

(a) is, at the date of the preliminary short form prospectus, or has been within the 10 years before the date of the preliminary short form prospectus, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact, or

(b) has, within the 10 years before the date of the preliminary short form prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.

(5) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in subsection (1) has been subject to

(a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities

regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority, or

(b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

(6) Despite subsection (5), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

INSTRUCTIONS

(1) The disclosure required by subsections (2), (4) and (5) also applies to any personal holding companies of any of the persons referred to in subsections (2), (4) and (5).

(2) A management cease trade order which applies to a promoter referred to in subsection (1) is an "order" for the purposes of paragraph (2)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.

(3) For the purposes of this section, a late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a "penalty or sanction".

(4) The disclosure in paragraph (2)(a) only applies if the promoter was a director, chief executive officer or chief financial officer when the order was issued against the person or company. The issuer does not have to provide disclosure if the promoter became a director, chief executive officer or chief financial officer after the order was issued.

Item 17 - Risk Factors

17.1 Risk Factors - Describe the factors material to the issuer that a reasonable investor would consider relevant to an investment in the securities being distributed.

INSTRUCTIONS

(1) Issuers may cross-reference to specific risk factors relevant to the securities being distributed that are discussed in their current AIF.

(2) Disclose risks in the order of seriousness from the most serious to the least serious.

(3) A risk factor should not be de-emphasized by including excessive caveats or conditions.

Item 18 - Other Material Facts

18.1 Other Material Facts - Give particulars of any material facts about the securities being distributed that are not disclosed under any other items or in the documents incorporated by reference into the short form prospectus and are necessary in order for the short form prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

Item 19 - Exemptions from the Instrument

19.1 Exemptions from the Instrument - List all exemptions from the provisions of the Instrument, including this Form, granted to the issuer applicable to the distribution or the short form prospectus, including all exemptions to be evidenced by the issuance of a receipt for the short form prospectus pursuant to section 8.2 of the Instrument.

Item 20 - Statutory Rights of Withdrawal and Rescission

20.1 General - Include a statement in substantially the following form, with the bracketed information completed:

> Securities legislation in [certain of the provinces [and territories] of Canada/the Province of [insert name of local jurisdiction, if applicable]] provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. [In several of the provinces/provinces and territories,] {T/t]he securities legislation further provides a purchaser with remedies for rescission [or[, in some jurisdictions,] revisions of the price ~~of~~or damages] if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission [, revision of the price or damages] are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province [or territory]. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province [or territory] for the particulars of these rights or consult with a legal adviser.

20.2 Non-fixed Price Offerings - In the case of a non-fixed price offering, replace, if applicable in the jurisdiction in which the short form prospectus is filed, the second sentence in the legend in section 20.1 with a statement in substantially the following form:

> "This right may only be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed."

20.3 Convertible, Exchangeable or Exercisable Securities - In the case of an offering of convertible, exchangeable or exercisable securities, provide a statement in the following form:

> "In an offering of [state name of convertible, exchangeable or exercisable securities], investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial [or territorial] securities legislation, to the price at which the [state name of convertible, exchangeable or exercisable securities] is offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces [or territories], if the purchaser pays additional amounts upon [conversion, exchange or exercise] of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in such provinces [or territories]. The purchaser should refer to the applicable provisions of the purchaser's province [or territory] for the particulars of this right of action for damages or consult with a legal adviser."

Item 21 - Certificates

21.1 Certificates – Include the certificates required by Part 5 of NI 41-101 or by other securities legislation.

21.2 Issuer Certificate Form – An issuer certificate form must state

> "This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of [insert the jurisdictions in which qualified]."

21.3 Underwriter Certificate Form – An underwriter certificate form must state

> "To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of [insert the jurisdictions in which qualified]."

21.4 Amendments

(1) For an amendment to a short form prospectus that does not restate the short form prospectus, change "short form prospectus" to "short form prospectus dated [insert date] as amended by this amendment" wherever it appears in the statements in sections 21.2 and 21.3.

(2) For an amended and restated short form prospectus, change "short form prospectus" to "amended and restated short form prospectus" wherever it appears in the statements in sections 21.2 and 21.3.

Appendix D

Schedule D-3

Companion Policy 44-101CP to National Instrument 44-101
Short Form Prospectus Distributions

PART 1 INTRODUCTION AND DEFINITIONS

1.1 Introduction and Purpose – National Instrument 44-101 *Short Form Prospectus Distributions* ("NI 44-101") sets out the substantive tests for an issuer to qualify to file a prospectus in the form of a short form prospectus. The purpose of NI 44-101 is to shorten the time period in which, and streamline the procedures by which, qualified issuers and their selling securityholders can obtain access to the Canadian capital markets through a prospectus offering.

British Columbia, Alberta, Ontario, Manitoba, Nova Scotia and New Brunswick have adopted NI 44-101 by way of rule. Saskatchewan and Québec have adopted it by way of regulation. All other jurisdictions have adopted NI 44-101 by way of related blanket ruling or order. Each jurisdiction implements NI 44-101 by one or more instruments forming part of the law of that jurisdiction (referred to as the "implementing law of the jurisdiction"). Depending on the jurisdiction, the implementing law of the jurisdiction can take the form of regulation, rule, ruling or order.

This Companion Policy to NI 44-101 (also referred to as "this Companion Policy" or this "Policy") provides information relating to the manner in which the provisions of NI 44-101 are intended to be interpreted or applied by the provincial and territorial securities regulatory authorities, as well as the exercise of discretion under NI 44-101. The Companion Policy to NI 41-101 provides guidance for prospectuses filed under securities legislation including short form prospectuses. Issuers should refer to the Companion Policy to NI 41-101 as well as this Policy.

Terms used and not defined in this Companion Policy that are defined or interpreted in NI 44-101, NI 41-101 or a definition instrument in force in the jurisdiction should be read in accordance with NI 44-101, NI 41-101 or the definition instrument, unless the context otherwise requires.

To the extent that any provision of this Policy is inconsistent or conflicts with the applicable provisions of NI 44-101 and NI 41-101 in those jurisdictions that have adopted NI 44-101 by way of related blanket ruling or order, the provisions of NI 44-101 and NI 41-101 prevail over the provisions of this Policy.

1.2 Interrelationship with Local Securities Legislation – NI 44-101 and NI 41-101, while being the primary instruments regulating short form prospectus distributions, are not exhaustive. Issuers are reminded to refer to the implementing law of the jurisdiction and

other securities legislation of the local jurisdiction for additional requirements that may be applicable to the issuer's short form prospectus distribution.

1.3 Interrelationship with Continuous Disclosure (NI 51-102 and NI 81-106) – The short form prospectus distribution system established under NI 44-101 is based on the continuous disclosure filings of reporting issuers pursuant to NI 51-102 or, in the case of an investment fund, NI 81-106. Issuers who wish to use the system should be mindful of their ongoing disclosure and filing obligations under the applicable CD rule. Issues raised in the context of a continuous disclosure review may be taken into consideration by the regulator when determining whether it is in the public interest to refuse to issue a receipt for a short form prospectus. Consequently, unresolved issues may delay or prevent the issuance of a receipt.

1.4 Process for Prospectus Reviews in Multiple Jurisdictions (NP 11-202) – National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions* ("NP 11-202") describes the process for filing and review of prospectuses, including investment fund and shelf prospectuses, amendments to prospectuses and related materials in multiple jurisdictions. NP 11-202 represents the means by which an issuer can enjoy the benefits of co-ordinated review by the securities regulatory authorities in the various jurisdictions in which the issuer has filed a prospectus. Under NP 11-202, one securities regulatory authority acts as the principal regulator for all materials relating to a filer.

1.5 Interrelationship with Shelf Distributions (NI 44-102) – Issuers qualified under NI 44-101 to file a prospectus in the form of a short form prospectus and their securityholders can distribute securities under a short form prospectus using the shelf distribution procedures under NI 44-102. The Companion Policy to NI 44-102 explains that the distribution of securities under the shelf system is governed by the requirements and procedures of NI 44-101 and securities legislation, except as supplemented or varied by NI 44-102. Therefore, issuers qualified to file a prospectus in the form of a short form prospectus and selling securityholders of those issuers that wish to distribute securities under the shelf system should have regard to NI 44-101 and this Policy first, and then refer to NI 44-102 and the accompanying policy for any additional requirements.

1.6 Interrelationship with PREP Procedures (NI 44-103) – NI 44-103 contains the post-receipt pricing procedures (the "PREP procedures"). All issuers and selling securityholders can use the PREP procedures of NI 44-103 to distribute securities, other than rights under a rights offering. Issuers and selling securityholders that wish to distribute securities under a prospectus in the form of a short form prospectus using the PREP procedures should have regard to NI 44-101 and this Policy first, and then refer to NI 44-103 and the accompanying policy for any additional requirements.

1.7 Definitions

(1) **Approved rating** – Cash settled derivatives are covenant-based instruments that may be rated on a similar basis to debt securities. In addition to the creditworthiness of the issuer, other factors 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 for cash settled derivatives. These additional factors may be described by a rating agency by way of a superscript or other notation to a rating. The inclusion of such notations for covenant-based instruments that otherwise fall within one of the categories of an approved rating does not detract from the rating being considered to be an approved rating for the purposes of NI 44-101.

A rating agency may also restrict its rating to securities of an issuer that are denominated in local currency. This restriction may be denoted, for example, by the designation "LC". The inclusion of such a designation in a rating that would otherwise fall within one of the categories of an approved rating does not detract from the rating being considered to be an approved rating for the purposes of NI 44-101.

(2) **Asset-backed security** – Issuers should refer to section 1.3(1) of the Companion Policy to NI 41-101.

(3) **Current AIF** – An issuer's AIF filed under the applicable CD rule is a "current AIF" until the issuer files an AIF for the next financial year, or is required by the applicable CD rule to have filed its annual financial statements for the next financial year. If an issuer fails to file a new AIF by the filing deadline under the applicable CD rule for its annual financial statements, it will not have a current AIF and will not qualify under NI 44-101 to file a prospectus in the form of a short form prospectus. If an issuer files a revised or amended AIF for the same financial year as an AIF that has previously been filed, the most recently filed AIF will be the issuer's current AIF.

An issuer that is a *venture issuer* for the purpose of NI 51-102, and certain investment funds, may have no obligation under the applicable CD rule to file an AIF. However, to qualify under NI 44-101 to file a prospectus in the form of a short form prospectus, that issuer will be required to file an AIF in accordance with the applicable CD rule so as to have a "current AIF". A current AIF filed by an issuer that is a venture issuer for the purposes of NI 51-102 can be expected to expire later than a non-venture issuer's AIF, due to the fact that the deadlines for filing annual financial statements under NI 51-102 are later for venture issuers than for other issuers.

(4) **Current annual financial statements** – An issuer's comparative annual financial statements filed under the applicable CD rule, together with the accompanying auditor's report, are "current annual financial statements" until the issuer files, or is required under the applicable CD rule to have filed, its comparative annual financial statements for the next financial year. If an issuer fails to file its comparative annual financial statements by the filing deadline under the applicable CD rule, it will not have current annual financial statements and will

not be qualified under NI 44-101 to file a prospectus in the form of a short form prospectus.

Where there has been a change of auditor and the new auditor has not audited the comparative period, the report of the predecessor auditor on the comparative period must be included in the prospectus. The issuer may file the report of the predecessor auditor on the comparative period with the annual financial statements that are being incorporated by reference into the short form prospectus, and clearly incorporate by reference the predecessor auditor's report in addition to the new auditor's report. Alternatively, the issuer can incorporate by reference into the short form prospectus its comparative financial statements filed for the previous year, including the audit reports thereon.

(5) **Successor Issuer** – ~~The~~A successor issuer is defined to include a reverse takeover acquiree in a completed reverse takeover. Alternatively, the definition of "successor issuer" requires that the issuer exist "as a result of a restructuring transaction"~~.~~ or that the issuer participate in the restructuring transaction and continue to exist following completion of the restructuring transaction. In both instances, prospectus level disclosure or comparable disclosure prescribed by the TSX Venture Exchange for such issuer must be provided in an information circular or similar disclosure document pursuant to subsections 2.7(2) and (3) of NI 44-101.

In the case of an amalgamation, the amalgamated corporation is regarded by the securities regulatory authorities as existing "as a result of a restructuring transaction". ~~Also, if a corporation is incorporated for the sole purpose of facilitating a restructuring transaction, the securities regulatory authorities regard the new corporation as "existing as a result of a restructuring transaction" despite the fact that the corporation may have been incorporated before the restructuring transaction.~~

The definition of "successor issuer" also contains an exclusion applicable to divestitures. For example, an issuer may carry out a restructuring transaction that results in the distribution to securityholders of a portion of its business or the transfer of a portion of its business to another issuer. In that case, the entity that carries on the portion of the business that was "spun-off" is not a successor issuer within the meaning of the definition.

However, if the divestiture represents a divestiture of substantially all of the business of the predecessor entity to the issuer, the issuer would be considered a successor issuer. In such circumstances, the financial information concerning the predecessor entity should be representative of the financial information of the successor issuer. Therefore, if an issuer is relying on this basis for short form prospectus qualification, it must ensure that the financial statements of the predecessor entity are a relevant, accurate proxy for its financial statements as a successor issuer.

An issuer may also be considered a successor issuer to a second issuer where there has been an internal reorganization of the second issuer, provided that the conditions in paragraph (b) of the definition of "successor issuer" are met. In particular, the internal reorganization must not result in an alteration of the securityholders' proportionate interest in the second issuer nor the second issuer's proportionate interest in its assets. For example, this may arise in an internal reorganization in which all of the securityholders of the second issuer exchange their securities in the second issuer for securities of the successor issuer. The second issuer would become a subsidiary of the successor issuer and its ownership in its assets would remain the same. The successor issuer definition was expanded to include this type of internal reorganization as it may not be considered a "restructuring transaction" as defined in NI 51-102 by virtue of the exclusion found at the end of the definition of "restructuring transaction".

PART 2 QUALIFICATION TO FILE A PROSPECTUS IN THE FORM OF A SHORT FORM PROSPECTUS

2.1 Basic Qualification Criteria – Reporting Issuers with Equity Securities Listed on a Short Form Eligible Exchange (Section 2.2 of NI 44-101)

(1) Section 2.2 of NI 44-101 provides that an issuer with equity securities listed and posted for trading on a short form eligible exchange and that is up-to-date in its periodic and timely disclosure filings in all jurisdictions in which it is a reporting issuer satisfies the criteria for being qualified to file a prospectus in the form of a short form prospectus if it meets the other general qualification criteria. In addition to the listing requirement, the issuer may not be an issuer whose operations have ceased or whose principal asset is its exchange listing. The purpose of this requirement is to ensure that eligible issuers have an operating business in respect of which the issuer must provide current disclosure through application of the applicable CD rule.

The basic qualification criteria are structured to allow most Canadian listed issuers to participate in the expedited offering system created by NI 44-101, provided their public disclosure record provides investors with satisfactory and sufficient information about the issuer and its business, operations or capital. The securities regulatory authorities believe that it is in the public interest to allow an issuer's public disclosure to be incorporated into a short form prospectus, provided that the resulting prospectus provides prospective investors with full, true and plain disclosure about the issuer and the securities being distributed. The securities regulatory authority may not be prepared to issue a receipt for a short form prospectus if the prospectus, together with the documents incorporated by reference, fails to provide such full, true and plain disclosure ~~and, in Québec, disclosure of material facts likely to affect the value or the market price of the securities to be distributed~~. In such circumstances, the securities regulatory authority may require, in the public interest, that the issuer utilize the long form

prospectus regime. In addition, the securities regulatory authority may also require that the issuer utilize the long form prospectus regime if the offering is, in essence, an initial public offering by a business or if:

(a) the offering is for the purpose of financing a dormant or inactive issuer whether or not the issuer intends to use the proceeds to reactivate the issuer or to acquire an active business; or

(b) the offering is for the purpose of financing a material undertaking that would constitute a material departure from the business or operations of the issuer as at the date of its current annual financial statements and current AIF.

(2) A new reporting issuer or a successor issuer may satisfy the criteria to have current annual financial statements or a current AIF by filing its comparative annual financial statements or an AIF, respectively, in accordance with NI 51-102 or NI 81-106, as applicable, for its most recently completed financial year. It is not necessary that the issuer be required by the applicable CD rule to have filed such documents. An issuer may voluntarily choose to file either of these documents in accordance with the applicable CD rule for the purposes of satisfying the eligibility criteria under NI 44-101.

Alternatively, an issuer may rely on the exemption from the requirement to file such documents in section 2.7 of NI 44-101. That section provides an exemption from the current AIF and current annual financial statement requirements for new reporting issuers and successor issuers who have not yet been required to file such documents and who have filed a prospectus or information circular containing disclosure which would have been included in such documents had they been filed under the applicable CD rule.

(3) An issuer need not have filed all of its continuous disclosure filings in the local jurisdiction in order to be qualified to file a short form prospectus, but under sections 4.1 and 4.2 of NI 44-101 it will be required to file in the local jurisdiction all documents incorporated by reference into the short form prospectus no later than the date of filing the preliminary short form prospectus.

2.2 Alternative Qualification Criteria – Issuers that are Not Listed (Sections 2.3, 2.4, 2.5 and 2.6 of NI 44-101) – Issuers that do not have equity securities listed and posted for trading on a short form eligible exchange in Canada may nonetheless be qualified to file a prospectus in the form of a short form prospectus under the following alternative qualification criteria of NI 44-101:

1. Section 2.3, which applies to issuers which are reporting issuers in at least one jurisdiction, and who are intending to issue non-convertible securities with a provisional approved rating.

2. Section 2.4, which applies to issuers of non-convertible debt securities, non-convertible preferred shares or non-convertible cash settled derivatives, if another person or company that satisfies prescribed criteria provides full and unconditional credit support for the payments to be made by the issuer of the securities.

3. Section 2.5, which applies to issuers of convertible debt securities or convertible preferred shares, if the securities are convertible into securities of a credit supporter that satisfies prescribed criteria and provides full and unconditional credit support for the payments to be made by the issuer of the securities.

4. Section 2.6, which applies to issuers of asset-backed securities.

Under sections 2.4, 2.5 and 2.6 of NI 44-101, an issuer is not required to be a reporting issuer in any jurisdiction in order to qualify to file a prospectus in the form of a short form prospectus. Section 2.3 requires the issuer to be a reporting issuer in at least one jurisdiction of Canada.

2.3 Alternative Qualification Criteria – Issuers of Guaranteed Debt Securities, Preferred Shares and Cash Settled Derivatives (Sections 2.4 and 2.5 of NI 44-101) – Sections 2.4 and 2.5 of NI 44-101 allow an issuer to qualify to file a prospectus in the form of a short form prospectus based on full and unconditional credit support, which may take the form of a guarantee or alternative credit support. The securities regulatory authorities are of the view that a person or company that provides the full and unconditional guarantee or alternative credit support is not, simply by providing that guarantee or alternative credit support, issuing a security.

2.4 Alternative Qualification Criteria – Issuers of Asset-Backed Securities (Section 2.6 of NI 44-101)

(1) In order to be qualified to file a prospectus in the form of a short form prospectus under section 2.6 of NI 44-101, an issuer must have been established in connection with a distribution of asset-backed securities. Ordinarily, asset-backed securities are issued by special purpose issuers established for the sole purpose of purchasing financial assets with the proceeds of one or more distributions of these securities. This ensures that the credit and performance attributes of the asset-backed securities are dependent on the underlying financial assets, rather than upon concerns relating to ancillary business activities and their attendant risks. Qualification to file a prospectus in the form of a short form prospectus under section 2.6 of NI 44-101 has been limited to special purpose issuers to avoid the possibility that an otherwise ineligible issuer would structure securities falling within the definition of "asset-backed security".

(2) The qualification criteria for a distribution of asset-backed securities under a prospectus in the form of a short form prospectus are intended to provide sufficient flexibility to accommodate future developments. To qualify under

section 2.6 of NI 44-101, the securities to be distributed must satisfy the following two criteria:

1. First, the payment obligations on the securities must be serviced primarily by the cash flows of a pool of discrete liquidating assets such as accounts receivable, instalment sales contracts, leases or other assets that by their terms convert into cash within a specified or determinable period of time.

2. Second, the securities must (i) receive an approved rating on a provisional basis, (ii) not have been the subject of an announcement regarding a downgrade to a rating that is not an approved rating, and (iii) not have received a provisional or final rating lower than an approved rating from any approved rating organization.

The qualification criteria do not distinguish between pass-through (i.e., equity) and pay-through (i.e., debt) asset-backed securities. Consequently, both pay-through and pass-through securities, as well as residual or subordinate interests, may be distributed under a prospectus in the form of a short form prospectus if all other applicable requirements are met.

2.5 Timely and Periodic Disclosure Documents – To be qualified to file a short form prospectus under sections 2.2 and 2.3 of NI 44-101, an issuer must file with the securities regulatory authority in each jurisdiction in which it is a reporting issuer all periodic and timely disclosure documents that it is required to have filed in that jurisdiction under applicable securities legislation, pursuant to an order issued by the securities regulatory authority, or pursuant to an undertaking to the securities regulatory authority. Similarly, a credit supporter must satisfy this qualification criterion for an issuer to be qualified to file a short form prospectus under sections 2.4 and 2.5 of NI 44-101.

This qualification criterion applies to all disclosure documents including, if applicable, a disclosure document the issuer or credit supporter (i) has undertaken to file with a provincial or territorial securities regulatory authority, (ii) must file pursuant to a condition in a written order or decision granting exemptive relief to the issuer or credit supporter from a requirement to file periodic and timely disclosure documents, (iii) must file pursuant to a condition in securities legislation exempting the issuer or credit supporter from a requirement to file periodic and timely disclosure documents, and (iv) has represented that it will file pursuant to a representation in a written order or decision granting exemptive relief to the issuer or credit supporter from a requirement to file periodic and timely disclosure documents. These disclosure documents must be incorporated by reference into a short form prospectus pursuant to paragraph 9 or 10 of subsection 11.1(1) of Form 44-101F1.

2.6 Notice Declaring Intention – Subsection 2.8(1) of NI 44-101 provides that an issuer is not qualified to file a short form prospectus under Part 2 of NI 44-101 unless it has filed, with its notice regulator, a notice declaring its intention to be qualified to file a short form prospectus under NI 44-101. This notice must be filed in substantially the form of

Appendix A of NI 44-101 at least 10 business days prior to the issuer filing its first preliminary short form prospectus. This is a new requirement that came into effect on December 30, 2005. The securities regulatory authorities expect that this notice will be a one-time filing for issuers that intend to be participants in the short form prospectus distribution system established under NI 44-101. Subsection 2.8(2) provides that this notice is operative until withdrawn. Though the notice must be filed with the notice regulator, an issuer may voluntarily file the notice with any other securities regulatory authority or regulator of a jurisdiction of Canada.

Subsection 2.8(4) of NI 44-101 is a transitional provision that has the effect of deeming issuers that, as of December 29, 2005, have a current AIF under the pre-December 30, 2005 short form prospectus distribution system to have filed this notice and no additional filing is required to satisfy the notice requirements set out in subsection 2.8(1) of NI 44-101.

PART 3 FILING AND RECEIPTING OF SHORT FORM PROSPECTUS

3.1 Previously filed documents – Sections 4.1 and 4.2 of NI 44-101 require the filing of specified documents that have not been previously filed. Issuers that are relying on previous filing of these specified documents are reminded that the documents should have been filed on the issuer's filer profile for SEDAR.

3.2 Confidential Material Change Reports – Confidential material change reports cannot be incorporated by reference into a short form prospectus. Issuers should refer to section 3.2 of the Companion Policy to NI 41-101 for further guidance.

3.3 Supporting Documents – Issuers should refer to section 3.3 of the Companion Policy to NI 41-101.

3.4 Experts' Consent – Issuers are reminded that under section 10.1 of NI 41-101 an auditor's consent is required to be filed for audited financial statements that are included as part of other continuous disclosure filings that are incorporated by reference into a short form prospectus. For example, a separate auditor's consent is required for each set of audited financial statements that are included as part of a business acquisition report or an information circular incorporated by reference into a short form prospectus. Issuers should also refer to section 3.4 of the Companion Policy to NI 41-101 for further guidance.

3.4.1 Special meeting information circular – Subsection 11.1(3) of Form 44-101F1 sets out certain circumstances where an issuer is not required to incorporate by reference into its prospectus a report, valuation, statement or opinion of an expert that is indirectly incorporated by reference into its prospectus through the incorporation by reference of an information circular prepared for a special meeting of the issuer. A special meeting information circular often relates to a restructuring transaction of an issuer or other special business of the issuer. In these circumstances, the issuer or its board of directors may engage an expert to provide an opinion that is specific to the business that will be

considered at the special meeting of securityholders. For example, the board may retain a person or company to provide a fairness opinion which would assist the board in determining whether to recommend the approval of the proposed transaction to its securityholders. Similarly, the issuer may include a tax opinion in the information circular to illustrate the tax consequences of the proposed transaction to its securityholders. Pursuant to subsection 11.1(3), we would not require the incorporation by reference of these particular opinions, provided that these opinions were prepared in respect of the specific transaction contemplated in the information circular and this transaction has been completed or abandoned prior to the filing of the prospectus.

3.5 Undertaking in Respect of Credit Supporter Disclosure – Under subparagraph 4.2(a)(ix) of NI 44-101, an issuer must file an undertaking to file the periodic and timely disclosure of a credit supporter. For credit supporters that are reporting issuers with a current AIF, the undertaking will likely be to continue to file the documents it is required to file under NI 51-102. For credit supporters registered under the 1934 Act, the undertaking will likely be to file the types of documents that would be required to be incorporated by reference into a Form S-3 or Form F-3 registration statement. For other credit supporters, the types of documents to be filed pursuant to the undertaking will be determined through discussions with the regulators on a case-by-case basis.

If an issuer, a parent credit supporter, and a subsidiary credit supporter satisfy the conditions of the exemption in section 13.3 of Form 44-101F1, an undertaking may provide that the subsidiary credit supporter will file periodic and timely disclosure if the issuer and the credit supporters no longer satisfy the conditions of the exemption in that section.

If an issuer and a credit supporter satisfy the conditions of the exemption in section 13.4 of Form 44-101F1, an undertaking may provide that the credit supporter will file periodic and timely disclosure if the issuer and the credit supporter no longer satisfy the conditions of the exemption in that section.

For the purposes of such an undertaking, references to disclosure included in the short form prospectus should be replaced with references to the issuer or parent credit supporter's continuous disclosure filings. For example, if an issuer and subsidiary credit supporter(s) plan to continue to satisfy the conditions of the exemption in section 13.4 of Form 44-101F1 for continuous disclosure filings, the undertaking should provide that the issuer will file with its consolidated financial statements,

(a) a statement that the financial results of the credit supporter(s) are included in the consolidated financial results of the issuer if

(i) the issuer continues to have limited independent operations, and

(ii) the impact of any subsidiaries of the issuer on a combined basis, excluding the credit supporter(s) but including any subsidiaries of the credit

supporter(s) that are not themselves credit supporters, on the consolidated financial statements of the issuer continues to be minor, or

(b) for any periods covered by issuer's consolidated financial statements, consolidating summary financial information for the issuer presented in the format set out in subparagraph 13.4(e)(ii) of Form 44-101F1.

3.6 Amendments and Incorporation by Reference of Subsequently Filed Material Change Reports – The requirement in NI 41-101 and securities legislation for the filing of an amendment to a preliminary prospectus and prospectus is not satisfied by the incorporation by reference in a preliminary short form prospectus or a short form prospectus of a subsequently filed material change report. Issuers should refer to the Companion Policy to NI 41-101 for further guidance regarding amendments.

3.7 Short Form Prospectus Review – No target time frame applies to the review of a short form prospectus of an issuer if the issuer has not elected to use the process set out in NP 11-202.

3.8 Review time frames for "equity line" short form prospectuses – An issuer that is eligible to use the short form prospectus system may file a preliminary short form prospectus relating to the distribution of securities in connection with an "equity line" financing. Under an equity line arrangement, the issuer typically enters into an agreement with one or more purchasers which provides that, over a certain term, the issuer may from time to time require the purchasers to subscribe for a certain number of securities of the issuer usually at a discount from the market price. Equity line financing raises a number of important policy issues relating to the appropriate treatment of such offerings under existing securities law. Accordingly, these prospectuses will generally be reviewed within the time periods applicable to a long form prospectus.

3.9 Registration Requirements – Issuers should refer to section 3.13 of the Companion Policy to NI 41-101 for further guidance.

3.10 No Minimum Offering Amount – Issuers distributing securities on a best efforts basis that have not specified a minimum offering amount in their prospectus, should refer to section 2.2.1 and subsection 4.3(3) of the Companion Policy to NI 41-101 for further guidance.

PART 4 CONTENT OF SHORT FORM PROSPECTUS

4.1 Prospectus Liability – Nothing in the short form prospectus regime established by NI 44-101 is intended to provide relief from liability arising under the provisions of securities legislation of any jurisdiction in which a short form prospectus is filed if the short form prospectus contains an untrue statement of a material fact or omits to state a material fact that is required to be stated therein or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

4.2 Style of Short Form Prospectus – Securities legislation requires that a short form prospectus contain "full, true and plain" disclosure of the securities to be distributed. Issuers should apply plain language principles when they prepare a short form prospectus, including:

- using short sentences;
- using definite everyday language;
- using the active voice;
- avoiding superfluous words;
- organizing the document into 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;
- avoiding vague 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.

Question and answer and bullet point formats are consistent with the disclosure requirements of NI 44-101.

4.3 Pricing Disclosure

(1) If the offering price or the number of securities being distributed, or an estimate of the range of the offering price or the number of securities being distributed, has been publicly disclosed in a jurisdiction or a foreign jurisdiction as of the date of the preliminary short form prospectus, section 1.7.1 of Form 44-101F1 requires the issuer to disclose that information in the preliminary short form prospectus. For example, if an issuer has previously disclosed this information in a public filing or a press release, in a foreign jurisdiction, the information must also be disclosed in the preliminary short form prospectus. If the issuer discloses this information in the preliminary short form prospectus, we will not consider a

difference between this information and the actual offering price or number of securities being distributed to be, in itself, a material adverse change for which the issuer must file an amended preliminary short form prospectus.

(2) No disclosure is required under section 1.7.1 of Form 44-101F1 if the offering price or size of the offering has not been disclosed as of the date of the preliminary short form prospectus. However, given the materiality of pricing or offering size information, subsequent disclosure of this information on a selective basis could constitute conduct that is prejudicial to the public interest.

4.4 Principal Purposes – Generally

(1) Section 4.2 of Form 44-101F1 requires disclosure of each of the principal purposes for which the net proceeds will be used by an issuer. If an issuer has negative cash flow from operating activities in its most recently completed financial year for which financial statements have been included in the short form prospectus, the issuer should prominently disclose that fact in the use of proceeds section of the short form prospectus. The issuer should also disclose whether, and if so, to what extent, the proceeds of the distribution will be used to fund any anticipated negative cash flow from operating activities in future periods. An issuer should disclose negative cash flow from operating activities as a risk factor under subsection 17.1(1) of Form 44-101F1 or section 5.2 in NI 51-102F2. For the purposes of this section, in determining cash flow from operating activities, the issuer must include cash payments related to dividends and borrowing costs.

(2) For the purposes of the disclosure required under section 4.2 of Form 44-101F1, the phrase "for general corporate purposes" is not generally sufficient.

4.5 Distribution of Asset-backed Securities

Section 7.3 of Form 44-101F1 specifies additional disclosure that applies to distributions of asset-backed securities. Disclosure for a special purpose issuer of asset-backed securities will generally explain

- the nature, performance and servicing of the underlying pool of financial assets,
- the structure of the securities and dedicated cash flows, and
- any third party or internal support arrangements established to protect holders of the asset-backed securities from losses associated with non-performance of the financial assets or disruptions in payment.

The nature and extent of required disclosure may vary depending on the type and attributes of the underlying pool and the contractual arrangements through which holders of the asset-backed securities take their interest in such assets.

An issuer of asset-backed securities should consider these factors when preparing its short form prospectus:

(a) The extent of disclosure respecting an 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.

(b) Requested disclosure respecting the business and affairs of the issuer should be interpreted to apply to the financial assets underlying the asset-backed securities.

(c) Disclosure respecting the originator or the seller of the underlying financial assets will be relevant to investors in the asset-backed securities particularly in circumstances where the originator or seller has an on-going relationship with the financial assets comprising the pool. For example, if asset-backed securities are serviced with the cash flows from a revolving pool of receivables, an evaluation of the nature and reliability of the future origination or the future sales of underlying assets by the seller to or through the issuer may be a critical aspect of an investor's investment decision.

To address this, the focus of disclosure respecting an originator or seller of the underlying financial assets should deal with whether there are current circumstances that indicate that the originator or seller will not generate adequate assets in the future to avoid an early liquidation of the pool and, correspondingly, an early payment of the asset-backed securities. Summary historical financial information respecting the originator or seller will ordinarily be adequate to satisfy the disclosure requirements applicable to the originator or seller in circumstances where the originator or seller has an ongoing relationship with the assets comprising the pool.

Subsection 7.3(5) of Form 44-101F1 requires issuers of asset-backed securities to describe any person or company who originated, sold or deposited a material portion of the financial assets comprising the pool, irrespective of whether the person or company has an on-going relationship with the assets comprising the pool. The securities regulatory authorities consider 33⅓% of the dollar value of the financial assets comprising the pool to be a material portion in this context.

4.6 Distribution of Derivatives – Section 7.4 of Form 44-101F1 specifies additional disclosure applicable to distributions of derivatives. This prescribed disclosure is formulated in general terms for issuers to customize appropriately in particular circumstances.

4.7 Underlying Securities – If securities being distributed are convertible into or exchangeable for other securities, or are a derivative of, or otherwise linked to, other securities, a description of the material attributes of the underlying securities would

generally be necessary to meet the requirement of securities legislation that a prospectus contain full, true and plain disclosure of all material facts relating to the securities being distributed.

4.8 Restricted Securities – Section 7.7 of Form 44-101F1 specifies additional disclosure applicable to restricted securities, including a detailed description of any significant provisions under applicable corporate and securities law that do not apply to the holders of the restricted securities but do apply to the holders of another class of equity securities. An example of such provisions would be rights under takeover bids.

4.9 Recent and Proposed Acquisitions

(1) Subsection 10.2(2) of Form 44-101F1 requires prescribed disclosure of a proposed acquisition that has progressed to a state "where a reasonable person would believe that the likelihood of the acquisition being completed is high" and that would, if completed on the date of the short form prospectus, be a significant acquisition for the purposes of Part 8 of NI 51-102. When interpreting the phrase "where a reasonable person would believe that the likelihood of the acquisition being completed is high", it is our view that the following factors may be relevant in determining whether the likelihood of an acquisition being completed is high:

(a) whether the acquisition has been publicly announced;

(b) whether the acquisition is the subject of an executed agreement; and

(c) the nature of conditions to the completion of the acquisition including any material third party consents required.

The test of whether a proposed acquisition "has progressed to a state where a reasonable person would believe that the likelihood of the acquisition being completed is high" is an objective, rather than subjective, test in that the question turns on what a "reasonable person" would believe. It is not sufficient for an officer of an issuer to determine that he or she personally believes that the likelihood of the acquisition being completed is or is not high. The officer must form an opinion as to what a reasonable person would believe in the circumstances. In the event of a dispute, an objective test requires an adjudicator to decide whether a reasonable person would believe in the circumstances that the likelihood of an acquisition being completed was high. By contrast, if the disclosure requirement involved a subjective test, the adjudicator would assess an individual's credibility and decide whether the personal opinion of the individual as to whether the likelihood of the acquisition being completed was high was an honestly held opinion. Formulating the disclosure requirement using an objective test rather than a subjective test strengthens the basis upon which the regulator may object to an issuer's application of the test in particular circumstances.

(2) Subsection 10.2(3) of Form 44-101F1 requires inclusion of the financial statements or other information relating to certain acquisitions or proposed acquisitions if the inclusion of the financial statements or other information is necessary in order for the short form prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed. We generally presume that the inclusion of financial statements or other information is required for all acquisitions that are, or would be, significant under Part 8 of NI 51-102. Issuers can rebut this presumption if they can provide evidence that the financial statements or other information are not required for full, true and plain disclosure.

Subsection 10.2(4) of Form 44-101F1 provides that issuers must satisfy the requirements of subsection 10.2(3) of Form 44-101F1 by including either:

(i) the financial statements or other information that would be required by Part 8 of NI 51-102; or

(ii) satisfactory alternative financial statements or other information.

Satisfactory alternative financial statements or other information may be provided to satisfy the requirements of subsection 10.2(3) when the financial statements or other information that would be required by Part 8 of NI 51-102 relate to a financial year ended within 90 days before the date of the prospectus or an interim period ended within 60 days before the date of the prospectus for issuers that are venture issuers, and 45 days for issuers that are not venture issuers. In these circumstances, we believe that satisfactory alternative financial statements or other information would not have to include any financial statements or other information for the acquisition or probable acquisition related to:

(a) a financial year ended within 90 days before the date of the short form prospectus; or

(b) an interim period ended within 60 days before the date of the short form prospectus for issuers that are venture issuers, and 45 days for issuers that are not venture issuers.

An example of satisfactory alternative financial statements or other information that we will generally find acceptable would be:

(c) comparative annual financial statements or other information for the acquisition or probable acquisition for at least the number of financial years as would be required under Part 8 of NI 51-102 that ended more than 90 days before the date of the short form prospectus, audited for the most recently completed financial period in accordance with NI 52-107, and reviewed for the comparative period in accordance with section 4.3 of NI 44-101;

(d) a comparative interim financial report or other information for the acquisition or probable acquisition for any interim period ended subsequent to the latest annual financial statements included in the short form prospectus and more than 60 days before the date of the short form prospectus for issuers that are venture issuers, and 45 days for issuers that are not venture issuers reviewed in accordance with section 4.3 of NI 44-101; and

(e) pro forma financial statements or other information required under Part 8 of NI 51-102.

If the issuer intends to include financial statements as set out in the example above as satisfactory alternative financial statements or other information, we ask that this be highlighted in the cover letter to the prospectus. If the issuer does not intend to include financial statements or other information, or intends to file financial statements or other information that are different from those set out above, we encourage the utilization of pre-filing procedures.

(3) When an issuer acquires a business or related businesses that has itself recently acquired another business or related businesses (an "indirect acquisition"), the issuer should consider whether prospectus disclosure about the indirect acquisition, including historical financial statements, is necessary to satisfy the requirement that the prospectus contain full, true and plain disclosure of all material facts relating to the securities being distributed. In making this determination, the issuer should consider the following factors:

- if the indirect acquisition would meet any of the significance tests in Part 8 of NI 51-102 when the issuer applies each of those tests to its proportionate interest in the indirect acquisition of the business; and

- if the amount of time between the separate acquisitions is such that the effect of the first acquisition is not adequately reflected in the results of the business or related businesses the issuer is acquiring.

(4) Subsection 10.2(3) discusses financial statements or other information for the completed or proposed acquisition of the business or related businesses. This "other information" is intended to capture the financial information disclosures required under Part 8 of NI 51-102 other than financial statements. An example of "other information" would include the operating statements, property descriptions, production volumes and reserves disclosures described under section 8.10 of NI 51-102.

4.10 Updated pro forma financial statements to date of prospectus – In addition to the pro forma financial statements for completed acquisitions that are required to be included in a business acquisition report incorporated by reference into a prospectus under Item 11 of

Form 44-101F1, an issuer may include a set of pro forma financial statement prepared as at the date of the prospectus.

4.11 General Financial Statement Requirements – A reporting issuer is required under the applicable CD rule to file its annual financial statements and related MD&A 90 days after year end (or 120 days if the issuer is a *venture issuer* as defined in NI 51-102). Certain transition rules in the applicable CD rule apply to the first interim financial report required to be filed in the year of adopting IFRS in respect of an interim period beginning on or after January 1, 2011. Otherwise, an interim financial report and related MD&A must be filed 45 days after the last day of an interim period (or 60 days for a venture issuer). The financial statement requirements in NI 44-101 are based on these continuous disclosure reporting time frames and do not impose accelerated filing deadlines for a reporting issuer's financial statements. However, to the extent an issuer has filed financial statements in advance of the deadline for doing so, those financial statements must be incorporated by reference in the short form prospectus. We are of the view that directors of an issuer should endeavor to consider and approve financial statements in a timely manner and should not delay the approval and filing of the financial statements for the purpose of avoiding their inclusion in a short form prospectus. Once the financial statements have been approved, they should be filed as soon as possible.

4.12 Credit Supporter Disclosure – In addition to the issuer's documents required to be incorporated by reference under sections 11.1 and 11.2 of Form 44-101F1 and the issuer's earnings coverage ratios required to be included under Item 6 of Form 44-101F1, a short form prospectus must include, under section 12.1 of Form 44-101F1, disclosure about any credit supporters that have provided a guarantee or alternative credit support for all or substantially all of the payments to be made under the securities being distributed. Accordingly, disclosure about a credit supporter may be required even if the credit supporter has not provided full and unconditional credit support.

4.13 Exemptions for Certain Issuers of Guaranteed Securities – Requiring disclosure about the issuer and any applicable credit supporters in a short form prospectus may result in unnecessary disclosure in some instances. Item 13 of Form 44-101F1 provides exemptions from the requirement to include both issuer and credit supporter disclosure where such disclosure is not necessary to ensure that the short form prospectus includes full, true and plain disclosure of all material facts concerning the securities to be distributed.

The exemptions in Item 13 of Form 44-101F1 are based on the principle that, in these instances, investors will generally require either issuer disclosure or credit supporter disclosure to make an informed investment decision. The exemptions set out in Item 13 of Form 44-101F1 are not intended to be comprehensive and issuers may apply for exemptive relief from the requirement to provide both issuer and credit supporter disclosure, as appropriate.

4.14 Previously Disclosed Material Forward-Looking Information – If an issuer, at the time it files a short form prospectus,

1. has previously disclosed to the public material forward-looking information for a period that is not yet complete;

2. is aware of events and circumstances that are reasonably likely to cause actual results to differ materially from the material forward-looking information; and

3. has not filed an MD&A with the securities regulatory authorities that discusses those events and circumstances and expected differences from the material forward-looking information, as required by section 5.8 of NI 51-102,

the issuer should discuss those events and circumstances, and the expected differences from the material forward-looking information, in the short form prospectus.

PART 5 CERTIFICATES

5.1 General – Issuers should refer to section 2.6 of the Companion Policy to NI 41-101.

PART 6 TRANSITION

6.1 Transition – The amendments to NI 44-101 and this Policy which came into effect on January 1, 2011 only apply to a preliminary short form prospectus, an amendment to a preliminary short form prospectus, a final short form prospectus or an amendment to a final short form prospectus of an issuer which includes or incorporates by reference financial statements of the issuer in respect of periods relating to financial years beginning on or after January 1, 2011.

Appendix E

Schedule E-1
Proposed Amendments to National Instrument 44-102 *Shelf Distributions*

1. ***National Instrument 44-102 Shelf Distributions is amended by this Instrument.***

2. ***Section 5.6 is amended by adding the following paragraph after paragraph 6:***

"6.1 The information required under item 7A of Form 44-101F1 concerning prior sales and trading price and volume disclosure for securities that may be distributed under the base shelf prospectus, if the specific series or class of securities that will be distributed under the base shelf prospectus is not known on the date the base shelf prospectus is filed.***".***

3. ***Section 7.2 is amended by adding the following new subsections after subsection (1):***
"(1.1) - Despite subsection (1), if the expert whose consent is required is a "qualified person" as defined in NI 43-101, the issuer is not required to file the consent of the qualified person if

(a) the qualified person's consent is required in connection with a technical report that was not required to be filed with the preliminary base shelf prospectus,

(b) the qualified person was employed by a person or company at the date of signing the technical report,

(c) the principal business of the person or company is providing engineering or geoscientific services, and

(d) the issuer files the consent of the person or company.

(1.2) A consent filed under subsection (1.1) must be signed by an individual who is an authorized signatory of the person or company and who falls within paragraphs (a), (b), (d) and (e) of the definition of "qualified person" in NI 43-101.***"***

4. ***Subsection 7.2(2) is amended by adding, after "***subsection 1***", the words "***or subsections (1.1) and (1.2)***".***

5. ***Subsection 9.1(1) is amended by***

(a) replacing "6.1***" with "***7.2***", and***

(b) replacing "44-101***" with "***41-101***".***

6. This Instrument comes into force on ●, 2012.

Appendix E

Schedule E-2

Proposed Amendments to Companion Policy 44-102 CP to
National Instrument 44-102 *Shelf Distributions*

1. ***Companion Policy 44-102CP to National Instrument 44-102 Shelf Distributions is amended.***

2. ***Section 2.6.1 is amended by adding "***for which a consent was not previously filed***" after "***financial statements incorporated by reference***".***

3. This amendment becomes effective on ●, 2012.

Appendix F
Proposed Amendment to National Instrument 81-101
Mutual Fund Prospectus Disclosure

1. ***National Instrument 81-101 Mutual Fund Prospectus Disclosure is amended by this Instrument.***

2. ***Section 1.1 is amended by***

   (a) repealing the definition of "Personal Information Form and Authorization***",***

   (b) after the definition of "Part B Section***",*** ***adding the following definition:***

   ""personal information form" means in respect of an individual,

   (a) a completed Schedule 1 of Appendix A to National Instrument 41-101 *General Prospectus Requirements*, or

   (b) a TSX/TSXV personal information form submitted by an individual to the Toronto Stock Exchange or to the TSX Venture Exchange to which is attached a completed certificate and consent in the form set out in Schedule 1 – Part B of Appendix A to National Instrument 41-101 *General Prospectus Requirements*, if the personal information in the form continues to be correct at the time that the certificate and consent is executed by the individual;***"***

   (c) in the definition of "single AIF***", deleting "***and***",***

   (d) in the definition of "single SP***", replacing "."*** ***with "***; and***" after the words "***under subsection 5.1(1)***"; and***

   (e) after the definition of "*single SP***",*** ***adding the following definition;***

   ""TSX/TSXV personal information form" means a completed personal information form of an individual in compliance with the requirements of Form 4 for the Toronto Stock Exchange or Form 2A for the TSX Venture Exchange, as applicable, each as amended from time to time.***"***

3. ***Paragraph 2.3(1)(b) is amended by replacing:***

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

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

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

(C) each promoter of the mutual fund, and

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

unless

(E) a completed Personal Information Form and Authorization,

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

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

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

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

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

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

with the following:

"(ii) a personal information form for:

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

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

(C) each promoter of the mutual fund, and

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

4. Section 2.3 is amended by adding the following subsection after subsection 2.3(1):

"(1.1) Despite subparagraph 2.3(1)(b)(ii), a mutual fund is not required to file a personal information form for an individual if all of the following requirements are satisfied:

(a) a personal information form of the individual has been executed by the individual within three years preceding the date of the filing of the preliminary simplified prospectus, preliminary annual information form and preliminary fund facts document for each class or series of securities of the mutual fund;

(b) the personal information form was delivered to the regulator, or in Québec, the securities regulatory authority

(i) by an issuer on behalf of the individual on or after [**insert effective date of amendments**]; or

(ii) by the mutual fund on behalf of the individual after March 16, 2008 but before [**insert effective date of amendments**] in the form set out in Appendix A to National Instrument 41-101 *General Prospectus Requirements* in effect during this period;

(c) the information concerning the individual contained in the responses to

(i) questions 6 through 10 of the personal information form referenced in subparagraph (b)(i) remain correct as at the date of the certificate referenced to in paragraph (d); or

(ii) questions 4(B) and (C) and questions 6 through 9 of the personal information form referenced in subparagraph (b)(ii) remain correct as at the date of the certificate referenced to in paragraph (d);

(d) the mutual fund delivers to the regulator or, in Québec, the securities regulatory authority, concurrently with the filing of the preliminary simplified prospectus, preliminary annual information form and preliminary fund facts document for each class or series of securities of the mutual fund, a certificate of the mutual fund in the form set out in Schedule 4 of Appendix A to National Instrument 41-101 *General Prospectus Requirements* stating that the individual has provided the mutual fund with confirmation in respect of the requirement contained in paragraph (c);

(e) the certificate referenced in paragraph (d) is dated no earlier than 30 days before the filing of the preliminary simplified prospectus, preliminary annual information form and preliminary fund facts document for each class or series of securities of the mutual fund.***"***.

(a) deleting "and***" after "***has not already been filed,***" from subparagraph 2.3(2)(a)(ii),***

(b) adding the following after subparagraph 2.3(2)(a)(ii):

"(ii.1) a copy of the following documents and a copy of any amendment to the following documents that have not previously been filed:

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

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

5. Subparagraph 2.3(2)(b)(iii) is repealed.

6. Paragraph 2.3(2)(b) is amended by replacing:

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

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

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

(C) each promoter of the mutual fund, and

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

unless

(E) a completed Personal Information Form and Authorization,

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

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

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

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

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

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

with the following:

"(iv) a personal information form for:

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

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

(C) each promoter of the mutual fund, and

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

7. Section 2.3 is amended by adding the following subsection after subsection 2.3(2):

"(2.1) Despite subparagraph 2.3(2)(b)(vi), a mutual fund is not required to file a personal information form for an individual if all of the following requirements are satisfied:

(a) a personal information form of the individual has been executed by the individual within three years preceding the date of the filing of the *pro forma* simplified prospectus, *pro forma* annual information form and *pro forma* fund facts document for each class or series of securities of the mutual fund;

(b) the personal information form was delivered to the regulator, or in Québec, the securities regulatory authority

(i) by an issuer on behalf of the individual on or after [**insert effective date of amendments**]; or

(ii) by the mutual fund on behalf of the individual after March 16, 2008 but before [**insert effective date of amendments**] in the form set out in Appendix A to National Instrument 41-101 *General Prospectus Requirements* in effect during this period;

(c) the information concerning the individual contained in the responses to

(i) questions 6 through 10 of the personal information form referenced in subparagraph (b)(i) remain correct as at the date of the certificate referenced to in paragraph (d); or

(ii) questions 4(B) and (C) and questions 6 through 9 of the personal information form referenced in subparagraph (b)(ii) remain correct as at the date of the certificate referenced to in paragraph (d);

(d) the mutual fund delivers to the regulator or, in Québec, the securities regulatory authority, concurrently with the filing of the *pro forma* simplified prospectus, *pro forma* annual information form and *pro forma* fund facts document for each class or series of securities of the mutual fund, a certificate of the mutual fund in the form set out in Schedule 4 of Appendix A to National Instrument 41-101 *General Prospectus Requirements* stating that the individual has provided the mutual fund with confirmation in respect of the requirement contained in paragraph (c);

(e) the certificate referenced in paragraph (d) is dated no earlier than 30 days before the filing of the preliminary simplified prospectus, preliminary annual information form and preliminary fund facts document for each class or series of securities of the mutual fund.***"***

8. Paragraph 2.3(3)(a) is amended by adding the following subparagraph after subparagraph 2.3(3)(a)(i):

"(i.1) a copy of the following documents and a copy of any amendment to the following documents that have not previously been filed:

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

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

9. Section 3.1 is amended by adding the following paragraphs after paragraph 1.1:

"1.2 If the mutual fund has not yet filed comparative annual financial statements of the mutual fund, the most recently filed interim financial statements of the mutual fund that were filed before or after the date of the simplified prospectus.

1.3 If the mutual fund has not yet filed interim financial statements or comparative annual financial statements of the mutual fund, the audited balance sheet that was filed with the simplified prospectus.

1.4 If the mutual fund has not yet filed an annual management report of fund performance of the mutual fund, the most recently filed interim management report of fund performance of the mutual fund that was filed before or after the date of the simplified prospectus.***"***.

10. Subsection 1.1(3) of Form 81-101F2* Contents of Annual Information Form *is amended by replacing "distributed***" with "***sold***".***

11. Subsection 1.2(3) of Form 81-101F2 is amended by replacing "distributed***" with "***sold***".***

12. Section 10.2 of Form 81-101F2 is amended by

(a) adding "executive***" before "***officers***" in subsection 10.2(2), and***

(b) adding "executive***" before "***officer***" in***

(i) subsection 10.2(3)

(ii) subsection10.2(4).

13. Section 10.6 of Form 81-101F2 is amended by

(a) adding "Executive***" before "***Officers***" in the title,***

(b) adding "executive***" before "***officers***" in subsection 10.6(1); and***

(c) adding "executive***" before "***officer***" in***

(i) subsection 10.6(4)

(ii) subsection10.6(5).

14. Subsection 16(1) of Form 81-101F2 is amended by replacing:

"(f) any other contract or agreement that can reasonably be regarded as material to an investor in the securities of the mutual fund.***"***

with the following:

"(f) any other contract or agreement that is material to the mutual fund.***"***

15. Section 22 of Form 81-101F2 is amended by replacing:

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

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

with the following:

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

"This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of [insert the jurisdictions in which qualified] and do not contain any misrepresentations."**"**

16. This Instrument comes into force on ●, 2012.

Appendix G

Schedule G-1

National Instrument 81-101 *Mutual Fund Prospectus Disclosure*

Table of Contents

Part 1 — Definitions, Interpretation and Application

1.1 Definitions — In this Instrument

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

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

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

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

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

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

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

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

(c) performing a policy-making function;

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

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

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

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

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

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

"NI 81-107"[Repealed.]

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

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

"personal information form" means in respect of an individual,

(a) a completed Schedule 1 of Appendix A to National Instrument 41-101 *General Prospectus Requirements*, or

~~"Personal Information Form and Authorization" means the Personal Information Form and Authorization of Indirect Collection, Use and Disclosure of Personal Informations set out in~~ (b) a TSX/TSXV personal information form submitted by an

individual to the Toronto Stock Exchange or to the TSX Venture Exchange to which is attached a completed certificate and consent in the form set out in Schedule 1 – Part B of Appendix A to National Instrument 41-101 *General Prospectus Requirements*, if the personal information in the form continues to be correct at the time that the certificate and consent is executed by the individuals;

"Personal Information Form and Authorization" [Repealed]

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

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

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

"single SP" means a simplified prospectus that has not been consolidated with another simplified prospectus under subsection 5.1(1); and

"TSX/TSXV personal information form" means a completed personal information form of an individual in compliance with the requirements of Form 4 for the Toronto Stock Exchange or Form 2A for the TSX Venture Exchange, as applicable, each as amended from time to time.

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

1.3 Application — This Instrument does not apply to mutual funds that are

(a) labour-sponsored venture capital corporations;

(b) commodity pools; or

(c) listed and posted for trading on a stock exchange or quoted on an over-the-counter market.

Part 2 — Disclosure Documents

2.1 Filing of Disclosure Documents — (1) A mutual fund

(a) that files a preliminary prospectus must file the preliminary prospectus in the form of a preliminary simplified prospectus prepared in accordance with Form 81-101F1 and concurrently file

(i) a preliminary annual information form prepared and certified in accordance with Form 81-101F2; and

(ii) a preliminary fund facts document for each class or series of securities of the mutual fund prepared in accordance with Form 81-101F3;

(b) that files a *pro forma* prospectus must file the *pro forma* prospectus in the form of a *pro forma* simplified prospectus prepared in accordance with Form 81-101F1 and concurrently file

(i) a *pro forma* annual information form prepared in accordance with Form 81-101F2; and

(ii) a *pro forma* fund facts document for each class or series of securities of the mutual fund prepared in accordance with Form 81-101F3;

(c) that files a prospectus must file the prospectus in the form of a simplified prospectus prepared in accordance with Form 81-101F1 and concurrently file

(i) an annual information form prepared and certified in accordance with Form 81-101F2; and

(ii) a fund facts document for each class or series of securities of the mutual fund prepared in accordance with Form 81-101F3;

(d) that files an amendment to a prospectus must

(i) file an amendment

(A) to the simplified prospectus and concurrently file an amendment to the related annual information form, or

(B) to the related annual information form if changes are made only to the annual information form;

(ii) if the amendment relates to the information contained in a fund facts document, concurrently file an amendment to the fund facts document;

(iii) if the amendment relates to a new class or series of securities of the mutual fund that is referable to the same portfolio of assets, concurrently file a fund facts document for the new class or series; and

(e) must file an amendment to a fund facts document, if a material change occurs that relates to the information contained in the fund facts document, as soon as practicable and, in any event, within 10 days after the day the change occurs.

(2) A mutual fund must not file a prospectus more than 90 days after the date of the receipt for the preliminary prospectus that relates to the prospectus.

2.2 Amendments to Disclosure Documents — (1) An amendment to a simplified prospectus or to an annual information form may consist of either

(a) an amendment that does not fully restate the text of the simplified prospectus or annual information form; or

(b) an amended and restated simplified prospectus or annual information form.

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

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

1. For an amendment that does not restate the text of a simplified prospectus or annual information form:

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

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

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

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

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

[Note: In Ontario, subsection 57(1) of the Securities Act *(Ontario) imposes a similar requirement to file an amendment to a preliminary prospectus.][FN1]*

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

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

[Note: In Ontario, subsection 57(3) of the Securities Act *(Ontario) imposes similar requirements regarding the delivery of amendments to a preliminary prospectus.]*

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

[Note: In Ontario, subsection 57(1) of the Securities Act *(Ontario) imposes a similar obligation to file an amendment to a final prospectus where there has been a material change.]*

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

[Note: In Ontario, subsection 57(2) of the Securities Act *(Ontario) imposes a similar requirement to file an amendment to a prospectus any time there is a proposed distribution of securities in addition to that disclosed under the prospectus.]*

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

[Note: In Ontario, subsection 57(2.1) of the Securities Act *(Ontario) imposes a similar obligation for the Director to issue a receipt for an amendment to a prospectus unless there are proper grounds for refusing the receipt.]*

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

[Note: In Ontario, subsections 57(2.1) and 61(3) of the Securities Act *(Ontario) impose a similar restriction on the Director to refuse to issue a receipt for a prospectus without first giving an issuer an opportunity to be heard.]*

2.3 Supporting Documents — (1) A mutual fund must

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

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

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

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

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

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

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

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

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

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

(i) for

(A) a new mutual fund, a copy of a draft opening balance sheet of the mutual fund, and

(B) an existing mutual fund, a copy of the latest audited financial statements of the mutual fund,

(ii) a personal information ~~in the form of the Personal Information Form and Authorization~~form for:

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

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

(C) each promoter of the mutual fund, and

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

~~unless~~

~~(E) a completed Personal Information Form and Authorization,~~

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

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

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

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

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

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

(iii) a signed letter to the regulator from the auditor of the mutual fund prepared in accordance with the form suggested for this circumstance by the Handbook, if a financial statement of the mutual fund incorporated by reference in the preliminary simplified prospectus is accompanied by an unsigned auditor's report, and

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

(1.1) Despite subparagraph 2.3(1)(b)(ii), a mutual fund is not required to file a personal information form for an individual if all of the following requirements are satisfied:

(a) a personal information form of the individual has been executed by the individual within three years preceding the date of the filing of the preliminary simplified prospectus, preliminary annual information form and preliminary fund facts document for each class or series of securities of the mutual fund;

(b) the personal information form was delivered to the regulator, or in Québec, the securities regulatory authority

(i) by an issuer on behalf of the individual on or after [**insert effective date of amendments**]; or

(ii) by the mutual fund on behalf of the individual after March 16, 2008 but before [**insert effective date of amendments**] in the form set out in Appendix A to National Instrument 41-101 *General Prospectus Requirements* in effect during this period;

(c) the information concerning the individual contained in the responses to

(i) questions 6 through 10 of the personal information form referenced in subparagraph (b)(i) remain correct as at the date of the certificate referenced to in paragraph (d); or

(ii) questions 4(B) and (C) and questions 6 through 9 of the personal information form referenced in subparagraph (b)(ii) remain correct as at the date of the certificate referenced to in paragraph (d);

(d) the mutual fund delivers to the regulator or, in Québec, the securities regulatory authority, concurrently with the filing of the preliminary simplified prospectus, preliminary annual information form and preliminary fund facts document for each class or series of securities of the mutual fund, a certificate of the mutual fund in the form set out in Schedule 4 of Appendix A to National Instrument 41-101 *General Prospectus Requirements* stating that the individual has provided the mutual fund with confirmation in respect of the requirement contained in paragraph (c);

(e) the certificate referenced in paragraph (d) is dated no earlier than 30 days before the filing of the preliminary simplified prospectus, preliminary annual information form and preliminary fund facts document for each class or series of securities of the mutual fund.

(2) A mutual fund must

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

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

(ii) a submission to the jurisdiction and appointment of an agent for service of process of the manager of the mutual fund in the form set out in Appendix C to National Instrument

41-101 *General Prospectus Requirements*, if the manager of the mutual fund is incorporated, continued or organized under the laws of a foreign jurisdiction or resides outside of Canada and if that document has not already been filed,

(ii.1) a copy of the following documents and a copy of any amendments to the following documents that have not previously been filed :

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

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

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

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

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

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

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

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

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

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

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

(C) each promoter of the mutual fund, and

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

~~unless~~

~~(E) a completed Personal Information Form and Authorization,~~

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

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

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

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

~~(G) before March 17, 2008, a completed personal information form or authorization in a form substantially similar to a personal information form or authorization in clause (E) or (F), as permitted under securities legislation,was previously delivered in connection with a simplified prospectus of the mutual fund or another mutual fund managed by the manager of the mutual fund~~, and

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

(2.1) Despite subparagraph 2.3(2)(b)(vi), a mutual fund is not required to file a personal information form for an individual if all of the following requirements are satisfied:

(a) a personal information form of the individual has been executed by the individual within three years preceding the date of the filing of the *pro forma* simplified prospectus, *pro forma* annual information form and *pro forma* fund facts document for each class or series of securities of the mutual fund;

(b) the personal information form was delivered to the regulator, or in Québec, the securities regulatory authority

(i) by an issuer on behalf of the individual on or after [**insert effective date of amendments**]; or

(ii) by the mutual fund on behalf of the individual after March 16, 2008 but before [**insert effective date of amendments**] in the form set out in Appendix A to National Instrument 41-101 *General Prospectus Requirements* in effect during this period;

(c) the information concerning the individual contained in the responses to

(i) questions 6 through 10 of the personal information form referenced in subparagraph (b)(i) remain correct as at the date of the certificate referenced to in paragraph (d); or

(ii) questions 4(B) and (C) and questions 6 through 9 of the personal information form referenced in subparagraph (b)(ii) remain correct as at the date of the certificate referenced to in paragraph (d);

(d) the mutual fund delivers to the regulator or, in Québec, the securities regulatory authority, concurrently with the filing of the *pro forma* simplified prospectus, *pro forma* annual information form and *pro forma* fund facts document for each class or series of securities of the mutual fund, a certificate of the mutual fund in the form set out in Schedule 4 of Appendix A to National Instrument 41-101 *General Prospectus Requirements* stating that the individual has provided the mutual fund with confirmation in respect of the requirement contained in paragraph (c);

(e) the certificate referenced in paragraph (d) is dated no earlier than 30 days before the filing of the preliminary simplified prospectus, preliminary annual information form and preliminary fund facts document for each class or series of securities of the mutual fund.

(3) A mutual fund must

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

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

(i.1) a copy of the following documents and a copy of any amendment to the following documents that have not previously been filed:

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

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

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

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

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

(v) any consents required by section 2.6,

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

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

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

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

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

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

(iii) details of any changes to the personal information required to be delivered under subparagraph (1)(b)(ii) or (2)(b)(iv), in the form of the Personal Information Form and Authorization, since the delivery of that information in connection with the filing of the simplified prospectus of the mutual fund or another mutual fund managed by the manager, and

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

(4) A mutual fund must

(a) file with an amendment to a simplified prospectus and an amendment to the annual information form

(i) a copy of the amendment to the annual information form certified in accordance with Part 5.1,

(ii) any consents required by section 2.6,

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

(iii.1) if the amendment relates to the information contained in a fund facts document, an amendment to the fund facts document, and

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

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

(i) if the amendment to the simplified prospectus is in the form of an amended and restated simplified prospectus, a copy of that document blacklined to show changes and the text of deletions from the simplified prospectus,

(ii) if the amendment to the annual information form is in the form of an amended and restated annual information form, a copy of the amended annual information form, blacklined to show changes and the text of deletions from the annual information form,

(ii.1) if an amendment to a fund facts document is filed, a copy of the fund facts document, blacklined to show changes, including the text of deletions, from the latest fund facts document previously filed,

(iii) details of any changes to the personal information required to be delivered under subparagraph (1)(b)(ii), (2)(b)(iv) or (3)(b)(iii), in the form of the Personal Information Form and Authorization, since the delivery of that information in connection with the filing of the simplified prospectus of the mutual fund or another mutual fund managed by the manager, and

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

(5) A mutual fund must

(a) file with an amendment to an annual information form in circumstances in which the corresponding simplified prospectus is not amended

(i) a copy of the amendment to the annual information form certified in accordance with Part 5.1,

(ii) any consents required by section 2.6,

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

(iii.1) if the amendment relates to the information contained in a fund facts document, an amendment to the fund facts document, and

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

(b) at the time an amendment to an annual information form is filed, deliver or send to the securities regulatory authority

(i) details of any changes to the personal information required to be delivered under subparagraph (1)(b)(ii), (2)(b)(iv) or (3)(b)(iii), in the form of the Personal Information Form and Authorization, since the delivery of that information in connection with the filing

of the simplified prospectus of the mutual fund or another mutual fund managed by the manager,

(ii) if the amendment is in the form of an amended and restated annual information form, a copy of the amended and restated annual information form blacklined to show changes and the text of deletions from the annual information form,

(ii.1) if an amendment to a fund facts document is filed, a copy of the fund facts document, blacklined to show changes, including the text of deletions, from the latest fund facts document previously filed, and

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

(5.1) A mutual fund must

(a) file the following documents with an amendment to a fund facts document unless subsection (4) or (5) applies:

(i) an amendment to the corresponding annual information form, certified in accordance with Part 5.1,

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

(b) at the time an amendment to a fund facts document is filed, deliver or send to the securities regulatory authority

(i) details of any changes to the personal information required to be delivered under subparagraph (1)(b)(ii), (2)(b)(iv) or (3)(b)(iii), in the form of the Personal Information Form and Authorization, since the delivery of that information in connection with the filing of the simplified prospectus of the mutual fund or another mutual fund managed by the manager,

(ii) a copy of the amended and restated fund facts document blacklined to show changes, including the text of deletions, from the most recently filed fund facts document; and

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

(6) Despite any other provision of this section, a mutual fund may

(a) omit or mark to be unreadable certain provisions of a material contract or an amendment to a material contract filed under this section

(i) if the manager of the mutual fund reasonably believes that disclosure of those provisions would be seriously prejudicial to the interests of the mutual fund or would violate confidentiality provisions, and

(ii) if a provision is omitted or marked to be unreadable under subparagraph (i), the mutual fund must include a description of the type of information that has been omitted or marked to be unreadable immediately after the provision that is omitted or marked to be unreadable in the copy of the material contract or amendment to the material contract filed by the mutual fund; and

(b) delete commercial or financial information from the copy of an agreement of the mutual fund, its manager or trustee with a portfolio adviser or portfolio advisers of the mutual fund filed under this section if the disclosure of that information could reasonably be expected to

(i) prejudice significantly the competitive position of a party to the agreement, or

(ii) interfere significantly with negotiations in which parties to the agreement are involved.

2.3.1 Websites — (1) If a mutual fund or the mutual fund's family has a website, the mutual fund must post to at least one of those websites a fund facts document filed under this Part as soon as practicable and, in any event, within 10 days after the date that the document is filed.

(2) A fund facts document posted to the website referred to in subsection (1) must

(a) be displayed in a manner that would be considered prominent to a reasonable person; and

(b) not be attached to or bound with another fund facts document.

(3) Subsection (1) does not apply if the fund facts document is posted to a website of the manager of the mutual fund in the manner required under subsection (2).

2.4 Simplified Prospectus — A simplified prospectus is a prospectus for the purposes of securities legislation.

2.5 Lapse Date — (1) This section does not apply in Ontario.

(2) In this section, "lapse date" means, with reference to the distribution of a security that has been qualified under a simplified prospectus, the date that is 12 months after the date of the most recent simplified prospectus relating to the security.

(3) A mutual fund must not continue the distribution of a security to which the prospectus requirement applies after the lapse date unless the mutual fund files a new simplified prospectus that complies with securities legislation and a receipt for that new simplified prospectus is issued by the regulator.

(4) Despite subsection (3), a distribution may be continued for a further 12 months after a lapse date if,

(a) the mutual fund delivers a *pro forma* simplified prospectus within 30 days before the lapse date of the previous simplified prospectus;

(b) the mutual fund files a new final simplified prospectus within 10 days after the lapse date of the previous simplified prospectus; and

(c) a receipt for the new final simplified prospectus is issued by the regulator within 20 days after the lapse date of the previous simplified prospectus.

(5) The continued distribution of securities after the lapse date does not contravene subsection (3) unless and until any of the conditions of subsection (4) are not complied with.

(6) Subject to any extension granted under subsection (7), if a condition in subsection (4) is not complied with, a purchaser may cancel a purchase made in a distribution after the lapse date in reliance on subsection (4) within 90 days after the purchaser first became aware of the failure to comply with the condition.

(7) The regulator may, on an application of a mutual fund, extend, subject to such terms and conditions as it may impose, the times provided by subsection (4) where in its opinion it would not be prejudicial to the public interest to do so.

[Note: In Ontario, section 62 of the Securities Act *(Ontario) imposes similar requirements regarding refiling of prospectuses.]*

2.6 Consents of Experts — (1) A mutual fund must file the written consent of

(a) any solicitor, auditor, accountant, engineer, or appraiser;

(b) any notary in Québec; and

(c) any person or company whose profession or business gives authority to a statement made by that person or company

if that person or company is named in a simplified prospectus or an amendment to a simplified prospectus, directly or, if applicable, in a document incorporated by reference,

(d) as having prepared or certified any part of the simplified prospectus or the amendment;

(e) as having opined on financial statements from which selected information included in the simplified prospectus has been derived and which audit opinion is referred to in the simplified prospectus directly or in a document incorporated by reference; or

(f) as having prepared or certified a report, valuation, statement or opinion referred to in the simplified prospectus or the amendment, directly or in a document incorporated by reference.

(2) The consent referred to in subsection (1) must

(a) be filed no later than the time the simplified prospectus or the amendment to the simplified prospectus is filed or, for the purposes of future financial statements that have been incorporated by reference in a simplified prospectus, no later than the date that those financial statements are filed;

(b) state that the person or company being named consents

(i) to being named, and

(ii) to the use of that person or company's report, valuation, statement or opinion;

(c) refer to the report, valuation, statement or opinion stating the date of the report, valuation, statement or opinion; and

(d) contain a statement that the person or company being named

(i) has read the simplified prospectus, and

(ii) has no reason to believe that there are any misrepresentations in the information contained in it that are

(A) derived from the report, valuation, statement or opinion, or

(B) within the knowledge of the person or company as a result of the services performed by the person or company in connection with the report, financial statements, valuation, statement or opinion.

(3) In addition to any other requirement of this section, the consent of an auditor or accountant must also state

(a) the dates of the financial statements on which the report of the auditor or accountant is made; and

(b) that the auditor or accountant has no reason to believe that there are any misrepresentations in the information contained in the simplified prospectus that are

(i) derived from the financial statements on which the auditor or accountant has reported, or

(ii) within the knowledge of the auditor or accountant as a result of the audit of the financial statements.

(4) Subsection (1) does not apply to an approved rating organization that issues a rating to the securities being distributed under the simplified prospectus.

2.7 Language of Documents — (1) A mutual fund must file a simplified prospectus and any other document required to be filed under this Instrument in French or in English.

(2) In Québec, a simplified prospectus and any document required to be incorporated by reference into a simplified prospectus must be in French or in French and English.

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

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

[Note: In Ontario, section 60 of the Securities Act *(Ontario) imposes a similar requirement for the inclusion of a statement of rights in a prospectus.]*

Part 3 — Documents Incorporated by Reference and Delivery to Securityholders

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

1. The annual information form that is filed concurrently with the simplified prospectus.

1.1 The most recently filed fund facts document for each class or series of securities of the mutual fund, filed either concurrently with or after the date of the simplified prospectus.

1.2 If the mutual fund has not yet filed comparative annual financial statements of the mutual fund, the most recently filed interim financial statements of the mutual fund that were filed before or after the date of the simplified prospectus.

1.3 If the mutual fund has not yet filed interim financial statements or comparative annual financial statements of the mutual fund, the audited balance sheet that was filed with the simplified prospectus.

1.4 If the mutual fund has not yet filed an annual management report of fund performance of the mutual fund, the most recently filed interim management report of fund performance of the mutual fund that was filed before or after the date of the simplified prospectus.

2. The most recently filed comparative annual financial statements of the mutual fund, together with the accompanying report of the auditor, filed either before or after the date of the simplified prospectus.

3. The most recently filed interim financial statements of the mutual fund that were filed before or after the date of the simplified prospectus and that pertain to a period after the period to which the annual financial statements then incorporated by reference in the simplified prospectus pertain.

4. The most recently filed annual management report of fund performance of the mutual fund that was filed before or after the date of the simplified prospectus.

5. The most recently filed interim management report of fund performance of the mutual fund that was filed before or after the date of the simplified prospectus and that pertains to a period after the period to which the annual management report of fund performance then incorporated by reference in the simplified prospectus pertains.

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

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

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

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

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

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

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

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

[Note: In Ontario, sections 66 and 67 of the Securities Act *(Ontario) impose similar requirements regarding the distribution of a preliminary prospectus and maintaining a distribution list.]*

3.3 Documents to be Delivered or Sent upon Request — (1) A mutual fund must deliver or send to any person or company that requests the simplified prospectus of the mutual fund or any of the documents incorporated by reference into the simplified prospectus, a copy of the simplified prospectus or requested document.

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

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

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

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

Part 4 — Plain Language and Presentation

4.1 Plain Language and Presentation — (1) A simplified prospectus, annual information form and fund facts document must be prepared using plain language and in a format that assists in readability and comprehension.

(2) A simplified prospectus

(a) must present all information briefly and concisely;

(b) must present the items listed in the Part A section of Form 81-101F1 and the items listed in the Part B section of Form 81-101F1 in the order stipulated in those parts;

(c) may, unless the Part B section is being bound separately from the Part A section as permitted by subsection 5.3(1), place the Part B section of the simplified prospectus in any location in the simplified prospectus;

(d) must use the headings and sub-headings stipulated in Form 81-101F1, and may use sub-headings in items for which no sub-headings are stipulated;

(e) must contain only educational material or the information that is specifically mandated or permitted by Form 81-101F1; and

(f) must not incorporate by reference into the simplified prospectus, from any other document, information that is required to be included in a simplified prospectus.

(3) A fund facts document must

(a) be prepared for each class and each series of securities of a mutual fund in accordance with Form 81-101F3;

(b) present the items listed in the Part I section of Form 81-101F3 and the items listed in the Part II section of Form 81-101F3 in the order stipulated in those parts;

(c) use the headings and sub-headings stipulated in Form 81-101F3;

(d) contain only the information that is specifically required or permitted to be in Form 81-101F3;

(e) not incorporate any information by reference; and

(f) not exceed four pages in length.

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

Part 5 — Packaging

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

(2) A multiple SP must be prepared in accordance with the applicable requirements of Form 81-101F1.

(3) A simplified prospectus or a multiple SP may only be attached to, or bound with, one or more of the following documents:

1. Documents incorporated by reference.

2. Educational material.

3. Account application documents.

4. Registered tax plan applications and documents.

5. Any point of sale disclosure documents required by securities legislation.

5.2 Order of Contents of Bound Documents — (1) If the material or documents referred to in paragraphs 1 to 5 of subsection 5.1(3) are attached to, or bound with, a single SP or multiple SP

(a) the single SP or multiple SP must be the first document contained in the package; and

(b) no pages must come before the single SP or multiple SP in the package other than, at the option of the mutual fund, a general front cover and a table of contents pertaining to the entire package.

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

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

5.3 Separate Binding of Part B Sections of a Multiple SP — (1) The Part B sections of a multiple SP may be bound separately from the Part A section of that document.

(2) If a Part B section of a multiple SP is bound separately from the Part A section of the multiple SP

(a) all of the Part B sections of the multiple SP must be bound separately from the Part A section; and

(b) all or some of the Part B sections may be bound together with each other or separately.

5.4 Annual Information Forms — (1) An annual information form must be consolidated with one or more other annual information forms into a multiple AIF if the related simplified prospectuses are consolidated into a multiple SP.

(2) A multiple AIF must be prepared in accordance with the applicable requirements of Form 81-101F2.

5.5 Combinations of Fund Facts Documents for Filing Purposes — For the purposes of section 2.1, a fund facts document may be attached to or bound with another fund facts document of a mutual fund in a simplified prospectus or, if a multiple SP, another fund facts document of a mutual fund combined in the multiple SP.

Part 5.1 — Certificates

5.1.1 Interpretation — For the purposes of this Part,

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

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

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

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

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

5.1.3 Certificate of the Mutual Fund — (1) Except in Ontario, a simplified prospectus of a mutual fund must be certified by the mutual fund.

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

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

5.1.4 Certificate of Principal Distributor — A simplified prospectus of a mutual fund must be certified by each principal distributor in the form of the principal distributor certificate form.

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

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

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

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

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

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

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

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

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

5.1.7 Certificates of Corporate Mutual Funds — (1) Except in Ontario, if the mutual fund is a company, the certificate of the mutual fund required under section 5.1.3 must be signed

(a) by the chief executive officer and the chief financial officer of the mutual fund; and

(b) on behalf of the board of directors of the mutual fund, by

(i) any two directors of the mutual fund, other than the persons referred to in paragraph (a) above, or

(ii) if the mutual fund has only three directors, two of whom are the persons referred to in paragraph (a) above, all the directors of the mutual fund.

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

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

Part 6 — Exemptions

6.1 Grant of Exemption — (1) The regulator or the securities regulatory authority may grant an exemption from the provisions of this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

6.2 Evidence of exemption — (1) Subject to subsection (2) and without limiting the manner in which an exemption may be evidenced, the granting under this Part of an exemption from any form or content requirements relating to a simplified prospectus, annual information form or fund facts document, may be evidenced by the issuance of a receipt for a simplified prospectus and annual information form, or an amendment to a simplified prospectus or annual information form.

(2) The issuance of a receipt for a simplified prospectus and annual information form or an amendment to a simplified prospectus or annual information form is not evidence that the exemption has been granted unless

(a) the person or company that sought the exemption sent to the regulator or securities regulatory authority a letter or memorandum describing the matters relating to the exemption and indicating why consideration should be given to the granting of the exemption:

(i) on or before the date of the filing of the preliminary or *pro forma* simplified prospectus and annual information form;

(ii) at least 10 days before the issuance of the receipt in the case of an amendment to a simplified prospectus or annual information form; or

(iii) after the date of the filing of the preliminary or *pro forma* simplified prospectus and annual information form and received a written acknowledgement from the regulator or

securities regulatory authority that the exemption may be evidenced in the manner set out in subsection (1); and

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

Part 7 — Effective Date

7.1 Effective Date — This Instrument comes into force on February 1, 2000.

7.2 [Repealed]

7.3 [Repealed]

7.4 Introduction of Management Reports of Fund Performance — Items 8, 11 and 13.1 of Part B of Form 81-101F1 do not apply to a mutual fund that has filed an annual management report of fund performance as required by National Instrument 81-106 *Investment Fund Continuous Disclosure*.

Appendix G

Schedule G-2

Form 81-101F2 *Contents of Annual Information Form*

Table of Contents

General Instructions

Item 19: Certificate of the Mutual Fund

Item 20: Certificate of the Manager of the Mutual Fund

Item 21: Certificate of Each Promoter of the Mutual Fund

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

Item 23: Exemptions and Approvals

Item 24: Back Cover

General Instructions

General

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

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

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

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

appropriate, tables, captions, bullet points or other organizational techniques that assist in presenting the disclosure clearly.

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

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

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

Contents of an Annual Information Form

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

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

Consolidation of Annual Information Forms into a Multiple AIF

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

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

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

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

Multi-Class Mutual Funds

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

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

Item 1: — Front Cover Disclosure

1.1 — For a Single AIF

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

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

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

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

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

(5) For a preliminary annual information form or annual information form, indicate the date of the document, which shall be the date of the certificates for the document. This date shall be within three business days of the date it is filed with the securities regulatory

authority. Write the date of the document in full, writing the name of the month in words. A *pro forma* annual information form need not be dated, but may reflect the anticipated date of the annual information form.

(6) State, in substantially the following words:

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

1.2 — For a Multiple AIF

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

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

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

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

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

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

(6) State, in substantially the following words:

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

Item 2: — Table of Contents

Include a table of contents.

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

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

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

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

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

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

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

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

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

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

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

Item 4: — Investment Restrictions

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

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

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

(2.2) If the mutual fund has relied on the approval of the independent review committee to implement a reorganization with, or transfer of assets to, another mutual fund or to proceed with a change of auditor of the mutual fund as permitted by NI 81-102, provide details.

(3) Describe the nature of any securityholder or other approval that may be required in order to change the fundamental investment objectives and any of the material investment strategies to be used to achieve the investment objectives.

(4) State the restrictions on the investment objectives and strategies that arise out of any of the following matters:

1. Whether the securities of the mutual fund are or will be a qualified investment within the meaning of the ITA for retirement savings plans, retirement income funds, education savings plans, deferred profit sharing plans or other plans registered under the ITA.

2. Whether the securities of the mutual fund are or will be recognized as a registered investment within the meaning of the ITA.

3. Whether the securities of the mutual fund will constitute foreign property within the meaning of the ITA.

(5) State whether the mutual fund has deviated in the last year from the rules under the ITA that apply to the status of its securities as

(a) qualified investments within the meaning of the ITA for retirement savings plans, retirement income funds, education savings plans, deferred profit sharing plans or other plans registered under the ITA;

(b) registered investments within the meaning of the ITA; or

(c) non-foreign property under the ITA.

(6) State the consequences of any deviation described in response to subsection (5).

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

(1) State the description or the designation of securities, or the series or classes of securities, offered by the mutual fund under the related simplified prospectus and describe the securities or all material attributes and characteristics, including

(a) dividend or distribution rights;

(b) voting rights;

(c) liquidation or other rights upon the termination of the mutual fund;

(d) conversion rights;

(e) redemption rights; and

(f) provisions as to amendment of any of these rights or provisions.

(2) Describe the rights of securityholders to approve

(a) the matters set out in section 5.1 of National Instrument 81-102; and

(b) any matters provided for in the constating documents of the mutual fund.

Item 6: — Valuation of Portfolio Securities

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

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

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

Item 7: — Calculation of Net Asset Value

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

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

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

Item 8: — Purchases and Switches

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

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

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

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

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

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

Item 9: — Redemption of Securities

(1) Describe the procedures followed, or to be followed, by an investor who desires to redeem securities of the mutual fund, specifying the procedures to be followed and documents to be delivered before a redemption order pertaining to securities of the mutual fund is accepted by the mutual fund for processing and before payment of the proceeds of redemption is made by the mutual fund.

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

(3) Disclose that a dealer may make provision in arrangements that it has with an investor that will require the investor to compensate the dealer for any losses suffered by the dealer in connection with any failure of the investor to satisfy the requirements of the mutual fund or securities legislation for a redemption of securities of the mutual fund.

(4) Discuss the circumstances under which the mutual fund may suspend redemptions of the securities of the mutual fund.

Item 10: — Responsibility for Mutual Fund Operations

10.1 — General

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

(a) the management and administration of the mutual fund, including valuation services, fund accounting and securityholder records, other than the management of the portfolio assets;

(b) the management of the portfolio assets, including the provision of investment analysis or investment recommendations and the making of investment decisions;

(c) the purchase and sale of portfolio assets by the mutual fund and the making of brokerage arrangements relating to the portfolio assets;

(d) the distribution of the securities of the mutual fund;

(e) if the mutual fund is a trust, the trusteeship of the mutual fund;

(f) if the mutual fund is a corporation, the oversight of the affairs of the mutual fund by the directors of the mutual fund;

(g) the custodianship of the assets of the mutual fund; and

(h) the oversight of the manager of the mutual fund by the independent review committee.

INSTRUCTION:

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

10.2 — Manager

(1) State the name, address, telephone number, e-mail address and, if applicable, website address of the manager of the mutual fund.

(2) List the names and home addresses in full or, alternatively, solely the municipality of residence or postal address, and the respective positions and offices held with the manager and their respective principal occupations at, and within the five years preceding, the date of the annual information form, of all partners, directors and executive officers of the manager of the mutual fund at the date of the annual information form.

(3) If a partner, director or executive officer of the manager of the mutual fund has held more than one office with the manager of the mutual fund within the past five years, state only the current office held.

(4) If the principal occupation of a director or executive officer of the manager of the mutual fund is with an organization other than the manager of the mutual fund, state the principal business in which the organization is engaged.

(5) Describe the circumstances under which any agreement with the manager of the mutual fund may be terminated, and include a brief description of the essential terms of this agreement.

10.3 — Portfolio Adviser

(1) If the manager of the mutual fund provides the portfolio management services in connection with the mutual fund, so state.

(2) If the manager does not provide portfolio management services, state the names and municipality of the principal or head office for each portfolio adviser of the mutual fund.

(3) State

(a) the extent to which investment decisions are made by certain individuals employed by the manager or a portfolio adviser and whether those decisions are subject to the oversight, approval or ratification of a committee; and

(b) the name, title, and length of time of service of the person or persons employed by or associated with either the manager or a portfolio adviser of the mutual fund who is or are principally responsible for the day-to-day management of a material portion of the portfolio of the mutual fund, implementing a particular material strategy or managing a particular segment of the portfolio of the mutual fund, and each person's business experience in the last five years.

(4) Describe the circumstances under which any agreement with a portfolio adviser of the mutual fund may be terminated, and include a brief description of the essential terms of this agreement.

10.4 — Brokerage Arrangements

(1) If any brokerage transactions involving the client brokerage commissions of the mutual fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, state

(a) the process for, and factors considered in, selecting a dealer to effect securities transactions for the mutual fund, including whether receiving goods or services in addition

to order execution is a factor, and whether and how the process may differ for a dealer that is an affiliated entity;

(b) the nature of the arrangements under which order execution goods and services or research goods and services might be provided;

(c) each type of good or service, other than order execution, that might be provided; and

(d) the method by which the portfolio adviser makes a good faith determination that the mutual fund, on whose behalf the portfolio adviser directs any brokerage transactions involving client brokerage commissions to a dealer in return for the provision of any order execution goods and services or research goods and services, by the dealer or a third party, receives reasonable benefit considering both the use of the goods or services and the amount of client brokerage commissions paid.

(2) Since the date of the last annual information form, if any brokerage transactions involving the client brokerage commissions of the mutual fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or third party, other than order execution, state

(a) each type of good or service, other than order execution, that has been provided to the manager or the portfolio adviser of the mutual fund; and

(b) the name of any affiliated entity that provided any good or service referred to in paragraph (a), separately identifying each affiliated entity and each type of good or service provided by each affiliated entity.

(3) If any brokerage transactions involving the client brokerage commissions of the mutual fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, state that the name of any other dealer or third party that provided a good or service referred to in paragraph (2)(a), that was not disclosed under paragraph (2)(b), will be provided upon request by contacting the mutual fund or mutual fund family at [insert telephone number] or at [insert mutual fund or mutual fund family e-mail address].

INSTRUCTION:

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

10.5 — Principal Distributor

(1) If applicable, state the name and address of the principal distributor of the mutual fund.

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

10.6 — Directors, Executive Officers and Trustees

(1) List the names and home addresses in full or, alternatively, solely the municipality of residence or postal address, and the principal occupations at, or within the five years preceding, the date of the annual information form, of all directors or executive officers of an incorporated mutual fund or of the individual trustee or trustees, if any, of a mutual fund that is a trust.

(2) State, for a mutual fund that is a trust, the names and municipality of residence for each person or company that is responsible for performing the trusteeship function of the mutual fund.

(3) Indicate, for an incorporated mutual fund, all positions and offices with the mutual fund then held by each person named in response to subsection (1).

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

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

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

10.7 — Custodian

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

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

INSTRUCTION:

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

10.8 — Auditor

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

10.9 — Registrar

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

10.10 — Other Service Providers

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

Item 11: — Conflicts of Interest

11.1 — Principal Holders of Securities

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

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

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

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

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

(a) of the mutual fund

(i) in the mutual fund if the aggregate level of ownership exceeds 10 percent,

(ii) in the manager, or

(iii) in any person or company that provides services to the mutual fund or the manager; and

(b) of the manager

(i) in the mutual fund if the aggregate level of ownership exceeds 10 percent,

(ii) in the manager, or

(iii) in any person or company that provides services to the mutual fund or the manager.

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

(a) in the mutual fund if the aggregate level of ownership exceeds 10 percent,

(b) in the manager, or

(c) in any person or company that provides services to the mutual fund or the manager.

11.2 — Affiliated Entities

(1) State whether any person or company that provides services to the mutual fund or the manager in relation to the mutual fund is an affiliated entity of the manager, and show the relationships of those affiliated entities in the form of an appropriately labelled diagram.

(2) State that disclosure of the amount of fees received from the mutual fund by each person or company described in subsection (1) is contained in the audited financial statements of the mutual fund.

(3) Identify any individual who is a director or senior officer of the mutual fund or partner, director or officer of the manager and also of any affiliated entity of the manager described in response to subsection (1), and give particulars of the relationship.

INSTRUCTIONS:

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

(2) *A person or company is a "controlled entity" of a person or company if*

(a) in the case of a person or company

(i) voting securities of the first-mentioned person or company carrying more than 50 percent of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the other person or company, and

(ii) the votes carried by the securities are entitled, if exercised, to elect a majority of the directors of the first-mentioned person or company;

(b) in the case of a partnership that does not have directors, other than a limited partnership, the second-mentioned person or company holds more than 50 percent of the interests in the partnership; or

(c) in the case of a limited partnership, the general partner is the second-mentioned person or company.

(3) *A person or company is a "subsidiary entity" of another person or company if*

(a) it is a controlled entity of

(i) that other,

(ii) that other and one or more persons or companies, each of which is a controlled entity of that other, or

(iii) two or more persons or companies, each of which is a controlled entity of that other; or

(b) it is a subsidiary entity of a person or company that is that other's subsidiary entity.

(4) *For the purposes of subsection (1) of Item 11.2, the provision of services includes the provision of brokerage services in connection with execution of portfolio transactions for the mutual fund.*

11.3 — Dealer Manager Disclosure

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

Item 12: — Fund Governance

(1) Provide detailed information concerning the governance of the mutual fund, including information concerning

(a) the mandate and responsibilities of the independent review committee and the reasons for any change in the composition of the independent review committee since the date of the most recently filed annual information form;

(a.1) any other body or group that has responsibility for fund governance and the extent to which its members are independent of the manager of the mutual fund; and

(b) descriptions of the policies, practices or guidelines of the mutual fund or the manager relating to business practices, sales practices, risk management controls and internal conflicts of interest, and if the mutual fund or the manager have no such policies, practices or guidelines, a statement to that effect.

(2) If the mutual fund intends to use derivatives, describe the policies and practices of the mutual fund to manage the risks associated with the use of derivatives.

(3) In the disclosure provided under subsection (2), include disclosure of

(a) whether there are written policies and procedures in place that set out the objectives and goals for derivatives trading and the risk management procedures applicable to derivatives trading;

(b) who is responsible for setting and reviewing the policies and procedures referred to in paragraph (a), how often are the policies and procedures reviewed, and the extent and nature of the involvement of the board of directors or trustee in the risk management process;

(c) whether there are trading limits or other controls on derivative trading in place and who is responsible for authorizing the trading and placing limits or other controls on the trading;

(d) whether there are individuals or groups that monitor the risks independent of those who trade; and

(e) whether risk measurement procedures or simulations are used to test the portfolio under stress conditions.

(4) If the mutual fund intends to enter into securities lending, repurchase of reverse repurchase transactions, describe the policies and practices of the mutual fund to manage the risks associated with those transactions.

(5) In the disclosure provided under subsection (4), include disclosure of

(a) the involvement of an agent to administer the transactions on behalf of the instructions provided by the mutual fund to the agent under the agreement between the mutual fund and the agent;

(b) whether there are written policies and procedures in place that set out the objectives and goals for securities lending, repurchase transactions or reverse repurchase transactions, and the risk management procedures applicable to the mutual fund's entering into of those transactions;

(c) who is responsible for setting and reviewing the agreement referred to in paragraph (a) and the policies and procedures referred to in paragraph (b), how often the policies and procedures are reviewed, and the extent and nature of the involvement of the board of directors or trustee inthe risk management process;

(d) whether there are limits or other controls in place on the entering into of those transactions by the mutual fund and who is responsible for authorizing those limits or other controls on those transactions;

(e) whether there are individuals or groups that monitor the risks independent of those who enter into those transactions on behalf of the mutual fund; and

(f) whether risk measurement procedures or simulations are used to test the portfolio under stress conditions.

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

INSTRUCTION:

(1) The disclosure provided under this Item should make appropriate distinctions between the risks associated with the intended use by the mutual fund of derivatives for hedging purposes as against the mutual fund's intended use of derivatives for non-hedging purposes.

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

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

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

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

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

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

INSTRUCTION:

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

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

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

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

(b) the terms of such arrangements, including

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

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

Item 13: — Fees and Expenses

13.1 — Management Fee Rebate or Distribution Programs

(1) Disclose details of all arrangements that are in effect or will be in effect during the currency of the annual information form that will result, directly or indirectly, in one securityholder in the mutual fund paying as a percentage of the securityholder's investment in the mutual fund a management fee that differs from that payable by another securityholder.

(2) In the disclosure required by subsection (1), describe

(a) who pays the management fee;

(b) whether a reduced fee is paid at the relevant time or whether the full fee is paid at that time with a repayment of a portion of the management fee to follow at a later date;

(c) who funds the reduction or repayment of management fees, when the reduction or repayment is made and whether it is made in cash or in securities of the mutual fund;

(d) whether the differing management fees are negotiable or calculated in accordance with a fixed schedule;

(e) if the management fees are negotiable, the factors or criteria relevant to the negotiations and state who negotiates the fees with the investor;

(f) whether the differing management fees payable are based on the number or value of the securities of the mutual fund purchased during a specified period or the number or value of the securities of the mutual fund held at a particular time; and

(g) any other factors that could affect the amount of the management fees payable.

(3) Disclose the income tax consequences to the mutual fund and its securityholders of a management fee structure that results in one securityholder paying a management fee that differs from another.

Item 14: — Income Tax Considerations

(1) State in general terms the bases upon which the income and capital receipts of the mutual fund are taxed.

(2) State in general terms the income tax consequences to the holders of the securities offered of

(a) any distribution to the holders in the form of dividends or otherwise, including amounts reinvested in securities of the mutual fund;

(b) the redemption of securities;

(c) the issue of securities; and

(d) any transfers between mutual funds.

Item 15: — Remuneration of Directors, Officers and Trustees

(1) If the management functions of the mutual fund are carried out by employees of the mutual fund, provide for those employees the disclosure concerning executive compensation that is required to be provided for executive officers of an issuer under securities legislation.

(2) Describe any arrangements under which compensation was paid or payable by the mutual fund during the most recently completed financial year of the mutual fund, for the

services of directors of the mutual fund, members of an independent board of governors or advisory board of the mutual fund and members of the independent review committee of the mutual fund, including the amounts paid, the name of the individual and any expenses reimbursed by the mutual fund to the individual

(a) in that capacity, including any additional amounts payable for committee participation or special assignments; and

(b) as consultant or expert.

(3) For a mutual fund that is a trust, describe the arrangements, including the amounts paid and expenses reimbursed, under which compensation was paid or payable by the mutual fund during the most recently completed financial year of the mutual fund for the services of the trustee or trustees of the mutual fund.

INSTRUCTION:

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

Item 16: — Material Contracts

(1) List and provide particulars of

(a) the articles of incorporation, continuation or amalgamation, the declaration of trust or trust agreement of the mutual fund, the limited partnership agreement or any other constating or establishing documents of the mutual fund;

(b) any agreement of the mutual fund or trustee with the manager of the mutual fund;

(c) any agreement of the mutual fund, the manager or trustee with the portfolio adviser or portfolio advisers of the mutual fund;

(d) any agreement of the mutual fund, the manager or trustee with the custodian of the mutual fund;

(e) any agreement of the mutual fund, the manager or trustee with the principal distributor of the mutual fund; and

(f) any other contract or agreement that ~~can reasonably be regarded as~~is material to~~ an investor in the securities of~~ the mutual fund.

(2) State a reasonable time at which and place where the contracts or agreements listed in response to subsection (1) may be inspected by prospective or existing securityholders.

(3) Include, in describing particulars of contracts, the date of, parties to, consideration paid by the mutual fund under, termination provisions of, and general nature of, the contracts.

INSTRUCTION:

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

Item 17: — Legal and Administrative Proceedings

(1) Describe briefly any ongoing legal and administrative proceedings material to the mutual fund, to which the mutual fund, its manager or principal distributor is a party.

(2) For all matters disclosed under subsection (1), disclose

(a) the name of the court or agency having jurisdiction;

(b) the date on which the proceeding was instituted;

(c) the principal parties to the proceeding;

(d) the nature of the proceeding and, if applicable, the amount claimed; and

(e) whether the proceedings are being contested and the present status of the proceedings.

(3) Provide similar disclosure about any proceedings known to be contemplated.

(4) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of any settlement agreement and the circumstances that gave rise to the settlement agreement, if the manager of the mutual fund, or a director or officer of the mutual fund or the partner, director or officer of the manager of the mutual fund has,

(a) in the 10 years before the date of the simplified prospectus, been subject to any penalties or sanctions imposed by a court or securities regulator relating to trading in securities, promotion or management of a publicly-traded mutual fund, or theft of fraud, or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in determining whether to purchase securities of the mutual fund; or

(b) in the 10 years before the date of the simplified prospectus but after the date that National Instrument 81-101 came into force, entered into a settlement agreement with a court, securities regulatory or other regulatory body, in relation to any of the matters referred to in paragraph (a).

(5) If the manager of the mutual fund, or a director or officer of the mutual fund or the partner, director or officer of the manager of the mutual fund has, within the 10 years before the date of the simplified prospectus, been subject to any penalties or sanctions imposed by a court or securities regulator relating to trading in securities, promotion or management of a publicly traded mutual fund, or theft or fraud, or has entered into a settlement agreement with a regulatory authority in relation to any of these matters, describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement.

Item 18: — Other Material Information

(1) Give particulars of any other material facts relating to the securities proposed to be offered that are not otherwise required to be disclosed by this Form or the SP Form.

(2) Provide any specific disclosure required or permitted to be disclosed in a prospectus under securities legislation that is not otherwise required to be disclosed by this Form.

(3) Subsection (2) does not apply to requirements of securities legislation that are form requirements for a prospectus.

INSTRUCTION:

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

Item 19: — Certificate of the Mutual Fund

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

(a) for a simplified prospectus and annual information form,

This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of [insert the jurisdictions in which qualified] and do not contain any misrepresentations.

(b) for an amendment to a simplified prospectus or annual information form that does not restate the simplified prospectus or annual information form,

This amendment no. [specify amendment number and date], together with the [amended and restated] annual information form dated [specify], [amending and restating the annual information form dated [specify],] [as amended by (specify prior amendments and dates)] and the [amended and restated] simplified prospectus dated [specify], [amending and restating the simplified prospectus dated [specify],] [as amended by (specify prior

amendments and dates)] and the documents incorporated by reference into the [amended and restated] simplified prospectus, [as amended,] constitute full, true and plain disclosure of all material facts relating to the securities offered by the [amended and restated] simplified prospectus, [as amended,] as required by the securities legislation of [insert the jurisdictions in which qualified] and do not contain any misrepresentations.

, and

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

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

(1.1) For a non-offering prospectus, change "securities offered by the simplified prospectus" to "securities previously issued by the mutual fund" wherever it appears in the statement in Item 19(1)(a).

(2) The certificate required to be signed by the mutual fund shall, if the mutual fund is established as a trust, be signed

(a) if any trustee of the mutual fund is an individual, by each individual who is a trustee or by a duly authorized attorney of the individual; or

(b) if any trustee of the mutual fund is a body corporate, by the duly authorized signing officer or officers of the body corporate.

(3) Despite subsection (2), if the declaration of trust or trust agreement establishing the mutual fund delegates the authority to do so, or otherwise authorizes a person to do so, the certificate form required to be signed by the trustee or trustees of the mutual fund may be signed by the person to whom the authority is delegated or who is authorized.

(4) Despite subsections (2) and (3), if the trustee of the mutual fund is also its manager, the certificate shall indicate that it is being signed by the person or company both in its capacity of trustee and in its capacity as manager of the mutual fund and shall be signed in the manner prescribed by Item 20.

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

(1) Include a certificate of the manager of the mutual fund in the same form as the certificate signed by the mutual fund.

(2) The certificate shall, if the manager is a company, be signed by the chief executive officer and the chief financial officer of the manager, and on behalf of the board of directors of the manager by any two directors of the manager other than the chief executive officer or chief financial officer, duly authorized to sign.

(3) Despite subsection (2), if the manager has only three directors, two of whom are the chief executive officer and chief financial officer, the certificate required by subsection (2) to be signed on behalf of the board of directors of the manager shall be signed by the remaining director of the manager.

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

(1) Include a certificate of each promoter of the mutual fund in the same form as the certificate signed by the mutual fund.

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

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

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

~~To the best of our knowledge, information and belief, this~~This annual information form, ~~the financial statements of the fund [specify] for the financial period ended [specify] and the auditors' report on those financial statements,~~ together with the simplified prospectus and the ~~fund facts document dated [specify]~~documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of [insert the jurisdictions in which qualified] and do not contain any ~~misrepresentation~~misrepresentations..

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

INSTRUCTION:

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

Item 23: — Exemptions and Approvals

(1) Describe all exemptions from, or approvals under, this Instrument, National Instrument 81-102, National Instrument 81-105 or National Policy Statement No. 39, obtained by the mutual fund or the manager that continue to be relied upon by the mutual fund or the manager.

(2) Include the disclosure required by subsection (1) in the section of the annual information form that describes the matter to which the exemption pertains.

Item 24: — Back Cover

(1) State on the back cover the name of the mutual fund or funds included in the annual information form or the mutual fund family, as well as the name, address and telephone number of the manager of the mutual fund or funds.

(2) State, in substantially the following words:

• Additional information about the Fund[s] is available in the Fund['s/s'] Fund Facts, management reports of fund performance and financial statements.

• You can get a copy of these documents at no cost by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Instrument], or from your dealer or by e-mail at [insert e-mail address].

• These documents and other information about the Fund[s], such as information circulars and material contracts, are also available [on the [insert name of mutual fund manager] internet site at [insert website address] or] at www.sedar.com.

Appendix H

Schedule H-1

Proposed Amendments to National Instrument 52-107
Acceptable Accounting Principles and Auditing Standards

1. ***National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards is amended by this Instrument.***

2. ***Section 1.1 is amended by adding the following definitions after "***multiple convertible security***":***

""predecessor statements" mean the financial statements referred to in paragraph 32.1(1)(a) of Form 41-101F1 *Information Required in a Prospectus*;

"primary business statements" mean the financial statements referred to in paragraph 32.1(1)(b) of Form 41-101F1 *Information Required in a Prospectus*;***".***

3. ***Paragraph 2.1(2)(d) is amended by***

(a) ***adding "***acquisition statements, predecessor statements or a primary business statement that are an***" after "***any***", and***

(b) ***adding a comma after "***acquired business***".***

4. ***Subsection 3.11(5) is amended by replacing "***subsections (1), (2) and (4)***" with "***subsections (1) and (2)***".***

5. ***Subparagraph 3.11(5)(a)(i) is amended by replacing "***gross revenue***" with "***gross sales***".***

6. ***Subparagraph 3.11(5)(a)(ii) is amended by replacing "***royalty expenses***" with "***royalties***"***.

7. ***Section 3.11 is amended by repealing subsection 3.11(6).***

8. ***Paragraph 3.12(2)(e) is amended by replacing "***subsection 3.11(5) or (6)***" with "***subsection 3.11(5)***".***

9. ***Part 3 is amended by adding the following at the end:***

"3.17 Acceptable Accounting Principles for Predecessor Statements or Primary Business Statements that are an Operating Statement – If predecessor statements or primary business statements are an operating statement for an oil and gas property,

(a) the operating statement must include at least the following line items:

(i) gross sales;

(ii) royalties;

(iii) production costs;

(iv) operating income;

(b) the line items in the operating statement must be prepared using accounting policies that

(i) are permitted by one of

(A) Canadian GAAP applicable to publicly accountable enterprises,

(B) U.S. GAAP if the issuer is an SEC issuer or an SEC foreign issuer, or

(C) IFRS if the issuer is a foreign issuer, and

(ii) would apply to those line items if those line items were presented as part of a complete set of financial statements, and

(c) the operating statement must

(i) include the following statement:

This operating statement is prepared in accordance with the financial reporting framework specified in section 3.17 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* for an operating statement.

and

(ii) describe the accounting policies used to prepare the operating statement.

3.18 Acceptable Auditing Standards for Predecessor Statements or Primary Business Statements that are an Operating Statement –

(1) If predecessor statements or primary business statements are an operating statement for an oil and gas property that are required by securities legislation to be audited, the operating statement must be accompanied by

an auditor's report and audited in accordance with one of the following auditing standards:

(a) Canadian GAAS;

(b) U.S. PCAOB GAAS if the issuer is an SEC issuer or an SEC foreign issuer;

(c) International Standards on Auditing if the issuer is a foreign issuer.

(2) The auditor's report must,

(a) if paragraph 1(a) or (c) applies, express an unmodified opinion,

(b) if paragraph 1(b) applies, express an unqualified opinion,

(c) identify all financial periods presented for which the auditor's report applies,

(d) identify the auditing standards used to conduct the audit, and

(e) identify the financial reporting framework used to prepare the operating statement.**".**

10. This Instrument comes into force on ●, 2012.

Appendix H

Schedule H -2

Proposed Amendments to Companion Policy 52-107CP
Acceptable Accounting Principles and Auditing Standards

1. Companion Policy 52-107CP Acceptable Accounting Principles and Auditing Standards is amended.

2. Section 2.14 is amended by deleting the following:

"If acquisition statements are carve-out statements prepared in accordance with Canadian GAAP for private enterprises, as discussed in section 2.18 of this Companion Policy, subparagraph 3.11(6)(d)(iii) requires reconciliation information for non-venture issuers similar to that required by subparagraph 3.11(1)(f)(iv). The above guidance on subparagraph 3.11(1)(f)(iv) also applies to subparagraph 3.11(6)(d)(iii).***"***

3. Section 2.17 is amended by

(a) adding ", predecessor statements, or primary business statements***" after "***Acquisition statements***",***

(b) replacing "Subsection***" with "***In the case of acquisition statements that are an operating statement, subsection***",***

(c) replacing "an operating statement to be prepared***" with "***the operating statement to be prepared***",***

(d) before "For the purpose of preparing***", adding the following:***

"In the case of predecessor statements or primary business statements that are an operating statement, section 3.17 requires the line items in the operating statement to be prepared in accordance with accounting policies that comply with the accounting policies permitted by one of: Canadian GAAP applicable to publicly accountable enterprises, U.S. GAAP if the issuer is an SEC issuer or SEC foreign issuer, or IFRS if the issuer is a foreign issuer.***", and***

(e) by replacing "For the purpose of preparing the operating statement***" with "***For the purpose of preparing an operating statement***".***

4. Section 2.18 is amended by

(a) adding ", predecessor statements, or primary business statements***" after "***Acquisition statements***",***

(b) ***replacing "***Subsection 3.11(6) specifies the financial reporting framework required for acquisition statements that are***" with "***Acquisition statements, predecessor statements or primary business statements may be***",***

(c) ***after "***acquired business***", replacing "***or***" with ",",***

(d) ***after "***business to be acquired,***", replacing "***and***" with "***the predecessor entity or primary business. In some cases,***",***

(e) ***adding ",***which***" after "***Such financial statements***", and***

(f) ***replacing the following:***

""carve-out" financial statements. Subsection 3.11(6) requires carve-out financial statements to be prepared in accordance with one of Canadian GAAP applicable to publicly accountable enterprises, IFRS, U.S. GAAP, or Canadian GAAP applicable to private enterprises, and in each case include specified line items. For carve-out financial statements prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises or IFRS, the exceptions and exemptions included as Appendices in IFRS 1 would be relevant for determining the opening statement of financial position at the date of transition to IFRS.***",***

with the following:

"carve-out financial statements, should generally include:

(a) all assets and liabilities directly attributable to the business;

(b) all revenue and expenses directly attributable to the business;

(c) if there are expenses for the business that are common expenses shared with the other entity, a portion of those expenses allocated on a reasonable basis to the business;

(d) income and capital taxes calculated as if the business had been a separate legal entity and had filed a separate tax return for the period presented; and

(e) a description of the method of allocation for each significant line item presented in financial statements.***".***

5. Section 3.5 is amended by

(a) ***deleting "***or carve-out financial statements***" wherever it appears,***

(b) ***replacing "***Paragraph 3.12(2)(e) requires***" with "***Paragraphs 3.12(2)(e) and 3.18(2)(e) require***", and***

(c) ***replacing "***subsections 3.11(5) and (6)***" with "***subsection 3.11(5) and section 3.17***".***

6. These amendments become effective on ●, 2012.

Appendix I

Schedule I-1

National Instrument 52-107
Acceptable Accounting Principles and Auditing Standards

TABLE OF CONTENTS

PART TITLE

National Instrument 52-107
Acceptable Accounting Principles and Auditing Standards

PART 1: DEFINITIONS AND INTERPRETATION

1.1 Definitions — In this Instrument:

"accounting principles" means a body of principles relating to accounting that are generally accepted in a jurisdiction of Canada or a foreign jurisdiction and includes, without limitation, IFRS, Canadian GAAP and U.S. GAAP;

"acquisition statements" means financial statements of an acquired business or a business to be acquired, or an operating statement for an oil and gas property that is an acquired business or a business to be acquired, that are

(a) required to be filed under National Instrument 51-102 *Continuous Disclosure Obligations*,

(b) included in a prospectus pursuant to Item 35 of Form 41-101F1 *Information Required in a Prospectus*,

(c) required to be included in a prospectus under National Instrument 44-101 *Short Form Prospectus Distributions*, or

(d) except in Ontario, included in an offering memorandum required under National Instrument 45-106 *Prospectus and Registration Exemptions*;

"auditing standards" means a body of standards relating to auditing that are generally accepted in a jurisdiction of Canada or a foreign jurisdiction and includes, without limitation, Canadian GAAS, International Standards on Auditing, U.S. AICPA GAAS and U.S. PCAOB GAAS;

"business acquisition report" means a completed Form 51-102F4 *Business Acquisition Report*;

"convertible security" means a security of an issuer that is convertible into, or carries the right of the holder to acquire, or of the issuer to cause the acquisition of, a security of the same issuer;

"credit support issuer" means an issuer of securities for which a credit supporter has provided a guarantee or alternative credit support;

"credit supporter" means a person or company that provides a guarantee or alternative credit support for any of the payments to be made by an issuer of securities as stipulated in the terms of the securities or in an agreement governing rights of, or granting rights to, holders of the securities;

"designated foreign issuer" means a foreign issuer

(a) that does not have a class of securities registered under section 12 of the 1934 Act and is not required to file reports under section 15(d) of the 1934 Act,

(b) that is subject to foreign disclosure requirements in a designated foreign jurisdiction, and

(c) for which the total number of equity securities beneficially owned by residents of Canada does not exceed 10%, on a fully-diluted basis, of the total number of equity securities of the issuer, calculated in accordance with sections 1.2 and 1.3;

"designated foreign jurisdiction" means Australia, France, Germany, Hong Kong, Italy, Japan, Mexico, the Netherlands, New Zealand, Singapore, South Africa, Spain, Sweden, Switzerland or the United Kingdom of Great Britain and Northern Ireland;

"exchangeable security" means a security of an issuer that is exchangeable for, or carries the right of the holder to acquire, or of the issuer to cause the acquisition of, a security of another issuer;

"exchange-traded security" means a security that is listed on a recognized exchange or is quoted on a recognized quotation and trade reporting system or is listed on an exchange or quoted on a quotation and trade reporting system that is recognized for the purposes of National Instrument 21-101 *Marketplace Operation* and National Instrument 23-101 *Trading Rules*;

"executive officer" means, for an issuer, an individual who is

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

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

(c) performing a policy-making function in respect of the issuer;

"financial statements" includes interim financial reports;

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

(a) relating to the foreign issuer and the trading in its securities, and

(b) that is made publicly available in the foreign jurisdiction under

(i) the securities laws of the foreign jurisdiction in which the principal trading market of the foreign issuer is located, or

(ii) the rules of the marketplace that is the principal trading market of the foreign issuer;

"foreign issuer" means an issuer that is incorporated or organized under the laws of a foreign jurisdiction, unless

(a) outstanding voting securities of the issuer carrying more than 50% of the votes for the election of directors are beneficially owned by residents of Canada, and

(b) any of the following apply:

(i) the majority of the executive officers or directors of the issuer are residents of Canada;

(ii) more than 50% of the consolidated assets of the issuer are located in Canada; or

(iii) the business of the issuer is administered principally in Canada;

"foreign registrant" means a registrant that is incorporated or organized under the laws of a foreign jurisdiction, unless

(a) outstanding voting securities of the registrant carrying more than 50% of the votes for the election of directors are beneficially owned by residents of Canada, and

(b) any of the following apply:

(i) the majority of the executive officers or directors of the registrant are residents of Canada;

(ii) more than 50% of the consolidated assets of the registrant are located in Canada; or

(iii) the business of the registrant is administered principally in Canada;

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

"IAS 27" means International Accounting Standard 27 *Consolidated and Separate Financial Statements*, as amended from time to time;

"IAS 34" means International Accounting Standard 34 *Interim Financial Reporting*, as amended from time to time;

"inter-dealer bond broker" means a person or company that is approved by the Investment Industry Regulatory Organization of Canada under its Rule No. 36 *Inter-Dealer Bond Brokerage Systems*, as amended, and is subject to its Rule No. 36 and its Rule 2100 *Inter-Dealer Bond Brokerage Systems*, as amended from time to time;

"IPO venture issuer" has the same meaning as in section 1.1 of National Instrument 41-101 *General Prospectus Requirements*;

"issuer's GAAP" means the accounting principles used to prepare an issuer's financial statements, as permitted by this Instrument;

"marketplace" means

(a) an exchange,

(b) a quotation and trade reporting system,

(c) a person or company not included in paragraph (a) or (b) that

(i) constitutes, maintains or provides a market or facility for bringing together buyers and sellers of securities,

(ii) brings together the orders for securities of multiple buyers and sellers, and

(iii) uses established, non-discretionary methods under which the orders interact with each other, and the buyers and sellers entering the orders agree to the terms of a trade, or

(d) a dealer that executes a trade of an exchange-traded security outside of a marketplace,

but does not include an inter-dealer bond broker;

"multiple convertible security" means a security of an issuer that is convertible into, or exchangeable for, or carries the right of the holder to acquire, or of the issuer to cause the acquisition of, a convertible security, an exchangeable security or another multiple convertible security;

"predecessor statements" mean the financial statements referred to in paragraph 32.1(1)(a) of Form 41-101F1 *Information Required in a Prospectus*;

"primary business statements" mean the financial statements referred to in paragraph 32.1(1)(b) of Form 41-101F1 *Information Required in a Prospectus*;

"principal trading market" means the published market on which the largest trading volume in the equity securities of the issuer occurred during the issuer's most recently completed financial year that ended before the date the determination is being made;

"published market" means, for a class of securities, a marketplace on which the securities have traded that discloses, regularly in a publication of general and regular paid circulation or in a form that is broadly distributed by electronic means, the prices at which those securities have traded;

"recognized exchange" means

(a) in Ontario, an exchange recognized by the securities regulatory authority to carry on business as a stock exchange,

(b) in Québec, a person or company authorized by the securities regulatory authority to carry on business as an exchange, and

(c) in every other jurisdiction of Canada, an exchange recognized by the securities regulatory authority as an exchange, self-regulatory organization or self-regulatory body;

"recognized quotation and trade reporting system" means

(a) in every jurisdiction of Canada other than British Columbia, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation to carry on business as a quotation and trade reporting system, and

(b) in British Columbia, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation as a quotation and trade reporting system or as an exchange;

"SEC issuer" means an issuer that

(a) has a class of securities registered under section 12 of the 1934 Act or is required to file reports under section 15(d) of the 1934 Act, and

(b) is not registered or required to be registered as an investment company under the *Investment Company Act of 1940* of the United States of America, as amended from time to time;

"SEC foreign issuer" means a foreign issuer that is also an SEC issuer;

"underlying security" means a security issued or transferred, or to be issued or transferred, in accordance with the terms of a convertible security, an exchangeable security or a multiple convertible security;

"U.S. GAAP" means generally accepted accounting principles in the United States of America that the SEC has identified as having substantial authoritative support, as supplemented by Regulation S-X under the 1934 Act, as amended from time to time;

"U.S. AICPA GAAS" means auditing standards of the American Institute of Certified Public Accountants, as amended from time to time;

"U.S. PCAOB GAAS" means auditing standards of the Public Company Accounting Oversight Board (United States of America), as amended from time to time;

"venture issuer",

(a) in the case of acquisition statements required by National Instrument 51-102 *Continuous Disclosure Obligations*, has the same meaning as in subsection 1.1(1) of that Instrument, and

(b) in the case of acquisition statements referred to in paragraph (b), (c) or (d) of the definition of "acquisition statements", has the same meaning as in section 1.1 of National Instrument 41-101 *General Prospectus Requirements*.

1.2 Determination of Canadian Shareholders for Calculation of Designated Foreign Issuer and Foreign Issuer —

(1) For the purposes of paragraph (c) of the definition of "designated foreign issuer" in section 1.1 and for the purposes of paragraphs 3.9(1)(c) and 4.9(c), a reference to equity securities beneficially owned by residents of Canada includes

(a) any underlying securities that are equity securities of the foreign issuer, and

(b) the equity securities of the foreign issuer represented by an American depositary receipt or an American depositary share issued by a depositary holding equity securities of the foreign issuer.

(2) For the purposes of paragraph (a) of the definition of "foreign issuer" in section 1.1, securities represented by American depositary receipts or American depositary shares issued by a depositary holding voting securities of the foreign issuer must be included as outstanding in determining both the number of votes attached to securities beneficially owned by residents of Canada and the number of votes attached to all of the issuer's outstanding voting securities.

1.3 Timing for Calculation of Designated Foreign Issuer, Foreign Issuer and Foreign Registrant — For the purposes of paragraph (c) of the definition of "designated foreign issuer" in section 1.1, paragraph (a) of the definition of "foreign issuer" in section 1.1, and paragraph (a) of the definition of "foreign registrant" in section 1.1, the calculation is made

(a) if the issuer has not completed one financial year, on the earlier of

(i) the date that is 90 days before the date of its prospectus, and

(ii) the date that it became a reporting issuer; and

(b) for all other issuers and for registrants, on the first day of the most recent financial year or interim period for which financial performance is presented in the financial statements or interim financial information filed or delivered or included in a prospectus.

1.4 Interpretation —

(1) For the purposes of this Instrument, a reference to "prospectus" includes a preliminary prospectus, a prospectus, an amendment to a preliminary prospectus and an amendment to a prospectus.

(2) For the purposes of this Instrument, a reference to information being "included in" another document means information reproduced in the document or incorporated into the document by reference.

PART 2: APPLICATION

2.1 Application —

(1) This Instrument does not apply to investment funds.

(2) This Instrument applies to

(a) all financial statements and interim financial information delivered by registrants to the securities regulatory authority or regulator under National Instrument 31-103 *Registration Requirements and Exemptions*,

(b) all financial statements filed, or included in a document that is filed, by an issuer under National Instrument 51-102 *Continuous Disclosure Obligations* or National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*,

(c) all financial statements included in

(i) a prospectus, a take-over bid circular or any other document that is filed by or in connection with an issuer, or

(ii) except in Ontario, an offering memorandum required to be delivered by an issuer under National Instrument 45-106 *Prospectus and Registration Exemptions*,

(d) any acquisition statements, predecessor statements or primary business statements that are an operating statement for an oil and gas property that is an acquired business, or a business to be acquired, that is

(i) filed by an issuer under National Instrument 51-102 *Continuous Disclosure Obligations*,

(ii) included in a prospectus, take-over bid circular or any other document that is filed by or in connection with an issuer, or

(iii) except in Ontario, included in an offering memorandum required to be delivered by an issuer under National Instrument 45-106 *Prospectus and Registration Exemptions*,

(e) any other financial statements filed, or included in a document that is filed, by a reporting issuer,

(f) summary financial information for a credit supporter or credit support issuer that is

(i) filed under National Instrument 51-102 *Continuous Disclosure Obligations*,

(ii) included in a prospectus, take-over bid circular or any other document that is filed by or in connection with an issuer, or

(iii) except in Ontario, included in an offering memorandum required to be delivered by an issuer under National Instrument 45-106 *Prospectus and Registration Exemptions*,

(g) summarized financial information of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method, that is

(i) filed by an issuer under National Instrument 51-102 *Continuous Disclosure Obligations*,

(ii) included in a prospectus, take-over bid circular or any other document that is filed by or in connection with an issuer, or

(iii) except in Ontario, included in an offering memorandum required to be delivered by an issuer under National Instrument 45-106 *Prospectus and Registration Exemptions*, and

(h) *pro forma* financial statements

(i) filed, or included in a document that is filed, by an issuer under National Instrument 51-102 *Continuous Disclosure Obligations* or National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*,

(ii) included in a prospectus, take-over bid circular or any other document that is filed by or in connection with an issuer, or

(iii) otherwise filed, or included in a document that is filed, by a reporting issuer.

PART 3:
RULES APPLYING TO FINANCIAL YEARS BEGINNING ON OR AFTER JANUARY 1, 2011

3.1 Definitions and Application —

(1) In this Part:

"publicly accountable enterprise" means a publicly accountable enterprise as defined in the Handbook;

"private enterprise" means a private enterprise as defined in the Handbook.

(2) This Part applies to financial statements, financial information, operating statements and *pro forma* financial statements for periods relating to financial years beginning on or after January 1, 2011.

3.2 Acceptable Accounting Principles – General Requirements —

(1) Financial statements referred to in paragraphs 2.1(2)(b), (c) and (e), other than acquisition statements, must

(a) be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, and

(b) disclose

(i) in the case of annual financial statements, an unreserved statement of compliance with IFRS, and

(ii) in the case of an interim financial report, an unreserved statement of compliance with IAS 34.

(2) Despite subsection (1), in the case of an interim financial report that is not required under securities legislation to provide comparative interim financial information,

(a) the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and explanatory notes must be prepared in accordance with IAS 34 other than the requirement in IAS 34 to include comparative financial information; and

(b) the interim financial report must disclose that

(i) it does not comply with IAS 34 because it does not include comparative interim financial information, and

(ii) the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and explanatory notes have been prepared in accordance with IAS 34 other than the requirement in IAS 34 to include comparative financial information.

(3) Financial statements and interim financial information referred to in paragraph 2.1(2)(a) must

(a) be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, except that any investments in subsidiaries, jointly controlled entities and associates must be accounted for as specified for separate financial statements in IAS 27, and

(b) in the case of annual financial statements,

(i) include the following statement:

> These financial statements are prepared in accordance with the financial reporting framework specified in [*insert* "paragraph 3.2(3)(a) ", "subsection 3.2(4)" *or* "section 3.15" *as applicable*] of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* for financial statements delivered by registrants.

and

(ii) describe the financial reporting framework used to prepare the financial statements.

(4) Despite paragraph (3)(a), financial statements and interim financial information referred to in paragraph 2.1(2)(a) for periods relating to a financial year beginning in 2011 may be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, except that

(a) any investments in subsidiaries, jointly controlled entities and associates must be accounted for as specified for separate financial statements in IAS 27,

(b) comparative information relating to the preceding financial year must be excluded, and

(c) the first day of the financial year to which the financial statements or interim financial information relates must be used as the date of transition to the financial reporting framework.

(5) Financial statements must be prepared in accordance with the same accounting principles for all periods presented in the financial statements.

(6) Financial information referred to in paragraphs 2.1(2)(f) and (g) must

(a) present the line items for summary financial information or summarized financial information required by National Instrument 45-106 *Prospectus and Registration Exemptions* or National Instrument 51-102 *Continuous Disclosure Obligations*, as the case may be, and

(b) in the case of summarized financial information of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method,

(i) be prepared using accounting policies that

(A) are permitted by one of Canadian GAAP applicable to publicly accountable enterprises, IFRS, U.S. GAAP or Canadian GAAP applicable to private enterprises, and

(B) would apply to the information if the information were presented as part of a complete set of financial statements,

(ii) include the following statement:

This information is prepared in accordance with the financial reporting framework specified in subsection

3.2(6) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* for summarized financial information of a business accounted for using the equity method.

and

(iii) describe the accounting policies used to prepare the information.

3.3 Acceptable Auditing Standards – General Requirements —

(1) Financial statements, other than acquisition statements, that are required by securities legislation to be audited must

(a) be audited in accordance with Canadian GAAS and be accompanied by an auditor's report that

(i) expresses an unmodified opinion,

(ii) identifies all financial periods presented for which the auditor has issued an auditor's report,

(iii) is in the form specified by Canadian GAAS for an audit of financial statements prepared in accordance with a fair presentation framework, and

(iv) refers to IFRS as the applicable fair presentation framework if the financial statements are prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, and

(b) if the issuer or registrant has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by a predecessor auditor, be accompanied by the predecessor auditor's reports on the comparative periods.

(2) Paragraph (1)(b) does not apply to financial statements referred to in paragraphs 2.1(2)(a) and (b) if the auditor's report described in paragraph (1)(a) refers to the predecessor auditor's reports on the comparative periods.

3.4 Acceptable Auditors — An auditor's report filed by an issuer or delivered by a registrant must be prepared and signed by a person or company that is authorized to sign an auditor's report under the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the professional standards of that jurisdiction.

3.5 Presentation and Functional Currencies —

(1) The presentation currency must be prominently displayed in financial statements.

(2) Financial statements must disclose the functional currency if it is different than the presentation currency.

3.6 Credit Supporters —

(1) Unless subsection 3.2(1) applies, if a credit support issuer files, or includes in a prospectus, financial statements of a credit supporter, the credit supporter's financial statements must

(a) be prepared in accordance with the accounting principles and audited in accordance with the auditing standards that would apply under this Instrument if the credit supporter were to file financial statements referred to in paragraph 2.1(2)(b), and

(b) identify the accounting principles used to prepare the financial statements.

(2) If a credit support issuer files, or includes in a prospectus, summary financial information for the credit supporter or credit support issuer,

(a) the summary financial information must, in addition to satisfying other requirements in this Instrument

(i) prominently display the presentation currency, and

(ii) disclose the functional currency if it is different from the presentation currency, and

(b) the amounts presented in the summary financial information must be derived from financial statements of the credit supporter or credit support issuer that, if required by securities legislation to be audited, are audited in accordance with the auditing standards that would apply under this Instrument if the credit supporter or credit support issuer, as the case may be, were to file financial statements referred to in paragraph 2.1(2)(b).

3.7 Acceptable Accounting Principles for SEC Issuers —

(1) Despite subsection 3.2(1), an SEC issuer's financial statements referred to in paragraphs 2.1(2)(b), (c) and (e) and financial information referred to in paragraphs 2.1(2)(f) and (g) that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, may be prepared in accordance with U.S. GAAP.

(2) The notes to the financial statements referred to in subsection (1) must identify the accounting principles used to prepare the financial statements.

3.8 Acceptable Auditing Standards for SEC Issuers —

(1) Despite subsection 3.3(1), an SEC issuer's financial statements referred to in paragraphs 2.1(2)(b), (c) and (e) and financial information referred to in paragraphs 2.1(2)(f) and (g) that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, and that are required by securities legislation to be audited, may be audited in accordance with U.S. PCAOB GAAS if the financial statements are accompanied by

(a) an auditor's report prepared in accordance with U.S. PCAOB GAAS that

(i) expresses an unqualified opinion,

(ii) identifies all financial periods presented for which the auditor has issued an auditor's report, and

(iii) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements, and

(b) the predecessor auditor's reports on the comparative periods, if the issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor.

(2) Paragraph (1)(b) does not apply to financial statements referred to in paragraph 2.1(2)(b) if the auditor's report described in paragraph (1)(a) refers to the predecessor auditor's reports on the comparative periods.

3.9 Acceptable Accounting Principles for Foreign Issuers —

(1) Despite subsection 3.2(1), a foreign issuer's financial statements referred to in paragraphs 2.1(2)(b), (c) and (e) that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, may be prepared in accordance with

(a) IFRS,

(b) U.S. GAAP, if the issuer is an SEC foreign issuer,

(c) accounting principles that meet the disclosure requirements for foreign private issuers, as that term is defined for the purposes of the 1934 Act, if

(i) the issuer is an SEC foreign issuer,

(ii) on the last day of the most recently completed financial year the total number of equity securities of the issuer beneficially owned by residents of Canada does not exceed 10%, on a fully-diluted basis, of the total number of equity securities of the issuer, and

(iii) the financial statements include any reconciliation to U.S. GAAP required by the SEC, or

(d) accounting principles that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer.

(2) The notes to the financial statements must identify the accounting principles used to prepare the financial statements.

3.10 Acceptable Auditing Standards for Foreign Issuers —

(1) Despite subsection 3.3(1), a foreign issuer's financial statements referred to in paragraphs 2.1(2)(b), (c) and (e) that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, that are required by securities legislation to be audited may be audited in accordance with

(a) International Standards on Auditing if the financial statements are accompanied by

(i) an auditor's report that

(A) expresses an unmodified opinion,

(B) identifies all financial periods presented for which the auditor has issued the auditor's report,

(C) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements, and

(D) is prepared in accordance with the same auditing standards used to conduct the audit, and

(ii) the predecessor auditor's reports on the comparative periods, if the issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor,

(b) U.S. PCAOB GAAS if the financial statements are accompanied by

(i) an auditor's report that

(A) expresses an unqualified opinion,

(B) identifies all financial periods presented for which the auditor has issued the auditor's report,

(C) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements, and

(D) is prepared in accordance with the same auditing standards used to conduct the audit, and

(ii) the predecessor auditor's reports on the comparative periods, if the issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor, or

(c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject if

(i) the issuer is a designated foreign issuer,

(ii) the financial statements are accompanied by an auditor's report prepared in accordance with the same auditing standards used to conduct the audit, and

(iii) the auditor's report identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements.

(2) Subparagraph (1)(a)(ii) or (b)(ii) does not apply to financial statements referred to in paragraph 2.1(2)(b) if the auditor's report described in subparagraph (1)(a)(i) or (b)(i), as the case may be, refers to the predecessor auditor's reports on the comparative periods.

3.11 Acceptable Accounting Principles for Acquisition Statements —

(1) Acquisition statements must be prepared in accordance with one of the following accounting principles:

(a) Canadian GAAP applicable to publicly accountable enterprises;

(b) IFRS;

(c) U.S. GAAP;

(d) accounting principles that meet the disclosure requirements for foreign private issuers, as that term is defined for the purposes of the 1934 Act, if

(i) the issuer or the acquired business or business to be acquired is an SEC foreign issuer,

(ii) on the last day of the most recently completed financial year the total number of equity securities of the SEC foreign issuer beneficially owned by residents of Canada does not exceed 10%, on a fully-diluted basis, of the total number of equity securities of the SEC foreign issuer, and

(iii) the financial statements include any reconciliation to U.S. GAAP required by the SEC;

(e) accounting principles that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer or the acquired business or business to be acquired is subject, if

(i) the issuer or business is a designated foreign issuer, and

(ii) in the case where the issuer's GAAP differs from the accounting principles used to prepare the acquisition statements, for the most recently completed financial year and interim period presented, the notes to the acquisition statements:

(A) describe the material differences between the issuer's GAAP and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement and presentation, and

(B) quantify the effect of each difference referred to in clause (A) and include a tabular reconciliation between profit or loss reported in the acquisition statements and profit or loss computed in accordance with the issuer's GAAP;

(f) Canadian GAAP applicable to private enterprises if

(i) the acquisition statements consolidate any subsidiaries and account for significantly influenced investees and joint ventures using the equity method,

(ii) financial statements for the acquired business or business to be acquired were not previously prepared in accordance with one of the accounting principles specified in paragraphs (a) to (e) for the periods presented in the acquisition statements,

(iii) the acquisition statements are accompanied by a notice stating:

> These financial statements are prepared in accordance with Canadian GAAP applicable to private enterprises, which are Canadian accounting standards for private enterprises in Part II of the Handbook.
>
> The recognition, measurement and disclosure requirements of Canadian GAAP applicable to private enterprises differ from those of Canadian GAAP applicable to publicly accountable enterprises, which are International Financial Reporting Standards incorporated into the Handbook.
>
> The *pro forma* financial statements included in the document include adjustments relating to the [*insert* "acquired business" *or* "business to be acquired" *as applicable*] and present *pro forma* information prepared using principles that are consistent with the accounting principles used by the issuer.

and

(iv) in the case of acquisition statements included in a document filed by an issuer that is not a venture issuer, and is not an IPO venture issuer, for all financial years and the most recently completed interim period presented, the notes to the acquisition statements

(A) describe the material differences between the issuer's GAAP and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement and presentation,

(B) quantify the effect of each difference referred to in clause (A), and include a tabular reconciliation between profit or loss reported in the acquisition statements and profit or loss computed in accordance with the issuer's GAAP, and

(C) for each difference referred to in clause (A) that relates to measurement, disclose and discuss the material inputs or assumptions underlying the measurement of the relevant amount computed in accordance with the issuer's GAAP,

consistent with the disclosure requirements of the issuer's GAAP.

(2) Acquisition statements must be prepared in accordance with the same accounting principles for all periods presented.

(3) Acquisition statements to which paragraph (1)(a) applies must disclose

(a) in the case of annual financial statements, an unreserved statement of compliance with IFRS, and

(b) in the case of interim financial reports, an unreserved statement of compliance with IAS 34.

(4) Unless paragraph (1)(a) applies, the notes to the acquisition statements must identify the accounting principles used to prepare the acquisition statements.

(5) Despite subsections (1)~~, (2)~~ and (~~4),~~2) if acquisition statements are an operating statement for an oil and gas property that is an acquired business or business to be acquired

(a) the operating statement must include at least the following line items:

(i) gross ~~revenue~~sales;

(ii) ~~royalty expenses;~~royalties;

(iii) production costs;

(iv) operating income;

(b) the line items in the operating statement must be prepared using accounting policies that

(i) are permitted by one of Canadian GAAP applicable to publicly accountable enterprises, IFRS, U.S. GAAP or Canadian GAAP applicable to private enterprises, and

(ii) would apply to those line items if those line items were presented as part of a complete set of financial statements, and

(c) the operating statement must

(i) include the following statement:

This operating statement is prepared in accordance with the financial reporting framework specified in subsection 3.11(5) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* for an operating statement.

and

(ii) describe the accounting policies used to prepare the operating statement.

(6) ~~Despite subsections (1), (2) and (4), if the acquisition statements are based on information from the financial records of another entity whose operations included the acquired business or the business to be acquired and there are no separate financial records for the acquired business or the business to be acquired,~~ Repealed.

~~(a) the acquisition statements must be prepared in accordance with one of Canadian GAAP applicable to publicly accountable enterprises, IFRS, U.S. GAAP or Canadian GAAP applicable to private enterprises and, in addition, must include~~

~~(i) all assets and liabilities directly attributable to the acquired business or business to be acquired,~~

~~(ii) all revenue and expenses directly attributable to the acquired business or business to be acquired,~~

~~(iii) if there are expenses for the acquired business or business to be acquired that are common expenses shared with the other entity, a portion of those expenses allocated on a reasonable basis to the acquired business or business to be acquired, and~~

~~(iv) income and capital taxes calculated as if the entity had been a separate legal entity and had filed a separate tax return for the period presented,~~

~~(b) the acquisition statements must include the following statement:~~

~~The financial statements are prepared in accordance with a financial reporting framework specified in subsection 3.11(6) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* for carve-out financial statements.~~

(c) the acquisition statements must describe the financial reporting framework used to prepare the acquisition statements, including the method of allocation for each significant line item, and

(d) in the case of acquisition statements prepared in accordance with Canadian GAAP applicable to private enterprises

(i) the acquisition statements must consolidate any subsidiaries and account for significantly influenced investees and joint ventures using the equity method,

(ii) the acquisition statements must be accompanied by a notice stating:

These financial statements are prepared in accordance with Canadian GAAP applicable to private enterprises, which are Canadian accounting standards for private enterprises in Part II of the Handbook.

The recognition, measurement and disclosure requirements of Canadian GAAP applicable to private enterprises differ from those of Canadian GAAP applicable to publicly accountable enterprises, which are International Financial Reporting Standards incorporated into the Handbook.

The *pro forma* financial statements included in the document include adjustments relating to the [*insert* "acquired business" *or* "business to be acquired" *as applicable*] and present *pro forma* information prepared using principles that are consistent with the accounting principles used by the issuer.

and

(iii) in the case of acquisition statements included in a document filed by an issuer that is not a venture issuer, and is not an IPO venture issuer, for all financial years and the most recently completed interim period presented, the notes to the acquisition statements must

(A) describe the material differences between the issuer's GAAP and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement and presentation,

~~(B) quantify the effect of each difference referred to in clause (A), and include a tabular reconciliation between profit or loss reported in the acquisition statements and profit or loss computed in accordance with the issuer's GAAP, and~~

~~(C) for each difference referred to in clause (A) that relates to measurement, disclose and discuss the material inputs or assumptions underlying the measurement of the relevant amount computed in accordance with the issuer's GAAP, consistent with the disclosure requirements of the issuer's GAAP.~~

3.12 Acceptable Auditing Standards for Acquisition Statements —

(1) Acquisition statements that are required by securities legislation to be audited must be accompanied by an auditor's report and audited in accordance with one of the following auditing standards:

(a) Canadian GAAS;

(b) International Standards on Auditing;

(c) U.S. PCAOB GAAS;

(d) U.S. AICPA GAAS, if the acquired business or business to be acquired is not an SEC issuer;

(e) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer.

(2) The auditor's report must,

(a) if paragraph (1)(a) or (b) applies, express an unmodified opinion,

(b) if paragraph (1)(c) or (d) applies, express an unqualified opinion,

(c) unless paragraph (1)(e) applies, identify all financial periods presented for which the auditor's report applies,

(d) identify the auditing standards used to conduct the audit,

(e) identify the accounting principles used or, if subsection 3.11(5~~) or (6~~) applies, the financial reporting framework used, to prepare the acquisition statements, unless the auditor's report accompanies acquisition statements prepared in accordance with Canadian GAAP applicable to publicly

accountable enterprises and audited in accordance with Canadian GAAS, and

(f) if paragraph (1) (a) or (b) applies and subsection 3.11(5) does not,

(i) be in the form specified by the standards referred to in paragraph (1)(a) or (b), as applicable, for an audit of financial statements prepared in accordance with a fair presentation framework, and

(ii) refer to IFRS as the applicable fair presentation framework if the financial statements are prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises.

(3) Despite paragraphs (2)(a) and (b), an auditor's report that accompanies acquisition statements may express a qualification of opinion relating to inventory if

(a) the issuer includes in the business acquisition report, prospectus or other document containing the acquisition statements, a statement of financial position for the acquired business or business to be acquired that is for a date that is subsequent to the date to which the qualification relates, and

(b) the statement of financial position referred to in paragraph (a) is accompanied by an auditor's report that does not express a qualification of opinion relating to closing inventory.

3.13 Financial Information for Acquisitions Accounted for by the Issuer Using the Equity Method —

(1) If an issuer files, or includes in a prospectus, summarized financial information of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method, the financial information must

(a) meet the requirements in subsections 3.11(1), (2) and (4) if the term "acquisition statements" in those subsections is read as "summarized financial information", and

(b) disclose the presentation currency for the financial information, and disclose the functional currency if it is different than the presentation currency.

(2) If the financial information referred to in subsection (1) is required by securities legislation to be audited or derived from audited financial statements, the financial information must

(a) either

(i) meet the requirements in section 3.12 if the term "acquisition statements" in that section is read as "summarized financial information", or

(ii) be derived from financial statements that meet the requirements in section 3.12 if the term "acquisition statements" in that section is read as "financial statements from which is derived summarized financial information", and

(b) be audited, or derived from financial statements that are audited, by a person or company that is authorized to sign an auditor's report under the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the professional standards of that jurisdiction.

3.14 Acceptable Accounting Policies for *Pro Forma* Financial Statements —

(1) An issuer's *pro forma* financial statements must be prepared using accounting policies that

(a) are permitted by the issuer's GAAP, and

(b) would apply to the information presented in the *pro forma* financial statements if that information were included in the issuer's financial statements for the same period as that of the *pro forma* financial statements.

(2) Despite subsection (1), if an issuer's financial statements include, or are accompanied by, a reconciliation to U.S. GAAP, the issuer's *pro forma* financial statements for the same period as the issuer's financial statements may be prepared using accounting policies that

(a) are permitted by U.S. GAAP, and

(b) would apply to the information presented in the *pro forma* financial statements if that information were included in the reconciliation.

(3) Despite subsection (1), if the accounting principles used to prepare an issuer's most recent annual financial statements differ from the accounting principles used to prepare the issuer's interim financial report for a subsequent period, the issuer may prepare a *pro forma* income statement for the same period as that of its most recent annual financial statements using accounting policies that

(a) are permitted by the accounting principles that were used to prepare the issuer's interim financial report, and

(b) would apply to the information presented in the *pro forma* income statement if that information were included in the issuer's interim financial report.

3.15 Acceptable Accounting Principles for Foreign Registrants — Despite paragraph 3.2 (3)(a), financial statements and interim financial information delivered by a foreign registrant may be prepared in accordance with

(a) IFRS, except that any investments in subsidiaries, jointly controlled entities and associates must be accounted for as specified for separate financial statements in IAS 27,

(b) U.S. GAAP, except that any investments in subsidiaries, jointly controlled entities and associates must be accounted for as specified for separate financial statements in IAS 27, or

(c) accounting principles that meet the disclosure requirements of a foreign regulatory authority to which the registrant is subject, if it is a foreign registrant incorporated or organized under the laws of that designated foreign jurisdiction.

3.16 Acceptable Auditing Standards for Foreign Registrants —

(1) Despite subsection 3.3(1), financial statements referred to in paragraph 2.1(2)(a) that are delivered by a foreign registrant and required by securities legislation to be audited may be audited in accordance with

(a) International Standards on Auditing if the financial statements are accompanied by

(i) an auditor's report that

(A) expresses an unmodified opinion,

(B) identifies all financial periods presented for which the auditor has issued the auditor's report,

(C) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements, and

(D) is prepared in accordance with the same auditing standards used to conduct the audit, and

(ii) the predecessor auditor's reports on the comparative periods, if the foreign registrant has changed its auditor and one or more of the

comparative periods presented in the financial statements were audited by the predecessor auditor,

(b) U.S. PCAOB GAAS or U.S. AICPA GAAS if the financial statements are accompanied by

(i) an auditor's report that

(A) expresses an unqualified opinion,

(B) identifies all financial periods presented for which the auditor has issued the auditor's report,

(C) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements, and

(D) is prepared in accordance with the same auditing standards used to conduct the audit, and

(ii) the predecessor auditor's reports on the comparative periods, if the foreign registrant has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor, or

(c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the registrant is subject if

(i) it is a foreign registrant incorporated or organized under the laws of that designated foreign jurisdiction,

(ii) the financial statements are accompanied by an auditor's report prepared in accordance with the same auditing standards used to conduct the audit, and

(iii) the auditor's report identifies the accounting principles used to prepare the financial statements.

(2) Subparagraph (1)(a)(ii) or (b)(ii) does not apply if the auditor's report described in subparagraph (1)(a)(i) or (b)(i), as the case may be, refers to the predecessor auditor's reports on the comparative periods.

3.17 Acceptable Accounting Principles for Predecessor Statements or Primary Business Statements that are an Operating Statement – If predecessor statements or primary business statements are an operating statement for an oil and gas property,

(a) the operating statement must include at least the following line items:

(i) gross sales;

(ii) royalties;

(iii) production costs;

(iv) operating income;

(b) the line items in the operating statement must be prepared using accounting policies that

(i) are permitted by one of

(A) Canadian GAAP applicable to publicly accountable enterprises,

(B) U.S. GAAP if the issuer is an SEC issuer or an SEC foreign issuer, or

(C) IFRS if the issuer is a foreign issuer, and

(ii) would apply to those line items if those line items were presented as part of a complete set of financial statements, and

(c) the operating statement must

(i) include the following statement:

This operating statement is prepared in accordance with the financial reporting framework specified in section 3.17 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* for an operating statement.

and

(ii) describe the accounting policies used to prepare the operating statement.

3.18 Acceptable Auditing Standards for Predecessor Statements or Primary Business Statements that are an Operating Statement –

(1) If predecessor statements or primary business statements are an operating statement for an oil and gas property that are required by securities legislation to

be audited, the operating statement must be accompanied by an auditor's report and audited in accordance with one of the following auditing standards:

(a) Canadian GAAS;

(b) U.S. PCAOB GAAS if the issuer is an SEC issuer or an SEC foreign issuer;

(c) International Standards on Auditing if the issuer is a foreign issuer.

(2) The auditor's report must,

(a) if paragraph 1(a) or (c) applies, express an unmodified opinion,

(b) if paragraph 1(b) applies, express an unqualified opinion,

(c) identify all financial periods presented for which the auditor's report applies,

(d) identify the auditing standards used to conduct the audit, and

(e) identify the financial reporting framework used to prepare the operating statement.

PART 4:
RULES APPLYING TO FINANCIAL YEARS BEGINNING BEFORE JANUARY 1, 2011

4.1 Definitions and Application —

(1) In this Part:

"Canadian GAAP - Part V" means generally accepted accounting principles determined with reference to Part V of the Handbook applicable to public enterprises;

"public enterprise" means a public enterprise as defined in Part V of the Handbook.

(2) This Part applies to financial statements, financial information, operating statements and *pro forma* financial statements for periods relating to financial years beginning before January 1, 2011.

4.2 Acceptable Accounting Principles – General Requirements —

(1) Financial statements, other than financial statements delivered by registrants and acquisition statements, must be prepared in accordance with Canadian GAAP – Part V.

(2) Financial statements and interim financial information delivered by a registrant to the securities regulatory authority, must be prepared in accordance with Canadian GAAP – Part V except that the financial statements and interim financial information must be prepared on a non-consolidated basis.

(3) Financial statements must be prepared in accordance with the same accounting principles for all periods presented in the financial statements.

(4) The notes to the financial statements must identify the accounting principles used to prepare the financial statements.

4.3 Acceptable Auditing Standards – General Requirements — Financial statements, other than acquisition statements, that are required by securities legislation to be audited must be audited in accordance with Canadian GAAS and be accompanied by an auditor's report that

(a) expresses an unmodified opinion,

(b) identifies all financial periods presented for which the auditor has issued an auditor's report,

(c) refers to the predecessor auditor's reports on the comparative periods, if the issuer or registrant has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor, and

(d) identifies the accounting principles used to prepare the financial statements.

4.4 Acceptable Auditors — An auditor's report filed by an issuer or delivered by a registrant must be prepared and signed by a person or company that is authorized to sign an auditor's report under the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the professional standards of that jurisdiction.

4.5 Measurement and Reporting Currencies —

(1) The reporting currency must be disclosed on the face page of the financial statements or in the notes to the financial statements unless the financial statements are prepared in accordance with Canadian GAAP – Part V and the reporting currency is the Canadian dollar.

(2) The notes to the financial statements must disclose the measurement currency if it is different than the reporting currency.

4.6 Credit Supporters —

(1) Unless subsection 4.2(1) applies, if a credit support issuer files, or includes in a prospectus, financial statements of a credit supporter, the credit supporter's financial statements must

(a) be prepared in accordance with the accounting principles and audited in accordance with the auditing standards that apply under this Instrument if the credit supporter were to file financial statements referred to in paragraph 2.1(2)(b),

(b) identify the accounting principles used to prepare the financial statements, and

(c) disclose the reporting currency for the financial statements, and disclose the measurement currency if it is different than the reporting currency.

(2) If a credit support issuer files, or includes in a prospectus, summary financial information for the credit supporter or credit support issuer,

(a) the summary financial information must

(i) be prepared in accordance with the accounting principles that this Instrument requires to be used in preparing financial statements if the credit supporter or credit support issuer, as the case may be, were to file financial statements referred to in paragraph 2.1(2)(b),

(ii) identify the accounting principles used to prepare the summary financial information, and

(iii) disclose the reporting currency for the financial information, and disclose the measurement currency if it is different than the reporting currency, and

(b) the amounts presented in the summary financial information must be derived from financial statements of the credit supporter or credit support issuer that, if required by securities legislation to be audited, are audited in accordance with the auditing standards that apply under this Instrument if the credit supporter or credit support issuer, as the case may be, were to file financial statements referred to in paragraph 2.1(2)(b).

4.7 Acceptable Accounting Principles for SEC Issuers —

(1) Despite subsections 4.2(1) and (3), financial statements of an SEC issuer that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, may be prepared in accordance with U.S. GAAP provided that, if the SEC issuer previously filed or included in a prospectus financial statements prepared in accordance with Canadian GAAP – Part V, the SEC issuer complies with the following:

(a) the notes to the first two sets of the issuer's annual financial statements after the change from Canadian GAAP – Part V to U.S. GAAP and the notes to the issuer's interim financial statements for interim periods during those two years

(i) explain the material differences between Canadian GAAP – Part V and U.S. GAAP that relate to recognition, measurement and presentation,

(ii) quantify the effect of material differences between Canadian GAAP – Part V and U.S. GAAP that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in the financial statements and net income computed in accordance with Canadian GAAP – Part V, and

(iii) provide disclosure consistent with disclosure requirements of Canadian GAAP – Part V to the extent not already reflected in the financial statements;

(b) financial information for any comparative periods that were previously reported in accordance with Canadian GAAP – Part V are presented

(i) as previously reported in accordance with Canadian GAAP – Part V,

(ii) as restated and presented in accordance with U.S. GAAP, and

(iii) supported by an accompanying note that

(A) explains the material differences between Canadian GAAP – Part V and U.S. GAAP that relate to recognition, measurement and presentation, and

(B) quantifies the effect of material differences between Canadian GAAP – Part V and U.S. GAAP that relate to recognition, measurement and presentation, including a

tabular reconciliation between net income as previously reported in the financial statements in accordance with Canadian GAAP – Part V and net income as restated and presented in accordance with U.S. GAAP, and

(c) if the SEC issuer has filed financial statements prepared in accordance with Canadian GAAP – Part V for one or more interim periods of the current year, those interim financial statements are restated in accordance with U.S. GAAP and comply with paragraphs (a) and (b).

(2) The comparative information specified in subparagraph (1)(b)(i) may be presented on the face of the balance sheet and statements of income and cash flow or in the note to the financial statements required by subparagraph (1)(b)(iii).

4.8 Acceptable Auditing Standards for SEC Issuers — Despite section 4.3, financial statements of an SEC issuer that are filed with or delivered to the securities regulatory authority or regulator, other than acquisition statements, and that are required by securities legislation to be audited, may be audited in accordance with U.S. PCAOB GAAS if the financial statements are accompanied by an auditor's report prepared in accordance with U.S. PCAOB GAAS that

(a) expresses an unqualified opinion,

(b) identifies all financial periods presented for which the auditor has issued an auditor's report,

(c) refers to the predecessor auditor's reports on the comparative periods, if the issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor, and

(d) identifies the accounting principles used to prepare the financial statements.

4.9 Acceptable Accounting Principles for Foreign Issuers — Despite subsection 4.2(1), financial statements of a foreign issuer that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, may be prepared in accordance with one of the following accounting principles:

(a) U.S. GAAP, if the issuer is an SEC foreign issuer;

(b) IFRS;

(c) accounting principles that meet the disclosure requirements for foreign private issuers, as that term is defined for the purposes of the 1934 Act, if

(i) the issuer is an SEC foreign issuer,

(ii) on the last day of the most recently completed financial year the total number of equity securities of the issuer beneficially owned by residents of Canada does not exceed 10%, on a fully-diluted basis, of the total number of equity securities of the issuer, and

(iii) the financial statements include any reconciliation to U.S. GAAP required by the SEC;

(d) accounting principles that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer;

(e) accounting principles that cover substantially the same core subject matter as Canadian GAAP – Part V, including recognition and measurement principles and disclosure requirements, if the notes to the financial statements

(i) explain the material differences between Canadian GAAP – Part V and the accounting principles used that relate to recognition, measurement and presentation,

(ii) quantify the effect of material differences between Canadian GAAP – Part V and the accounting principles used that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in the issuer's financial statements and net income computed in accordance with Canadian GAAP – Part V, and

(iii) provide disclosure consistent with Canadian GAAP – Part V requirements to the extent not already reflected in the financial statements.

4.10 Acceptable Auditing Standards for Foreign Issuers — Despite section 4.3, financial statements of a foreign issuer that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, that are required by securities legislation to be audited may, if the financial statements are accompanied by an auditor's report prepared in accordance with the same auditing standards used to conduct the audit and the auditor's report identifies the accounting principles used to prepare the financial statements, be audited in accordance with

(a) U.S. PCAOB GAAS, if the auditor's report

(i) expresses an unqualified opinion,

(ii) identifies all financial periods presented for which the auditor has issued an auditor's report, and

(iii) refers to the predecessor auditor's reports on the comparative periods, if the issuer has changed its auditor and one or more of the comparative

periods presented in the financial statements were audited by the predecessor auditor,

(b) International Standards on Auditing, if the auditor's report is accompanied by a statement by the auditor that

(i) describes any material differences in the form and content of the auditor's report as compared to an auditor's report prepared in accordance with Canadian GAAS, and

(ii) indicates that an auditor's report prepared in accordance with Canadian GAAS would express an unmodified opinion, or

(c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer.

4.11 Acceptable Accounting Principles for Acquisition Statements —

(1) Acquisition statements must be prepared in accordance with one of the following accounting principles:

(a) Canadian GAAP – Part V;

(b) U.S. GAAP;

(c) IFRS;

(d) accounting principles that meet the disclosure requirements for foreign private issuers, as that term is defined for the purposes of the 1934 Act, if

(i) the issuer or the acquired business or business to be acquired is an SEC foreign issuer,

(ii) on the last day of the most recently completed financial year the total number of equity securities of the SEC foreign issuer beneficially owned by residents of Canada does not exceed 10%, on a fully-diluted basis, of the total number of equity securities of the SEC foreign issuer, and

(iii) the financial statements include any reconciliation to U.S. GAAP required by the SEC;

(e) accounting principles that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer or the acquired business

or business to be acquired is subject, if the issuer or business is a designated foreign issuer;

(f) accounting principles that cover substantially the same core subject matter as Canadian GAAP – Part V, including recognition and measurement principles and disclosure requirements.

(2) Acquisition statements must be prepared in accordance with the same accounting principles for all periods presented.

(3) The notes to the acquisition statements must identify the accounting principles used to prepare the acquisition statements.

(4) If acquisition statements are prepared using accounting principles that are different from the issuer's GAAP, the acquisition statements for the most recently completed financial year and interim period that are required to be filed must be reconciled to the issuer's GAAP and the notes to the acquisition statements must

(a) explain the material differences between the issuer's GAAP and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement, and presentation,

(b) quantify the effect of material differences between the issuer's GAAP and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in the acquisition statements and net income computed in accordance with the issuer's GAAP, and

(c) provide disclosure consistent with the issuer's GAAP to the extent not already reflected in the acquisition statements.

(5) Despite subsections (1) and (4), if the issuer is required to reconcile its financial statements to Canadian GAAP – Part V, the acquisition statements for the most recently completed financial year and interim period that are required to be filed must be

(a) prepared in accordance with Canadian GAAP – Part V, or

(b) reconciled to Canadian GAAP – Part V and the notes to the acquisition statements must

(i) explain the material differences between Canadian GAAP – Part V and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement, and presentation,

(ii) quantify the effect of material differences between Canadian GAAP – Part V and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in the acquisition statements and net income computed in accordance with Canadian GAAP – Part V, and

(iii) provide disclosure consistent with disclosure requirements of Canadian GAAP – Part V to the extent not already reflected in the acquisition statements.

4.12 Acceptable Auditing Standards for Acquisition Statements —

(1) Acquisition statements that are required by securities legislation to be audited must be audited in accordance with one of the following auditing standards:

(a) Canadian GAAS;

(b) U.S. PCAOB GAAS;

(c) U.S. AICPA GAAS, if the acquired business or business to be acquired is not an SEC issuer.

(2) Despite subsection (1), acquisition statements filed by or included in a prospectus of a foreign issuer may be audited in accordance with

(a) International Standards on Auditing, if the auditor's report is accompanied by a statement by the auditor that

(i) describes any material differences in the form and content of the auditor's report as compared to an auditor's report prepared in accordance with Canadian GAAS, and

(ii) indicates that an auditor's report prepared in accordance with Canadian GAAS would express an unmodified opinion, or

(b) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer.

(3) Acquisition statements must be accompanied by an auditor's report prepared in accordance with the same auditing standards used to conduct the audit and the auditor's report must identify the accounting principles used to prepare the acquisition statements.

(4) If acquisition statements are audited in accordance with paragraph (1)(a), the auditor's report must express an unmodified opinion.

(5) If acquisition statements are audited in accordance with paragraph (1)(b) or (c), the auditor's report must express an unqualified opinion.

(6) Despite paragraph (2)(a) and subsections (4) and (5) an auditor's report that accompanies acquisition statements may express a qualification of opinion relating to inventory if

(a) the issuer includes in the business acquisition report, prospectus or other document containing the acquisition statements, a balance sheet for the acquired business or business to be acquired that is for a date that is subsequent to the date to which the qualification relates, and

(b) the balance sheet referred to in paragraph (a) is accompanied by an auditor's report that does not express a qualification of opinion relating to closing inventory.

4.13 Financial Information for Acquisitions Accounted for by the Issuer Using the Equity Method —

(1) If an issuer files, or includes in a prospectus, summarized financial information as to the assets, liabilities and results of operations of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method, the financial information must

(a) meet the requirements in section 4.11 if the term "acquisition statements" in that section is read as "summarized financial information", and

(b) disclose the reporting currency for the financial information, and disclose the measurement currency if it is different than the reporting currency.

(2) If the financial information referred to in subsection (1) is for any completed financial year, the financial information must

(a) either

(i) meet the requirements in section 4.12 if the term "acquisition statements" in that section is read as "summarized financial information", or

(ii) be derived from financial statements that meet the requirements in section 4.12 if the term "acquisition statements" in that section is read as "financial statements from which is derived summarized financial information", and

(b) be audited, or derived from financial statements that are audited, by a person or company that is authorized to sign an auditor's report under the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the professional standards of that jurisdiction.

4.14 Acceptable Accounting Principles for *Pro Forma* Financial Statements —

(1) *Pro forma* financial statements must be prepared in accordance with the issuer's GAAP.

(2) Despite subsection (1), if an issuer's financial statements have been reconciled to Canadian GAAP – Part V under subsection 4.7(1) or paragraph 4.9(e), the issuer's *pro forma* financial statements must be prepared in accordance with, or reconciled to, Canadian GAAP – Part V.

(3) Despite subsection (1), if an issuer's financial statements have been prepared in accordance with the accounting principles referred to in paragraph 4.9(c) and those financial statements are reconciled to U.S. GAAP, the *pro forma* financial statements may be prepared in accordance with, or reconciled to, U.S. GAAP.

4.15 Acceptable Accounting Principles for Foreign Registrants —

(1) Despite subsection 4.2(2), and subject to subsection (2), financial statements delivered by a foreign registrant may be prepared in accordance with one of the following accounting principles:

(a) U.S. GAAP;

(b) IFRS;

(c) accounting principles that meet the disclosure requirements of a foreign regulatory authority to which the registrant is subject, if it is a foreign registrant incorporated or organized under the laws of that designated foreign jurisdiction;

(d) accounting principles that cover substantially the same core subject matter as Canadian GAAP – Part V, including recognition and measurement principles and disclosure requirements, if the notes to the financial statements, interim balance sheets, or interim income statements

(i) explain the material differences between Canadian GAAP – Part V and the accounting principles used that relate to recognition, measurement and presentation,

(ii) quantify the effect of material differences between Canadian GAAP – Part V and the accounting principles used that relate to recognition, measurement, and presentation, and

(iii) provide disclosure consistent with disclosure requirements of Canadian GAAP – Part V to the extent not already reflected in the financial statements, interim balance sheets or interim income statements.

(2) Financial statements, interim balance sheets, and interim income statements delivered by a foreign registrant prepared in accordance with accounting principles specified in paragraph (1)(a), (b) or (d) must be prepared on a non-consolidated basis.

4.16 Acceptable Auditing Standards for Foreign Registrants — Despite section 4.3, financial statements delivered by a foreign registrant that are required by securities legislation to be audited may, if the financial statements are accompanied by an auditor's report prepared in accordance with the same auditing standards used to conduct the audit and the auditor's report identifies the accounting principles used to prepare the financial statements, be audited in accordance with

(a) U.S. PCAOB GAAS or U.S. AICPA GAAS if the auditor's report expresses an unqualified opinion,

(b) International Standards on Auditing, if the auditor's report is accompanied by a statement by the auditor that

(i) describes any material differences in the form and content of the auditor's report as compared to an auditor's report prepared in accordance with Canadian GAAS, and

(ii) indicates that an auditor's report prepared in accordance with Canadian GAAS would express an unmodified opinion, or

(c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the registrant is subject, if it is a foreign registrant incorporated or organized under the laws of that designated foreign jurisdiction.

PART 5: EXEMPTIONS

5.1 Exemptions —

(1) The regulator or securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant an exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

5.2 Certain Exemptions Evidenced by Receipt —

(1) Subject to subsections (2) and (3), without limiting the manner in which an exemption may be evidenced, an exemption from this Instrument as it pertains to financial statements or auditor's reports included in a prospectus, may be evidenced by the issuance of a receipt for the prospectus or an amendment to the prospectus.

(2) A person or company must not rely on a receipt as evidence of an exemption unless the person or company

(a) sent to the regulator or securities regulatory authority, on or before the date the preliminary prospectus or the amendment to the preliminary prospectus or prospectus was filed, a letter or memorandum describing the matters relating to the exemption application, and indicating why consideration should be given to the granting of the exemption, or

(b) sent to the regulator or securities regulatory authority the letter or memorandum referred to in paragraph (a) after the date of the preliminary prospectus or the amendment to the preliminary prospectus or prospectus has been filed and receives a written acknowledgement from the securities regulatory authority or regulator that issuance of the receipt is evidence that the exemption is granted.

(3) A person or company must not rely on a receipt as evidence of an exemption if the regulator or securities regulatory authority has before, or concurrently with, the issuance of the receipt for the prospectus, sent notice to the person or company that the issuance of a receipt does not evidence the granting of the exemption.

(4) For the purpose of this section, a reference to a prospectus does not include a preliminary prospectus.

5.3 Financial Years ending between December 21 and 31, 2010 — Despite subsections 3.1(2) and 4.1(2), Part 3 may be applied by an issuer or registrant to all financial statements, financial information, operating statements and *pro forma* financial statements for periods relating to a financial year that begins before January 1, 2011 if the immediately preceding financial year ends no earlier than December 21, 2010.

5.4 Rate-Regulated Activities —

(1) Despite subsections 3.1(2) and 4.1(2),

(a) Part 3 may be applied by a qualifying entity to all financial statements, financial information, operating statements and *pro forma* financial statements as if the expression "January 1, 2011" in subsection 3.1(2) were read as "January 1, 2012", and

(b) if the qualifying entity relies on paragraph (a) in respect of a period, Part 4 must be applied as if the expression "January 1, 2011" in subsection 4.1(2) were read as "January 1, 2012".

(2) For the purposes of subsection (1), a "qualifying entity" means a person or company that

(a) has activities subject to rate regulation, as defined in Part V of the Handbook, and

(b) is permitted under Canadian GAAP to apply Part V of the Handbook.

PART 6: REPEAL, TRANSITION AND EFFECTIVE DATE

6.1 Repeal — National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*, which came into force on March 30, 2004, is repealed.

6.2 Effective Date — This Instrument comes into force on January 1, 2011.

6.3 Existing Exemptions — A person or company that has obtained an exemption from National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*, in whole or in part, is exempt from any substantially similar provision of this Instrument to the same extent and on the same conditions, if any, as contained in the exemption, unless the regulator or securities regulatory authority has revoked that exemption.

Appendix I

Schedule I-2

Companion Policy 52-107CP
Acceptable Accounting Principles and Auditing Standards

PART I: INTRODUCTION AND DEFINITIONS

1.1 Introduction and Purpose — This Companion Policy provides information about how the securities regulatory authorities interpret or apply National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (the Instrument). The Instrument is linked closely with the application of other national instruments, including National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) and National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (NI 71-102). These and other national instruments also contain a number of references to International Financial Reporting Standards (IFRS) and the requirements in the Handbook of the Canadian Institute of Chartered Accountants (the Handbook). Full definitions of IFRS and the Handbook are provided in National Instrument 14-101 *Definitions*.

The Instrument does not apply to investment funds. National Instrument 81-106 *Investment Fund Continuous Disclosure* applies to investment funds.

1.2 Multijurisdictional Disclosure System — National Instrument 71-101 *The Multijurisdictional Disclosure System* (NI 71-101) permits certain U.S. incorporated issuers to satisfy Canadian disclosure filing obligations, including financial statements, by using disclosure documents prepared in accordance with U.S. federal securities laws. 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. There are other instances in which the relief differs. If both NI 71-101 and the Instrument are available to a reporting issuer, the issuer should consider both instruments. It may choose to rely on the less onerous instrument in a given situation.

1.3 Calculation of Voting Securities Owned by Residents of Canada — The definition of "foreign 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 issuer", in determining the outstanding voting securities that are beneficially owned by residents of Canada, an issuer should

(a) 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,

(b) count securities beneficially owned by residents of Canada as reported on reports of beneficial ownership, including insider reports and early warning reports, 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.

This method of calculation differs from that in NI 71-101 which only requires a calculation based on the address of record. Some SEC foreign issuers may therefore qualify for exemptive relief under NI 71-101 but not under the Instrument.

1.4 Exemptions Evidenced by the Issuance of a Receipt — Section 5.2 of the Instrument states that an exemption from any of the requirements of the Instrument pertaining to financial statements or auditor's reports included in a prospectus may be evidenced by the issuance of a receipt for that prospectus. Issuers should not assume that the relief evidenced by the receipt will also apply to financial statements or auditors' reports filed in satisfaction of continuous disclosure obligations or included in any other filing.

1.5 Filed or Delivered — Financial statements that are filed in a jurisdiction will be made available for public inspection in that jurisdiction, subject to the provisions of securities legislation in the local jurisdiction regarding confidentiality of filed material. Material that is delivered to a regulator, but not filed, is not required under securities legislation to be made available for public inspection. However, the regulator may choose to make such material available for inspection by the public.

1.6 Other Legal Requirements — Issuers and auditors should refer to National Instrument 52-108 *Auditor Oversight* for requirements relating to auditor oversight by the Canadian Public Accountability Board. In addition, issuers and registrants are reminded that they and their auditors may be subject to requirements under the laws and professional standards of a jurisdiction 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 prescribe the accounting principles or auditing standards required for financial statements. Similarly, applicable federal, provincial or state law may impose licensing requirements on an auditor practising public accounting in certain jurisdictions.

PART 2: APPLICATION - ACCOUNTING PRINCIPLES

2.1 Application of Part 3 — Part 3 of the Instrument generally applies to periods relating to financial years beginning on or after January 1, 2011. Part 3 refers to Canadian GAAP applicable to publicly accountable enterprises, which is IFRS incorporated into the Handbook, contained in Part I of the Handbook.

2.2 Application of Part 4 — Part 4 of the Instrument generally applies to periods relating to financial years beginning before January 1, 2011. Part 4 refers to Canadian GAAP-Part V, which is generally accepted accounting principles determined with reference to Part V of the Handbook applicable to public enterprises. These are the pre-changeover accounting standards for public companies. Part V of the Handbook has differing requirements for public enterprises and non-public enterprises. The following are some of the significant differences in Canadian GAAP applicable to public enterprises compared to those applicable to non-public enterprises:

(a) financial statements for public enterprises cannot be prepared using the differential

reporting options as set out in Part V of the Handbook;

(b) transition provisions applicable to enterprises other than public enterprises are not available; and

(c) financial statements must include any additional disclosure requirements applicable to public enterprises.

2.3 IFRS in English and French — The Handbook provides IFRS in English and French. Both versions have equal status and effect under Canadian GAAP. Issuers, auditors, and other market participants may use either version to comply with the requirements in the Instrument.

2.4 Reference to accounting principles — Section 3.2 of the Instrument requires certain financial statements to be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises. This section includes requirements for an unreserved statement of compliance with IFRS in annual financial statements, and an unreserved statement of compliance with International Accounting Standard 34 *Interim Financial Reporting* in interim financial reports. These provisions distinguish between the basis of preparation and disclosure requirements.

There are two options for referring to accounting principles in the applicable financial statements and, in the case of annual financial statements, accompanying auditor's reports referred to in section 3.3 of the Instrument:

(a) refer only to IFRS in the notes to the financial statements and in the auditor's report, or

(b) refer to both IFRS and Canadian GAAP in the notes to the financial statements and in the auditor's report.

2.5 IFRS as adopted by the IASB —The definition of IFRS in National Instrument 14-101 *Definitions* refers to standards and interpretations adopted by the International Accounting Standards Board. The definition does not extend to national accounting standards that are modified or adapted from IFRS, sometimes referred to as a "jurisdictional" version of IFRS.

2.6 Presentation and functional currencies — If financial statements comply with requirements contained in IFRS in International Accounting Standard 1 *Presentation of Financial Statements* and International Accounting Standard 21 *The Effects of Changes in Foreign Exchange Rates* relating to the disclosure of presentation currency and functional currency, then they will comply with section 3.5 of the Instrument.

2.7 Registrants' financial statements and interim financial information — Subsections 3.2(3) and (4) and paragraphs 3.15(a) and (b) of the Instrument mandate accounting for any investments in subsidiaries, jointly controlled entities and associates as specified for separate financial statements in International Accounting Standard 27 *Consolidated and Separate Financial Statements* (IAS 27). Separate financial statements are sometimes referred to as non-

consolidated financial statements. These requirements apply regardless of whether a registrant meets the criteria set out in IAS 27 for not presenting consolidated financial statements. Paragraph 3.2(3)(b) also requires a registrant's annual financial statements to describe the financial reporting framework used to prepare the financial statements. The description should refer to the requirement to account for any investments in subsidiaries, jointly controlled entities and associates as specified for separate financial statements in IAS 27, even if the registrant does not have these types of investments. In addition, if annual financial statements for a year beginning in 2011 are prepared using the financial reporting framework permitted by subsection 3.2(4), the description of the framework should explain the lack of comparatives and the date of transition, as specified in paragraphs 3.2(4)(b) and (c).

The financial reporting frameworks prescribed by subsections 3.2(3) and (4) are Canadian GAAP applicable to publicly accountable enterprises with specified differences. Although these frameworks differ in specified ways from IFRS, the exceptions and exemptions included as Appendices in IFRS 1 *First-time Adoption of International Financial Reporting Standards* (IFRS 1) would be relevant for determining an opening statement of financial position at the date of transition to the financial reporting framework prescribed in subsection 3.2(3) or (4).

Subparagraph 3.3(1)(a)(iii) requires an auditor's report in the form specified by Canadian GAAS for an audit of financial statements prepared in accordance with a fair presentation framework. The financial reporting frameworks prescribed by subsections 3.2(3) and (4) are fair presentation frameworks.

Subsection 3.2(4) of the Instrument allows a registrant to file financial statements and interim financial information for periods relating to a financial year beginning in 2011 that exclude comparative information relating to the preceding year and to use a date of transition to the financial reporting framework that is the first day of the financial year beginning in 2011. When such a registrant prepares the comparative information for financial statements and interim financial information for periods relating to a financial year beginning in 2012, the registrant should consider whether it must adjust the comparative information in order to comply with subsection 3.2(3). Adjustments may be necessary if a registrant changes one or more accounting policies for its year beginning in 2012 compared to its year beginning in 2011.

2.8 Use of different accounting principles — Subsection 3.2(5) of the Instrument requires financial statements to be prepared in accordance with the same accounting principles for all periods presented in the financial statements.

An issuer that is required to file, or include in a document that is filed, financial statements for three years can, except in the situation discussed in section 2.9 of this Companion Policy, choose to present two sets of financial statements. For example, if the earliest of the three financial years relates to a financial year beginning before January 1, 2010, the issuer should provide one set of financial statements that presents information for the most recent two years using the accounting principles in Part 3 of the Instrument and one set of financial statements that either:

(a) presents information for a third and fourth year using the accounting principles in Part 4, or

(b) presents information for a second and third year using the accounting principles in Part 4.

Note that under option (a), a fourth year not otherwise required would be included to satisfy the requirement in the issuer's GAAP for comparative financial statements. Under option (b), information for a second year would be presented in both sets of financial statements. This second year would be included in the most recent set of financial statements using accounting principles in Part 3 of the Instrument and also in the earliest set of financial statements using accounting principles in Part 4 of the Instrument.

If the accounting principles used for the earliest of the three financial years and the most recent two years differ, but both are acceptable in Part 3 of the Instrument, presentation of information for the earliest year would be similar to the example described above.

2.9 Date of transition to IFRS if financial statements include a transition year of less than nine months – Subsection 4.8(6) of NI 51-102 states that if a transition year is less than nine months in length, the reporting issuer must include comparative financial information for the transition year and old financial year in its financial statements for its new financial year. Similarly, subsection 32.2(4) in Form 41-101F1 states that if an issuer changed its financial year end during any of the financial years referred to in section 32.2 and the transition year is less than nine months, the transition year is deemed not to be a financial year for purposes of the requirement to provide financial statements for a specified number of financial years in section 32.2.

If an issuer's first set of annual financial statements with an unreserved statement of compliance with IFRS includes comparatives for both a transition year of less than nine months and the old financial year, the date of transition to IFRS should be the first day of the old financial year. Since subsection 3.2(5) of the Instrument requires financial statements to be prepared in accordance with the same accounting principles for all periods presented in the financial statements, a date of transition to IFRS using the first day of the transition year would not be appropriate.

2.10 Acceptable Accounting Principles — Readers are likely to assume that financial information disclosed in a news release is prepared on a basis consistent with the accounting principles used to prepare the issuer's most recently filed financial statements. To avoid misleading readers, an issuer should alert readers if financial information in a news release is prepared using accounting principles that differ from those used to prepare an issuer's most recently filed financial statements or includes non-GAAP financial measures discussed in CSA Staff Notice 52-306 *Non-GAAP Financial Measures.*

2.11 Financial statements for a reverse takeover or capital pool company acquisition – Subsection 8.1(2) of NI 51-102 states that Part 8 of that rule does not apply to a transaction that is a reverse takeover. Similarly, subsection 35.1(1) in Form 41-101F1 indicates that item 35 of that Form does not apply to a completed or proposed transaction that was or will be accounted for as a reverse takeover. Therefore, if a document includes financial statements for a reverse

takeover acquirer, as defined in NI 51-102, for a period prior to completion of the reverse takeover, section 3.11 of the Instrument does not apply to the financial statements. Such financial statements must comply with section 3.2, 3.7, 3.9, 4.2, 4.7 or 4.9 of the Instrument as applicable.

Paragraph 32.1(b) of Form 41-101F1 indicates that financial statements of an issuer required under Item 32 of that Form include the financial statements of a business acquired or business proposed to be acquired by the issuer if a reasonable investor would regard the primary business of the issuer upon completion of the acquisition to be the acquired business or business proposed to be acquired. Consistent with this provision, if a capital pool company acquires or proposes to acquire a business, regardless of whether or not the transaction will be accounted for as a reverse takeover, financial statements for the acquired business or business proposed to be acquired must comply with section 3.2, 3.7, 3.9, 4.2, 4.7 or 4.9 of the Instrument as applicable.

2.12 Acquisition statements prepared using Canadian GAAP applicable to private enterprises – Paragraph 3.11(1)(f) of the Instrument permits acquisition statements to be prepared using Canadian GAAP applicable to private enterprises, which is Canadian accounting standards for private enterprises in Part II of the Handbook.

2.13 Conditions for acquisition statements prepared using Canadian GAAP applicable to private enterprises — Paragraph 3.11(1)(f) of the Instrument specifies certain conditions for the use of Canadian GAAP applicable to private enterprises. One of these conditions, in subparagraph 3.11(1)(f)(ii), is that financial statements for the business were not previously prepared in accordance with any of the accounting principles specified in paragraphs 3.11(1)(a) through (e) for the periods presented in the acquisition statements. Paragraph 3.11(1)(a) refers to Canadian GAAP applicable to publicly accountable enterprises, which is IFRS incorporated into the Handbook contained in Part I of the Handbook. The condition in subparagraph 3.11(1)(f)(ii) does not preclude Canadian GAAP - Part V, as defined in section 4.1 of the Instrument.

2.14 Acquisition statements prepared using Canadian GAAP applicable to private enterprises that include a reconciliation to the issuer's GAAP – If acquisition statements included in a document filed by an issuer that is not a venture issuer and not an IPO venture issuer are prepared using Canadian GAAP applicable to private enterprises, the reconciliation requirement in subparagraph 3.11(1)(f)(iv) applies.

For each difference presented in the quantified reconciliation that relates to measurement, clause 3.11(1)(f)(iv)(C) requires disclosure and discussion of the material inputs or assumptions underlying the measurement of the relevant amount computed in accordance with the issuer's GAAP, consistent with the disclosure requirements of the issuer's GAAP. If the relevant amount was measured using a valuation technique, disclose the valuation technique, and disclose and discuss the inputs used. If changing one or more of the inputs to reasonably possible alternative assumptions would change the measurement significantly, a discussion of that fact and the effect of the changes on the measurement would facilitate readers' understanding of the measurement.

Clause 3.11(1)(f)(iv)(C) does not require disclosure and discussion of all the disclosure elements identified in the issuer's GAAP that relate to a difference presented in the reconciliation. As well, the clause does not require disclosure of information not required by the issuer's GAAP.

As an example of the disclosure required by clause 3.11(1)(f)(iv)(C), if the issuer's GAAP is IFRS and the relevant amount is share based payments measured using an option pricing model, disclose the option pricing model used and the inputs used in the model (i.e., weighted average share price, exercise price, expected volatility, option life, expected dividends, risk-free interest rate and any other inputs to the model). Also, discuss how expected volatility was determined and how any other features of the option grant (e.g., market condition) were incorporated into the measurement of the relevant amount.

~~If acquisition statements are carve-out statements prepared in accordance with Canadian GAAP for private enterprises, as discussed in section 2.18 of this Companion Policy, subparagraph 3.11(6)(d)(iii) requires reconciliation information for non-venture issuers similar to that required by subparagraph 3.11(1)(f)(iv). The above guidance on subparagraph 3.11(1)(f)(iv) also applies to subparagraph 3.11(6)(d)(iii).~~

2.15 Acquisition statements prepared using Canadian GAAP applicable to private enterprises that include a reconciliation to IFRS – If the reconciliation requirement in subparagraph 3.11(1)(f)(iv) applies, and the issuer's GAAP requires the annual financial statements to include an explicit and unreserved statement of compliance with IFRS, the reconciliation information in annual and interim acquisition statements must address material differences between Canadian GAAP applicable to private enterprises and IFRS that relate to recognition, measurement and presentation.

Consistent with IFRS requirements, for the purpose of preparing the reconciliation information required by subparagraph 3.11(1)(f)(iv), the date of transition to IFRS would be the first day of the earliest period for which comparative information is presented in the annual acquisition statements. For example, if annual acquisition statements present information for the most recently completed financial year and the comparative year, the date of transition to IFRS would be the first day of the comparative year.

Also consistent with IFRS, for the purpose of preparing the reconciliation, IFRS 1 would be applied to determine the opening IFRS statement of financial position at the date of transition to IFRS. The exceptions and exemptions included as Appendices in IFRS 1 would be relevant for determining the entity's statement of financial position at the date of transition to IFRS.

The opening IFRS statement of financial position is the starting point for identifying material differences from Canadian GAAP applicable to private enterprises. Although an opening IFRS statement of financial position must be prepared in order to prepare the information required by subparagraph 3.11(1)(f)(iv), that subparagraph does not require disclosure of the opening IFRS statement of financial position. Similarly, that subparagraph does not require disclosure of differences relating to equity as at the date of transition to IFRS.

As discussed in section 2.14 of this Companion Policy, clause 3.11(1)(f)(iv)(C) does not require disclosure and discussion of all the disclosure elements identified in the issuer's GAAP that relate to a difference presented in the reconciliation. Therefore, it would be inappropriate to include an explicit and unreserved statement of compliance with IFRS in acquisition statements

that include reconciliation information for material differences between Canadian GAAP applicable to private enterprises and IFRS.

2.16 Acquisition statements prepared using Canadian GAAP applicable to private enterprises that do not include a reconciliation to the issuer's GAAP – If acquisition statements included in a document filed by a venture issuer or IPO venture issuer are prepared using Canadian GAAP applicable to private enterprises, the reconciliation requirements in subparagraph 3.11(1)(f)(iv) do not apply. However, subsection 3.14(1) requires *pro forma* financial statements to be prepared using accounting policies that are permitted by the issuer's GAAP and would apply to the information presented in the *pro forma* financial statements if that information were included in the issuer's financial statements for the same time. Companion Policy 51-102CP *Continuous Disclosure Obligations* provides further guidance on preparation of *pro forma* financial statements in this circumstance.

2.17 Acquisition statements, predecessor statements, or primary business statements that are an operating statement – ~~Subsection~~In the case of acquisition statements that are an operating statement, subsection 3.11(5) requires the line items in ~~an~~the operating statement to be prepared in accordance with accounting policies that comply with the accounting policies permitted by one of Canadian GAAP applicable to publicly accountable enterprises, IFRS, U.S. GAAP, or Canadian GAAP applicable to private enterprises. ~~For the purpose of preparing the operating statement, the exceptions and exemptions included as Appendices in IFRS 1 would be relevant for determining the opening statement of financial position at the date of transition to IFRS. **2.18 Acquisition statements that are carve-out financial statements** – Subsection 3.11(6) specifies the financial reporting framework required for acquisition statements that are based on information from the financial records of another entity whose operations included the acquired business or the business to be acquired, and there are no separate financial records for the business. Such financial statements are commonly referred to as "carve-out" financial statements. Subsection 3.11(6) requires carve-out financial statements~~In the case of predecessor statements or primary business statements that are an operating statement, section 3.17 requires the line items in the operating statement to be prepared in accordance with ~~one of~~ accounting policies that comply with the accounting policies permitted by one of: Canadian GAAP applicable to publicly accountable enterprises, ~~IFRS, U.S. GAAP, or Canadian GAAP applicable to private enterprises, and in each case include specified line items. For carve-out financial statements prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises~~U.S. GAAP if the issuer is an SEC issuer or SEC foreign issuer, or IFRS if the issuer is a foreign issuer. For the purpose of preparing an operating statement, the exceptions and exemptions included as Appendices in IFRS 1 would be relevant for determining the opening statement of financial position at the date of transition to IFRS.

2.18 Acquisition statements, predecessor statements, or primary business statements that are carve-out financial statements - Acquisition statements, predecessor statements or primary business statements may be based on information from the financial records of another entity whose operations included the acquired business, the business to be acquired, the predecessor entity or primary business. In some cases, there are no separate financial records for the business. Such financial statements, which are commonly referred to as carve-out financial statements, should generally include:

(a) all assets and liabilities directly attributable to the business;

(b) all revenue and expenses directly attributable to the business;

(c) if there are expenses for the business that are common expenses shared with the other entity, a portion of those expenses allocated on a reasonable basis to the business;

(d) income and capital taxes calculated as if the business had been a separate legal entity and had filed a separate tax return for the period presented; and

(e) a description of the method of allocation for each significant line item presented in financial statements.

2.19 Preparation of *pro forma* financial statements when there is a change in accounting principles – Subsection 3.14(1) requires *pro forma* financial statements to be prepared using accounting policies that are permitted by the issuer's GAAP and would apply to the information presented in the *pro forma* financial statements if that information were included in the issuer's financial statement for the same period as that of the *pro forma* financial statements. If the accounting principles used to prepare an issuer's most recent annual financial statements differ from the accounting principles used to prepare the issuer's interim financial report for a subsequent period, subsection 3.14(3) provides an issuer the option of preparing its annual *pro forma* income statement using accounting policies that are permitted by the accounting principles used to prepare the interim financial report and would apply to the information presented in the *pro forma* income statement if that information were included in the interim financial report. In this case, the annual *pro forma* income statement should include adjustments to the amounts reported in the issuer's most recent statement of comprehensive income in order to restate the amounts on the basis of the accounting principles used to prepare the issuer's interim financial report. The *pro forma* income statement should present such adjustments separate from other adjustments relating to significant acquisitions.

If an issuer does not use the option provided by subsection 3.14(3), in order to avoid confusion, it would be appropriate to present the issuer's annual and interim *pro forma* financial statements as separate sets of *pro forma* financial statements.

2.20 Reconciliation requirements for an SEC issuer – If financial statements of an SEC issuer, other than acquisition statements, filed with or delivered to a securities regulatory authority or regulator are

(a) for a financial year beginning before January 1, 2011,

(b) prepared in accordance with U.S. GAAP, and

(c) the SEC issuer previously filed or included in a prospectus financial statements prepared in accordance with Canadian GAAP – Part V,

then subsection 4.7(1) applies. Subsection 4.7(1) requires the notes of the first two sets of the SEC issuer's annual financial statements, and interim financial report during those first two years, to provide reconciling information between Canadian GAAP – Part V and U.S. GAAP that complies with subparagraphs 4.7(1)(a)(i) to (iii).

If an SEC issuer's second set of annual financial statements after a change in accounting principles is for a financial year beginning after January 1, 2011, the reconciliation requirements in subsection 4.7(1) no longer apply. Financial statements for a financial year beginning after January 1, 2011 are required to be prepared in accordance with Part 3 of the Instrument, which does not include any reconciliation requirements when an SEC issuer changes its accounting principles.

PART 3: APPLICATION - AUDITING STANDARDS

3.1 Auditor's Expertise — The securities legislation in most jurisdictions prohibits a regulator or securities regulatory authority from issuing a receipt for a prospectus if it appears to the regulator or securities regulatory authority that a person or company who has prepared any part of the prospectus or is named as having prepared or certified a report used in connection with a prospectus is not acceptable.

3.2 Canadian Auditors for Canadian GAAP and GAAS Financial Statements — A Canadian auditor is a person or company that is authorized to sign an auditor's report by the laws, and that meets the professional standards, of a jurisdiction of Canada. We would normally expect issuers and registrants incorporated or organized under the laws of Canada or a jurisdiction of Canada, and any other issuer or registrant that is not a foreign issuer nor a foreign registrant, to engage a Canadian auditor to audit the issuer's or registrant's financial statements if those statements are prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises and will be audited in accordance with Canadian GAAS unless a valid business reason exists to use a non-Canadian auditor. A valid business reason would include a situation where the principal operations of the company and the essential books and records required for the audit are located outside of Canada.

3.3 Auditor Oversight — In addition to the requirements in sections 3.4 and 4.4 of the Instrument, National Instrument 52-108 *Auditor Oversight* also contains certain requirements related to auditors and auditor reports.

3.4 Modification of opinion — Part 5 of the Instrument permits the regulator or securities regulatory authority to grant exemptive relief from the Instrument, including the requirement that an auditor's report express an unmodified opinion. A modification of opinion includes a qualification of opinion, an adverse opinion, and a disclaimer of opinion. However, staff will generally recommend that relief not be granted if the modification of opinion or other similar communication is:

(a) due to a departure from accounting principles permitted by the Instrument, or

(b) due to a limitation in the scope of the auditor's examination that

(i) results in the auditor being unable to form an opinion on the financial statements as a whole,

(ii) is imposed or could reasonably be eliminated by management, or

(iii) could reasonably be expected to be recurring.

3.5 Identification of the financial reporting framework used to prepare an operating statement ~~or carve-out financial statements~~ ~~Paragraph~~ Paragraphs 3.12(2)(e) ~~requires~~and 3.18(2)(e) require an auditor's report to identify the financial reporting framework used to prepare an operating statement ~~or carve-out financial statements~~ as addressed in ~~subsections~~subsection 3.11(5) and ~~(6).~~section 3.17. To comply with this requirement, the auditor's report may identify the applicable requirement in the Instrument, and refer the reader's attention to the note in the operating statement ~~or carve-out financial statements~~ that describes the financial reporting framework.

Appendix J

Proposed Amendments to National Instrument 51-102
Continuous Disclosure Obligations

1. ***National Instrument 51-102 Continuous Disclosure Obligations is amended by this Instrument.***

2. ***Section 1.1 is amended in the definition of*** ***"***executive officer***", by inserting*** ***"***(a.1) a chief executive officer or chief financial officer;***" after*** ***"***(a) a chair, vice-chair or president;***".***

3. ***Paragraph 8.10(1)(b) is amended by adding the following after "***that is not of securities of another issuer***"***:

", unless the vendor transferred the business referenced in paragraph (1)(a) to such other issuer which

(i) was created for the sole purpose of facilitating the acquisition; and

(ii) other than assets or operations relating to the transferred business, has no

(A) substantial assets; or

(B) operating history***"***

4. This Instrument comes into force on ●, 2012.

Appendix K

Amendments to National Instrument 13-101
System for Electronic Document Analysis and Retrieval (SEDAR)

1. ***National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR) is amended by this Instrument.***

2. ***Division A of Part II of Appendix A is amended by***

(a) ***in section (a) "***General Filings***",***

(i) ***repealing items 1, 2 and 3,***

(ii) ***deleting*** "– POP System" ***wherever it appears,***

(iii) ***repealing item 6,***

(iv) ***inserting the following items:***

6.1 Base Short Form PREP Prospectus

6.2 Base Long Form PREP Prospectus***,***

(v) ***in items 7 and 8 by replacing "***Short Form Prospectus***" with "***Base Shelf Prospectus***",***

(vi) ***deleting "***– Shelf***" wherever it appears,***

(vii) ***in item 9, adding "***Shelf***" before "***Prospectus Supplement***", and***

(viii) ***adding the following item after item 16:***

16.1 Supplemented Short Form PREP Prospectus***,***

(b) ***repealing section (b) "***British Columbia Filings***",***

(c) ***in section (c) "***Quebec Filings***", repealing item 2, and***

(d) ***repealing section (d) "***Alberta Filings***".***

3. This Instrument comes into force on ●, 2012.

LIST OF COMMENTERS

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS* AND
COMPANION POLICY 41-101CP *TO NATIONAL INSTRUMENT 41-101 GENERAL PROSPECTUS REQUIREMENTS*
AND
PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 44-101 *SHORT FORM PROSPECTUS DISTRIBUTIONS*
AND COMPANION POLICY 44-101CP *TO NATIONAL INSTRUMENT 44-101 SHORT FORM PROSPECTUS DISTRIBUTIONS*
AND
PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 44-102 *SHELF DISTRIBUTIONS* AND
COMPANION POLICY 44-102CP *TO NATIONAL INSTRUMENT 44-102 SHELF DISTRIBUTIONS*
AND
PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*
AND
PROPOSED CONSEQUENTIAL AMENDMENTS

Request for Comment July 15, 2011

	COMMENTER	NAME	DATE
1.	Tiger International Resources Inc.	Patric Barry	September 21, 2011
2.	Sacrison Engineering	Ralph R. Sacrison	October 10, 2011
3.	Cairns Mining Australia Pty Ltd.	A.S. Marton	October 11, 2011
4.	Vector Corporate Finance Lawyers	Graham H. Scott	October 14, 2011
5.	Fraser Milner Casgrain LLP	Brian Abraham	October 12, 2011
6.	Tetra Tech Wardrop	Jeff Wilson	October 13, 2011
7.	Geoscientists Canada	Greg Finn	October 13, 2011
8.	The Australasian Institute of Mining and Metallurgy	Michael Catchpole	October 14, 2011
9.	DBRS	Mary Keogh	October 14, 2011
10.	Davies Ward Phillips & Vineberg LLP	Mindy B. Gilbert	October 14, 2011
11.	Canadian Bankers Association	Nathalie Clark	October 14, 2011
12.		Greg Kulla	October 14, 2011
13.		Ignacy A. Lipiec	October 14, 2011
14.	Pan-European Reserves & Resources Reporting Committee	Dr. Stephen Henley	October 14, 2011

15.	Resources Computing International Ltd	Dr. Stephen Henley	October 14, 2011
16.	Society for Mining, Metallurgy & Exploration	David L. Kanagy	October 14, 2011
17.	Canadian Institute of Mining, Metallurgy and Petroleum	Paul C. Bankes	October 14, 2011
18.	AMEC Americas Limited	Greg Gosson	October 14, 2011
19.	Hunter Dickinson Inc.	Trevor Thomas	October 14, 2011
20.	srk Consulting Limited	Dr. lestyn Humphreys	October 14, 2011
21.	Australasian Joint Ore Reserves Committee (JORC)	Peter Stoker	October 15, 2011
22.	European Federation of Geologists	Ruth Allington	October 15, 2011
23.	Chilean Commission for the Qualification of Competences in Mineral Prospects, Mineral Resources, and Mineral Reserves	Edmundo Tulcanaza	October 16, 2011
24.	AMC Consultants Pty Ltd.	Peter McCarthy	October 18, 2011
25.	The South African Mineral Codes – Samrec and Samval Committees	Edward PW Swindell	October 19, 2011
26.	Committee for Mineral Reserves International Reporting Standards	Deborah A. McCombe	October 19, 2011
27.	The Australian Institute of Geoscientists	Andrew Waltho	October 20, 2011
28.	Osler, Hoskin & Harcourt LLP	Osler, Hoskin & Harcourt	October 20, 2011

Tiger International Resources Inc.

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September 21, 2011

Alex Poole
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Anne-Marie Beaudoin
Corporate Secretary
Autorite des marches financiers
800 Square Victoria, 22e etage
CP 246, Tour de la Bourse
Montreal, Quebec, H4Z 1G3

Re: Proposed Amendments 41-101 Submission to jurisdiction provisions for QP's

Gentlemen:

Tiger International Resources is a junior company, listed on the TSX Venture Exchange, and active in the development of resource ventures in South East Asia and Australia. Presently the Company has an active advanced exploration project in the Republic of the Philippines.

We strongly object to the proposed registration requirements under proposed Amendments 41-101 General Prospectus Requirements and Companion Policy 41 101CP since they are simply impractical.

We observed that recent amendments to NI 43-101 resulted in many foreign geologists and mining engineers choosing to abandon Canadian client companies since they did not wish to be more legally exposed than previously, and because they have plenty of client companies from Australian and other regions and simply decided that they did not need the business from a Canadian client. Many of those experts are Australians who work under AusIMM regulations and JORC requirements, and have chosen to not compete with Canadian regulators who seem to wish to change the world by changing Canadian regulation, assuming that the world will change along with it.

The proposed NI 41-101 regulatory amendments isolate Canada from the rest of the world, and make it more difficult for a Canadian incorporated and listed company to function. To demand that an expert consultant modify his compliance standards to suit Canadian regulators is impractical and is unlikely to achieve a positive result.

After recent amendments to NI 43-101 we observed that experts who had served our company in prior times notified us that they considered the changes to be "jobs for the boys" (meaning that they supported Canadian experts to the detriment of experts from other regions) and that the experts chose to not respond. This resulted in our company having to scramble to find experts who could meet the new requirements of NI 43-101, and this has proven to be difficult. We know of not a single Canadian geologist who is independent, meets the experience requirements of the recent 43-101 amendments, and understands the unique laws of the Philippines. For example, in a property report we want to know that the property in question is capable of actually being placed in production, and Canadian geologists who are unfamiliar with local Philippine requirements simply cannot authoritatively respond to this requirement. Yet by modifying NI 43-101 the available pool of foreign experts who can write a truly expert report has dwindled. The proposed changes to NI 41-101 will shrink this pool further since foreign experts will largely choose to ignore the new requirements, meaning that our Canadian listed and incorporated company cannot use their services. Furthermore, while the Canadian Regulators may assume, perhaps naively, that they can impose stronger regulatory requirements on experts from foreign countries, the net result is to limit the availability of such experts, making operations of Canadian companies abroad yet more difficult.

It may be valuable for regulators to understand that your client Canadian companies function in a competitive environment. Good expert consultants that meet the independent test of 43-101 are in demand, and should these experts decide that they don't need the business of a Canadian company then the company is starved of expert help. The eventual choice of these Canadian companies is to seek domicile and jurisdiction of the more hospitable countries and to abandon Canada and its regulatory mechanism entirely. None of this is productive.

Please ask yourselves why any foreign expert should submit to a regulatory change that places a potential Sword of Damocles over his head? Why should he choose to register or appoint an Agent for Service when he is obviously placed to expense in doing so as well as exposing himself to obviously greater legal and risk liability? It doesn't take much thought to realize that he can be employed by an Australian, Chinese, European, or SE Asian company and not suffer this level of risk. Clearly, the exposure will limit the availability of the most skilled experts in regions in which our company functions.

Presently, the responsibility to evaluate experts that are capable of authoring property reports is primarily that of the Issuer (the Company), and that is where the responsibility should rest. The Company presently bears the burden of responsibility with the Canadian Regulator, and that is appropriate and correct, and it should continue without modification.

We propose that the proposed amendments to NI 41-101 be extinguished as being impractical, burdensome on Canadian client companies, and perhaps unenforceable.

Very Truly Yours,
Tiger International Resources Inc.

Patric Barry
President

October 10, 2011

Alex Poole
Senior Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4

Re: Proposed Amendments to National Instrument 41-101

Mr. Poole,
This letter regards 'Summary of Key Proposed Amendments' paragraph (g) - Non-Issuer's Submission to the Jurisdiction and Appointment of Agent for Service. Specifically, I address the potential further extension of the filing requirement to foreign experts.

The proposal appears to be unnecessary and redundant. Universally, qualified persons are vetted through professional organizations (AusIMM, SME, etc.) and/or regulatory boards (State Engineer's offices, Geological Boards of Registration). As such, jurisdictional mechanisms already are in place. A formal complaint to a professional organization can impact one's standing as a qualified person. A complaint to a state engineering or scientific board is received with substantial gravity. Those boards have the most significant and often final say on the practitioner's ability to practice under law.

If the CSA forces a practitioner to employ Canadian attorneys and bureaucrats in the conduct of business, the essential effect may be to restrict foreign practitioners from formally considering NI protocols when on projects in their own countries or anywhere outside of Canada. Considering submission to foreign jurisdiction should immediately require the qualified person to confirm whether that is legal in the person's own jurisdiction. As a minimum, that adds attorney costs to an otherwise straightforward technical practice. In large, it may significantly reduce foreign qualified persons presenting technical information to investment opportunities on Canadian exchanges. Is that a desirable end? Eventually, matters may progress to the point where the industry perceives NI documents as insular and simply the toll to operate on Canadian exchanges, not the hallmark of professionalism which was in the original perception.

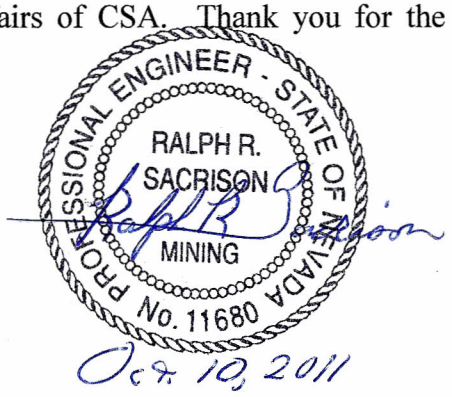
If the CSA desires to efficiently address professionalism of qualified persons, use the mechanisms already in place and deal directly with the licensing and chartering boards. Reciprocity exists and readily can be strengthened. Additionally, CSA should be able to rely on provincial boards to interpret and transmit the technical case to the foreign jurisdiction. That keeps the entire matter under the purview of technically competent persons rather than turning it over to legal personnel who predominately must still rely on technical personnel.

I appreciate your efforts to pursue professional involvement in the affairs of CSA. Thank you for the opportunity to present these thoughts.

Respectfully,

Ralph R. Sacrison

Ralph R. Sacrison, B.A., M.S., P.E.
Principal



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11th October, 2011

Mr Alex Poole
Senior Legal Council / Corporate Finance
Alberta Securities Commission
Suite 600, 250–5th St. SW
Calgary, Alberta, T2P 0R4

Dear Sir,

We are strongly opposed to the *Proposed Amendments to the Prospectus Rules* particularly *Page 7* where foreign experts submit to the jurisdiction.

It is difficult to find a QP these days.

It is even harder when you tell them that they may be sued in Canada and they have to appoint an agent in Canada to make it even easier.

The whole concept of the QP is that they belong to self regulatory bodies.

Once again, we are strongly opposed to the *Proposed Foreign Expert Amendment to the Prospectus Rules.*

Yours sincerely,

A.S. Marton

CAIRNS MINING AUSTRALIA PTY LTD
PO BOX 55
STRATFORD QLD 4870

[Submitted by email]

Graham H. Scott

Vector Corporate Finance Lawyers

Dear Mr. Poole:

The CSA Notice dated July 15, 2011, contained the following section:

Questions relating to Non-Issuer's Submission to the Jurisdiction and Appointment of Agent for Service

As described in paragraph (g) of the "Summary of Key Proposed Amendments" section of this Notice, we are considering further extending the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to all foreign experts who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them.

We are interested in your general comments on this potential change. In particular, we welcome your comments on the following questions:

(a) Do you believe that it is appropriate to extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to foreign experts who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them given that these persons are liable under our statutory liability regime for misrepresentations in the prospectus that are derived from that report, opinion or statement? Why or why not?

(b) If foreign experts are required to file a non-issuers' submission to the jurisdiction and appointment of an agent for service form, do you anticipate that this obligation will impose any significant practical or financial burden on these experts or issuers? If so, please explain why. Would your response change if the form requirement for foreign experts only concerned either submission to the jurisdiction or an appointment of an agent for service?.

My answers are as follows, with particular reference to "Qualified Persons" under NI 43-101:

(a) No, it is not appropriate. The principle underlying 43-101 is that a QP is a member of a professional body which has internal disciplinary powers. The QP will be independent, and should not share the same liability as a director of the issuer. In the event of a misrepresentation, it is the duty of the QP's professional organization to investigate and to take whatever steps may be warranted.

(b) If the requirement to file is brought into effect, it would impose significant practical and financial burdens. Many Canadian issuers have mineral properties in jurisdictions outside North America. Requiring a QP to file will result in many QPs simply rejecting the engagement because of the additional cost and potential legal exposure, thereby reducing the pool of QPs who would be willing to prepare a technical report. As soon as the pool of QPs is reduced, the quality of the report will inevitably deteriorate. Canadians deserve the best information in a prospectus in order to make an informed investment decision, and by effectively reducing the pool of QPs for an overseas property to primarily Canadian individuals, the Canadian investor will be deprived of this opportunity.

For these reasons, in my view the proposals are ill-advised, and should be rejected.

Graham H. Scott
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Direct (604) 443-7134

October 12, 2011

DELIVERED VIA EMAIL

Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, AB T2P 0R4

Attn: Alex Poole, Senior Legal Counsel, Corporate Finance

Dear Sirs/Mesdames,

RE: Proposed Changes to 41-101

Enclosed please find a memo that I have prepared with respect to the proposed change involving submission to jurisdiction.

This proposal will, if enacted, have serious negative implications for the consulting geologists and engineers who prepare reports for Canadian issuers in two principle areas:

1. It will make it difficult to encourage foreign consultants to prepare reports on properties located within those countries.

2. There could very well be a backlash and the consulting industry, which is principally based in Vancouver for the exploration community, would suffer because of entries imposing rules with regard to examining properties within their jurisdictions.

I think that the proposal to require QPs to submit to jurisdiction is extremely negative, not in the best interests of either the investing public or the mining community.

Yours truly,

Fraser Milner Casgrain LLP

Brian Abraham
Partner
BEA/lcw

FMC LAW

Fraser Milner Casgrain LLP
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MEMO

TO File

FROM Brian Abraham

DIRECT 604 443 7134

DATE September 1, 2011

SUBJECT Proposal to make QPs submit to Jurisdiction
File No.: 396124-1200

The Canadian Securities Administrators ("**CSA**") published, on July 15, 2011, proposed amendments to NI 41-101, General Prospectus Requirements and Companion Policy 41-101CP to NI 41-101 together with other miscellaneous amendments to related instruments. The 90 day comment period expires October 15, 2011.

One of the proposals is to further extend the requirement to file a non-issuer "submission to the jurisdiction, and appointment of an agent for service" form to all foreign experts including qualified persons. It should be noted that these persons are already liable under the CSA statutory liability regime for misrepresentations in the prospectus that are derived from the report, opinion or statement.

The proposed amendments to submit to the jurisdiction would also apply to all foreign directors of an issuer.

While the submission to jurisdiction by a QP may have some appeal to some parties because it would mean that a plaintiff wishing to sue a QP would not have to sue the QP in a foreign jurisdiction but could sue in Canada. This situation where a QP has been sued is rare and for that reason alone this proposal may be difficult to justify.

At present only the issuer, directors and officers who sign the prospectus on behalf of the issuer, the underwriters and some individuals named in part 5 of NI 41-101 must file a submission to jurisdiction and this proposal is a significant expansion of the current requirements.

The question is posed by CSA is whether or not it would be appropriate to extend the requirement to file a non-issuer "submission to the jurisdiction and appointment of agent for service" form to foreign experts who have consented to the disclosure in a prospectus of information.

The question has also been posed whether or not this would pose any significant practical or financial burden on these experts or issuers.

There is already existing liability under the legislative framework and to propose a consent to submission to jurisdiction provision it would appear to be unnecessary other than perhaps expediting dealing with matters where a problem has arisen.

As an example, if the QP was part of a company then the company may be required to register in British Columbia, conceivably on the basis that it is carrying on business in British Columbia even though the only connection to British Columbia would be the report. If there is a requirement to register in British Columbia, particularly in the case of a consulting company, it would then be obligated to file annual reports, potentially file tax returns and comply with other reporting requirements under the various *Business Corporations Act*s applicable, potentially in case of most issuers, other jurisdictions in Canada as well as British Columbia. It is not clear whether a QP would submit to one jurisdiction or all 13 in Canada and if more than one jurisdiction, the compliance costs could be excessive to say the least.

There is also the risk that if a QP is submitted to the jurisdiction that they would then become obligated to register under the Professional *Engineers and Geoscientists Act* of British Columbia or similar statutes in other jurisdictions and this would impose additional regulatory requirements on foreign QPs. This appears to be an extension of extra-territorial jurisdiction and this would likely not be well received by foreign QPs.

There are already problems that have arisen in that some well-respected consulting firms will simply not prepare reports under NI 43-101 because of the liability concerns and to impose these conditions on foreign QPs who would otherwise be considered competent to prepare reports, particularly on foreign properties, would be counterproductive. This may well lead to situations where foreign professional associations which tend to be governed by statute rather than being purely self-regulatory in nature, would impose conditions on Canadian geologists and engineers operating in their countries and that would be extremely detrimental to not just the Canadian mining industry but to all Canadian consultants operating in foreign countries.

The proposal of this nature would likely close the door to many foreign competent and respected QPs and open the door to other QPs who may not share those same values and this could lead to the reduction in the effectiveness and efficiency of the original intentions of NI 43-101.

There appears to be nothing to be gained from a practical perspective to such a proposal and much to be lost. It is already difficult enough to obtain the services of QPs to prepare reports and a proposal such as this would only exacerbate the situation with the net result that there would be fewer QPs prepared to get involved in the preparation of the technical reports and it is difficult to see what would be gained by such a proposal.

BEA:ds

To: British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
New Brunswick Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

Re: proposed amendments to NI 41 101

Dear Sir or Madam,

I wish to comment on the proposed amendments to NI 41 101, General Prospectus Requirements and Companion Policy 41 101CP to NI 41 101 together with other miscellaneous amendments to related instruments.

As I understand it, the proposed amendments are of a general nature, covering a number of experts and disciplines. However, you will be aware that expert reporting on mineral resources and reserves is also covered by NI 43-101, and I wished to comment on the practical implications of the proposed amendments on the minerals industry, so essential to the Canadian Market.

One of the proposals is to further extend the requirement to file a non-issuer "submission to the jurisdiction, and appointment of an agent for service" form to all foreign experts including qualified persons (QPs), although the only connection to Canada may be a technical report. However, it is not clear in either case what exactly "submission" and "appointment" actually mean. In the case of a business, registration of a foreign consulting firm could result in requirements under Provincial Business Corporations Acts. In the case of a QP, they would somehow be required to appoint an agent on their behalf, and risk the obligation to register under one or more Provincial Engineers and Geoscientists Acts. In either case this appears to be an excessive reach of jurisdiction simply to file a technical report in a given jurisdiction.

In addition, should Canada decide to force foreign QPs to submit to Canadian jurisdiction, there is nothing to prevent the US SEC, the Australian ASIC or British Authorities from demanding the same from Canadian QPs. I do not believe that many Canadian QP's wish, or will be willing, to submit to foreign jurisdiction in this way, and suggest that it is inappropriate for Canadian authorities to expect foreign QPs to do so. If this were to happen, it is likely that a number of Canadian firms and QPs would simply stop providing technical reports to foreign Issuers and markets.

You will be aware that Tetra Tech Wardrop is an active participant in the Canadian resource industry, and regularly produces NI 43-101 technical reports for Canadian Issuers. We are, however, aware that some of our competitors do not produce NI 43-101 technical reports dues to existing liability concerns, and this extension of jurisdiction is likely to extend that reluctance. The effect on this may

be that foreign QPs and consulting firms will stop offering to produce technical reports to Canadian Issuers. While this help established firms, it will reduce competition and the talent pool available to the Canadian market. This is a particular concern for foreign properties, where local competent and respected QPs clearly have greater experience.

While I can understand the intuitive idea that "submission to jurisdiction" may give some comfort that a plaintiff can sue a QP in Canada, rather than a foreign jurisdiction, I am not aware of any cases of this type, and so such comfort is largely unnecessary.

In summary, Tetra Tech Wardrop does not support the adoption of the proposed amendments to NI 41 101, as they will place further strain on the desire for international QPs to serve the Canadian Market, with little gain in return.

Regards,

Jeff Wilson, PhD, P.Geo.

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GEOSCIENTISTS GÉOSCIENTIFIQUES CANADA

October 13, 2011

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
New Brunswick Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

Alex Poole
Senior Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4

Sent by Email: alex.poole@asc.ca

Re; National Instrument 41-101 General Prospectus Requirements and Companion Policy 41-101CP to National Instrument 41-101 General Prospectus Requirements

Dear Madams/Sirs;

The Canadian Securities Administrators (“CSA”) published, on July 15, 2011, proposed amendments to NI 41 101, “General Prospectus Requirements and Companion Policy 41 101CP to NI 41 101”, together with other miscellaneous amendments to related instruments.

Please consider this letter as the comment/response from Geoscientists Canada with respect to the issue of having QPs/experts to submit to jurisdiction as suggested in the proposed amendments to NI 41-101.

At present, only the issuer, directors and officers who sign a prospectus on behalf of the issuer, the underwriters and some individuals named in part 5 of NI 41-101, must file a submission to a jurisdiction.

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This amendment would further extend the requirement to file a non issuer "submission to the jurisdiction, and appointment of an agent for service" form to all foreign experts including qualified persons. It should be noted that these persons are already liable under the CSA statutory liability regime for misrepresentations in the prospectus that are derived from the report, opinion or statement. The question that is posed by CSA is whether or not it would be appropriate to extend the requirement to file a non issuer "submission to the jurisdiction and appointment of agent for service" form to foreign experts who have consented to the disclosure in a prospectus of information. The question has also been asked whether or not this would pose any significant practical or financial burden on these experts or issuers. There is an added cost to the foreign practitioner/QP to appoint an agent for service in Canada along with the additional paper work, and added liability that would be extremely onerous for the foreign QP.

There is already existing liability under the legislative framework and to propose consent to submission to jurisdiction provision would appear to be unnecessary. However, a possible advantage to this proposal is that it will perhaps expedite dealing with matters where a problem has arisen. The submission to a jurisdiction by a QP may have some appeal because it would mean that a plaintiff wishing to sue a QP would not have to sue the QP in a foreign jurisdiction, but could sue in Canada. However, this situation, where a QP has been sued, is rare, and for that reason alone, this proposal may be difficult to justify.

There are problems that have arisen as a result of the current CSA prospectus requirements in that some well respected and obviously qualified consulting firms will not prepare reports under NI 43-101 because of the liability concerns. To impose these further proposed conditions on foreign QPs who would otherwise be considered competent to prepare reports, particularly on foreign properties, would be counterproductive and not increase the protection of the public. In fact, this may well lead to situations where foreign professional associations, would impose conditions on Canadian geologists and engineers operating in their countries. That would be extremely detrimental not only to the Canadian mining industry but to all Canadian consultants operating in foreign countries.

The proposed amendment would appear to have little, if any, effect on Canadian registered QPs however, a possible effect may be a potential push-back from foreign associations, and it does not appear to add much in the way of additional protection for the Canadian public.

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GEOSCIENTISTS GÉOSCIENTIFIQUES CANADA

A proposal of this nature would likely close the door to many foreign competent and respected QPs and open the door to other QPs who may not share those same qualities and values. This could lead to the reduction in the effectiveness and efficiency of the original intentions of NI 43 101. It would be ever more difficult to obtain the services of QPs to prepare reports. The net result would be that there would be even fewer QPs prepared to get involved in the preparation of technical reports. From a practical perspective, there appears to be nothing to be gained to such a proposal and much to be lost.

In closing, Geoscientists Canada recommends that this proposed amendment not be implemented.

Yours respectfully submitted,

Greg Finn, P.Geo.
President-Geoscientists Canada

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et
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CANADA

A submission by

The Australasian Institute of Mining and Metallurgy

on the proposal by

Canadian Securities Authorities (CSA)

to extend the requirement for

submission to jurisdiction and

appointment of an agent for service

to include **foreign experts**

14 October 2011

AusIMM Contact:
Michael Catchpole
Chief Executive
The Australasian Institute of Mining and Metallurgy (The AusIMM)
+61 3 9658 6100
mcatchpole@ausimm.com.au

This submission is addressed to Canadian securities regulatory authorities, as below:
British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
New Brunswick Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

The AusIMM submission has been lodged with the following representatives of the Canadian securities regulatory authorities (CSA) in accordance with the CSA's request for comment.

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Alberta Securities Commission
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Calgary, Alberta T2P 0R4
Fax: (403) 297-4482
Email: alex.poole@asc.ca

Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
Fax: 514-864-6381
Email: consultation-en-cours@lautorite.qc.ca

Purpose of Submission
The purpose of The AusIMM's submission is to comment on the proposal by Canadian Securities Authorities (CSA) to extend the requirement to file a non-issuer's submission to jurisdiction and appointment of an agent for service form to foreign experts who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them (and specifically where "foreign experts" is intended by CSA to include Qualified Persons as defined in Canadian National Instrument 43-101).

CSA Proposed Amendments
It is understood that in order to extend the requirement to file a non-issuer's submission to jurisdiction and appointment of an agent for service form to foreign experts, the CSA would propose to amend subparagraph 9.2(a)(vii) of NI 41-101 *General Prospectus Requirements* to include "each person required to file a consent under section 10.1" and section 1.12 of Form 41-101F1 would be amended to encompass "a person who is required to file a consent under section 10.1 of the Instrument". Corresponding changes are also proposed for NI 44-101 and Form 44-101F1.

AusIMM Summary Submission
The AusIMM submits that the proposal to require foreign experts (including Qualified Persons) to file a non-issuer's submission to jurisdiction and appointment of an agent for service form is an unnecessary regulatory impost on the Qualified Person. The proposed regulatory requirements will discourage appropriate Qualified Persons from continuing to provide professional services to listed entities wishing to issue a prospectus or other report in a Canadian jurisdiction. This will significantly reduce the number of suitably-qualified professionals available to Canadian-listed entities and therefore will have the (presumably unintended) consequence of either (a) reducing the quality and reliability of reports, or (b) increasing the costs and time required for the preparation of reports. The further consequence of such outcomes would be a reduction in the number of international companies prepared to list in Canadian jurisdictions and to issue prospectuses and other reports in those jurisdictions.

1. Unnecessary Regulatory Impost
It is noted that a Qualified Person who signs a consent form within a prospectus is stating that the disclosures in the prospectus are the same as those in their technical report, and in doing so the Qualified Person acknowledges liability for the disclosures. Under existing international codes, the Qualified or Competent Person is responsible to the issuer or client company for the information provided in the technical report. Errors or omissions in those reports may be the subject of a civil action for negligence and/or disciplinary actions by the recognised professional body of which the Qualified or Competent Person is a member.

It is appropriate that the issuer, directors and officers who sign the prospectus must file a submission to jurisdiction. The legal responsibility for submission to jurisdiction lies with the listed entity. It is an unnecessary extension of this responsibility to also require the Qualified Person to submit to jurisdiction. It follows that it is therefore unnecessary to require the Qualified Person to appoint an agent for service.

2. Consequences of Proposed Amendments
It is The AusIMM's position that the consequences of the proposed amendments to require foreign experts (including Qualified Persons) to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form will be significant and may include a combination of the consequences below. It is acknowledged that some or many of these consequences may be entirely unintended by the CSA, but they must be considered in any assessment of the likely impacts of the proposed amendments.

Summary of consequences:

- At the least, the proposed amendments will increase the costs for foreign experts operating in Canada through increased professional practice and litigation insurance premiums
- The additional costs of practice and the further complexity of regulation will reduce the number of Qualified Persons willing to prepare reports and therefore the pool of expertise available to Canadian-listed entities
- All of which will make the securing of expert reports more expensive for reporting issuers in Canada. More generally, any increase in regulation will make a Canadian listing less attractive for international issuers

It is of greatest concern that, if implemented, these amendments have the potential to remove the flexibility that Canadian listed mining companies currently have to appoint experts in a particular field or commodity unless those experts meet the requirements for registration in Canada. The List of Accepted Foreign Associations in the NI 43-101 Companion Policy and the objective tests to determine the acceptability of Foreign Associations, such as the Australian and South African Recognised Overseas Professional Organisation (ROPO) systems were developed at the behest of companies that work in multiple jurisdictions to enable companies to appoint experts with the best and most relevant expertise in the field or commodity that is the subject of the report. These proposed changes will restrict the ability of Canadian listed companies to use experts who are not registered in Canada and may result in companies seeking alternative (non-Canadian) listing options.

The proposed amendments would restrict the number of Qualified Persons with experience in relevant types of mineralisation and/or mining operation (particularly on foreign, that is, non-Canadian properties) who were willing to prepare and sign-off on reports for inclusion in prospectuses or other statements subject to Canadian jurisdiction. This would further restrict the quality and relevance of professional advice available to the Canadian investment market.

It has been suggested in some legal advice provided to members that, where a Qualified Person is an employee of an international consulting company, appointment of an agent and submission to jurisdiction could require that company to register in one or more Canadian jurisdictions, thereby requiring the company to submit to all corporate reporting requirements in that jurisdiction – an onerous obligation that would further discourage companies and consultants from operating in or providing their expertise to the Canadian market.

It is not clear on the information provided whether the Qualified Person would have to appoint an agent and submit to jurisdiction in one Canadian jurisdiction, or in each of the potentially 13 jurisdictions that the QP's reports might be distributed via prospectus or other company statement.

Legal advice provided to members suggests that it is possible that if the Qualified Person submits to jurisdiction, they may be required to register under the statutory Acts of one or more Canadian jurisdictions pertaining to registration of professional engineers or geoscientists. Since at least some of the provincial professional engineers and geoscientists organisations have Canadian residential requirements, this would further restrict the pool of Qualified Persons.

Other consequences:

The CSA may wish to consider other consequences of the proposed amendments that could impact on the competitiveness and effectiveness of the Canadian market and the information and services provided to investors. The amendments could:

- Restrict the quality and timeliness of information available to the market
- Reduce the commercial viability and market relevance of the TSX and TSX Venture Exchange by discouraging companies from listing
- Provide home-market advantage to Canadian-registered professionals and Canadian provincial professional bodies in what has till now been an internationalised market
- Further distance the Canadian regulations and Canadian professionals from the spirit and intent of the international ROPO systems and potentially isolate Canadian professionals from participation in the international minerals and investment marketplace

The AusIMM appreciates the opportunity to comment on the proposed amendments on behalf of its members.

Michael Catchpole

14 October 2011

Insight beyond the rating.

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October 14, 2011

To: Members of the Canadian Securities Administrators (the CSA)
British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
New Brunswick Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

Via email to:
alex.poole@asc.ca
consultation-en-cours@lautorite.qc.ca

Re: Proposed Amendments to National Instrument 41-101 General Prospectus Requirements, National Instrument 44-101 Short Form Prospectus Distributions, National Instrument 44-102 Shelf Distributions and National Instrument 81-101 Mutual Fund Prospectus Disclosure and Related Companion Policies (collectively, the Prospectus Rules)

Dear CSA:

DBRS[1] very much appreciates the opportunity to provide the CSA with its comments on the proposed Prospectus Rules.

DBRS is the only Canadian based global credit rating agency (CRA). With headquarters in Toronto and offices in Chicago, London and New York, DBRS' credit ratings, research and financial analysis help investors make informed financial decisions. DBRS' role in Canada is of particular significance, with comprehensive ratings coverage for all provinces, virtually all corporate entities, major banks, insurance companies and asset-backed securities. DBRS is the primary CRA for term securities, commercial paper, and preferred shares, and is the only CRA that focuses on emerging Canadian companies.

DBRS understands that the intent of the proposed Prospectus Rules is to update and modernize the requirements, particularly disclosure by issuers, arrangers and other parties involved in such distributions. As such, DBRS' has focused its comments on one specific area.

DBRS notes that Part 1- Definitions and Interpretations of National Instrument 44-101

[1] DBRS operates its ratings business through DBRS Limited, DBRS, Inc. and DBRS Ratings Limited.

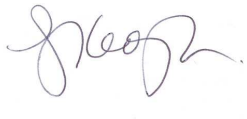
Short Form Prospectus Distributions includes a rating mapping table (table) for long-term debt, short-term debt and preferred shares for approved rating organizations (AROs). Among other AROs[2], it cites DBRS Limited, DBRS' Canadian legal entity.

This table for AROs equates DBRS' BBB long-term rating with its short-term rating of R-2 which is incorrect. In 2006[3], DBRS updated its short-term rating scale and following this, the correct mapping for short-term debt became R-3. That is, DBRS' long-term and short-term mapping should be on par with the other AROs cited in this table. DBRS notes that the term ARO is cited several times in the proposed Prospectus Rules and would want to make certain that any ratings mapping and references in this document and other CSA rules properly reflects DBRS. A comprehensive mapping of DBRS Short-Term and Long-Term Rating Scales can be found on DBRS' public website www.dbrs.com[4].

DBRS also requests that the ARO reference should simply be DBRS as its ratings scales and mapping relates to all DBRS entities.

DBRS appreciates this opportunity to provide its comment and would be pleased to further discuss this matter at your convenience. Please do not hesitate to contact me.

Very truly yours,



Mary Keogh
Managing Director
Global Regulatory Affairs
416.597.3614

[2] Other approved rating organizations cited include Fitch Ratings Ltd., Moody's Investors Service and Standard & Poors.

[3] http://www.dbrs.com/research/209162/dbrs-announces-definitional-revisions-to-short-term-rating-scale.pdf

[4] http://www.dbrs.com/research/236758/short-term-and-long-term-rating-relationships.pdf.

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October 14, 2011

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BY E-MAIL

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
New Brunswick Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

Dear Sirs/Mesdames:

Proposed Amendments to the Prospectus Rules

We are writing to you in response to the Notice and Request for Comment in respect of the proposed amendments (the "Amendments") to National Instruments 41-101, 44-101, 44-102 and 81-101 published in the July 15, 2011 Ontario Securities Commission Bulletin.

In general terms, we support many of the proposed Amendments. We wish, however, to comment on the following aspects of the Amendments.

Personal Information Forms

We are seeking clarification on the requirement to file a personal information form. The new Section 9.1(2)(a) of National Instrument 41-101 provides that an issuer is not required to file a personal information form for an individual if "a personal information form of the individual has been executed by the individual within three years preceding the date of the filing of the preliminary or pro forma long form prospectus". Paragraph (b) of the definition of "personal information form" refers to a "TSX/TSXV personal information form submitted by an individual to the Toronto Stock Exchange or to the TSX Venture

Exchange *to which is attached a completed certificate and consent in the form set out in Schedule 1-Part B of Appendix A*, if the personal information in the form continues to be correct at the time that *the certificate and consent is executed* by the individual". As a result of the inclusion of the highlighted portions in the definition of personal information form, it is unclear whether a certificate and consent attached to a TSX/TSXV personal information form or the actual TSX/TSXV personal information form must have been executed in the prior three years in order to rely on the exemption in Section 9.1(2). Please clarify the intention of the provision.

Non-Issuer Submission to Jurisdiction and Appointment of Agent for Service

We agree with the rationale for requiring all foreign directors of a reporting issuer to submit to the relevant jurisdictions in which securities are being offered by the issuer and to appoint an agent for service in the principal jurisdiction of the issuer. We do not believe however that a similar requirement should be imposed on foreign experts.

In most cases, the issuer will have no control over the expert to require them to submit to the relevant jurisdictions. For example, where an issuer has recently completed a significant acquisition and the financial statements of the target that must be incorporated by reference or included in the prospectus have been audited by a foreign auditor, the issuer will likely have no control over the foreign auditor to cause it to submit to the relevant jurisdictions in which securities are being offered and appoint an agent for service. In addition, many foreign experts will not be familiar with the concept of submitting to a local jurisdiction and appointing an agent for service in connection with an offering of securities. As a result, it will be incumbent on these experts to obtain the necessary legal advice to understand the consequences of these actions, adding delay to a time sensitive process, additional expense and potentially adversely affecting the level of disclosure to the public. Moreover, logistically it will be very difficult for a foreign qualified person to make the necessary arrangements to comply with the proposed requirements in the time frame of an offering, in particular a bought deal due to the fact that they operate in foreign jurisdictions, different time zones and may have to seek their own legal advice.

We note that for U.S. offerings there is not a similar requirement imposed on foreign experts but rather the issuer is required to disclose in its prospectus the difficulty investors may have enforcing rights of action against these experts. The U.S. approach results in less of a financial burden and timing impact on the process. We submit that this approach is adequate and appropriate in the circumstances.

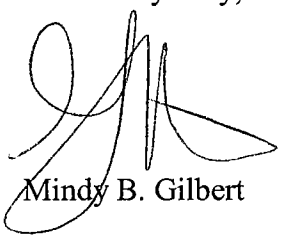
Notice of Intention

While the Amendments relax the requirement to file a notice of intention, we do not see the benefit of requiring an issuer to file a notice of intention in any circumstance. Once the notice of intention is filed, an issuer becomes subject to higher fees when filing its continuous disclosure documents. For this reason, many issuers may not file the notice

upon becoming a reporting issuer. A notice of intention filed at any other time sends a signal to the market, either rightly or wrongly, that a public offering is pending, resulting in an overhang in the market. In addition, many issuers have overlooked this requirement in the past, only to discover it once a bought deal is imminent at which point, given the 10 day waiting period, the transaction is jeopardized absent exemptive relief. It is unclear to us what purpose the notice serves or that, on balance, the benefits of the notice outweigh the disadvantages associated with the requirement, especially where there are clear objective criteria that must be satisfied for an issuer to file a short form prospectus.

If you have any questions regarding the foregoing, please do not hesitate to contact the undersigned at 416.367.6907 or Neil Kravitz at 514.841.6522.

Yours very truly,



Mindy B. Gilbert

ASSOCIATION DES BANQUIERS CANADIENS
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October 14, 2011

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
New Brunswick Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

Attention:

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Email: alex.poole@asc.ca

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Corporate Secretary
Autorité des marchés financiers
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Montréal, Québec H47 1G3
Fax: 514-864-6381
Email: consultation-en-cours@lautorite.qc.ca

Dear Sirs/Madams:

Re: Proposed amendments to prospectus rules

The Canadian Bankers Association ("**CBA**") works on behalf of 52 domestic banks, foreign bank subsidiaries and foreign bank branches operating in Canada and their 267,000 employees. The CBA advocates for effective public policies that contribute to a sound, successful banking system that benefits Canadians and Canada's economy. The CBA also promotes financial literacy to help Canadians make informed financial decisions and works with banks and law enforcement to help protect customers against financial crime and promote fraud awareness.

We appreciate the opportunity to participate in stakeholder consultations regarding the proposal by the Canadian Securities Administrators ("**CSA**") to amend National Instrument 41-101 *General Prospectus Requirements* ("**NI 41-101**"), National Instrument 44-101 *Short Form Prospectus Distributions*, National Instrument 44-102 *Shelf Distributions*, National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, the related companion policies and consequential amendments (together, the "**Proposed Amendments**"). We highlight below for your consideration several select areas of particular concern to the banking industry.

Personal information form requirements

Subject to limited exceptions, the Proposed Amendments would require a reporting issuer to have filed a personal information form (a "**PIF**") for each of its directors, executive officers and promoters prior to any prospectus filing, including long form, short form, shelf and mutual fund prospectus filings. The Proposed Amendments provide an exemption from this new requirement that would be available if: (i) the individual in question has executed a PIF within the previous three years, (ii) the PIF was provided to the regulator (either by that particular issuer if filing is between March 16, 2008 and the effective date of the Proposed Amendments, or any issuer if filing is after the effective date of the Proposed Amendments), and (iii) the issuer provides a certificate confirming that, at the time of the prospectus filing, the responses to specified questions in the previously filed PIF for the relevant director, executive officer or promoter have not changed. This would require an issuer to obtain confirmation of the accuracy of the responses to specified questions in the previously filed PIFs, or any changes thereto, from each of its directors, executive officers and promoters at the time of each prospectus filing.

Under the current rules, an issuer is not required to submit a new PIF for an individual at the time of each prospectus filing if a PIF for the individual has previously been filed, nor is an issuer required to confirm that the information contained in the previously filed PIF of an individual is still correct. We understand that the regulators are concerned about their ability to determine the suitability of directors, executive officers and promoters of a prospectus filing issuer. However, while limiting the currency of a PIF may be reasonable, we believe that the three-year time period and the requirement for issuers to confirm the accuracy of the responses to specified questions in a previously filed PIF for each of its directors, executive officers and promoters for each prospectus filing is onerous.[1] This is especially true for issuers, including our members, who file multiple prospectuses each year. We are concerned that this requirement may hinder the ability of an issuer to proceed with a transaction in a short timeframe, contrary to the principles of short-form prospectus offerings.

In light of the foregoing, we believe that the requirement to file a PIF every five years (which we understand is the current practice of many mutual fund reporting issuers), in combination with the current requirement to provide prospectus disclosure of legal proceedings, cease trade orders, bankruptcies, etc. in respect of directors and executive officers of the prospectus filing issuer, would address the CSA's concern without unnecessarily burdening the industry.

Non-issuer's submission to the jurisdiction and appointment of agent for service

The CSA proposes to expand the existing requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service to all foreign directors of the issuers. Under the current requirement in subparagraph 9.2(a)(vii) of NI 41-101, only a person or company residing outside Canada that is required to sign or provide a certificate included in a prospectus must submit to Canada's jurisdiction and appoint an agent in Canada. We understand that the rationale behind the CSA's proposal is that all directors are liable under Canada's statutory regime for misrepresentations contained in the prospectus. We ask the CSA to carefully weigh

[1] In fact, delivery of PIFs under the current regime is already onerous. Our members receive constant feedback from directors and officers to this effect.

the benefits of the intended effect of this Proposed Amendment against any unintended consequences, such as hindering the willingness of foreign issuers to distribute securities in Canada and dissuading foreign directors from acting on the boards of Canadian companies. We are not aware that the absence of a requirement to submit to Canada's jurisdiction has raised any problems for securities regulators. In the absence of any such problems, we believe that the change is unnecessary.

Principal distributor certificate for investment funds

The CSA proposes to amend the principal distributor certificate required by Form 81-101F2 *Contents of Annual Information Form* ("**Form 81-101F2**") to require a principal distributor of a mutual fund to provide the same certificate as the mutual fund and the manager of the mutual fund. Among other things, the CSA proposes to remove "to the best of our knowledge, information and belief" qualification from the principal distributor certificate. As such, principal distributors of mutual funds would be required to certify that the annual information form, together with the simplified prospectus and the documents incorporated by reference therein, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus and do not contain misrepresentations, without the benefit of the best of knowledge, information and belief qualification. Similarly, in a Proposed Amendment to Form 41-101F2 *Information Required in an Investment Fund Prospec*tus ("**Form 41-101F2**" and, together with Form 81-101F2, the "**Forms**"), the CSA proposes to require a certificate of the principal distributor of the investment fund, if there is one, to be in the same form as the certificate of the investment fund and the manager of the investment fund.

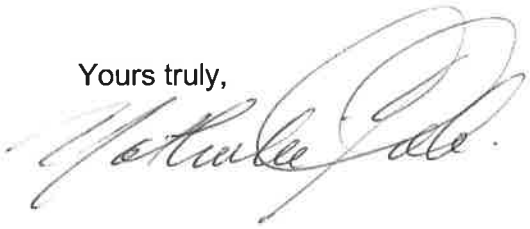
We are concerned about these Proposed Amendments for several reasons. The role of a principal distributor of an investment fund (including a mutual fund) is much more limited that that of the investment fund and the manager of the investment fund. While a principal distributor of an investment fund should have the ability to conduct a due diligence review of the investment fund for which it acts as the principal distributor, it is not directly involved in the creation of the investment fund or in its ongoing operations. The investment fund and the manager of the investment fund are involved in such matters and, as such, they are in a much better position to certify the disclosure. As a result, we do not believe that a principal distributor of an investment fund should be held to the same standard as the investment fund and the manager of the investment fund when certifying disclosure pursuant to the Forms.

We are also concerned about the impact of these Proposed Amendments on a principal distributor's liability for disclosure, as the requirement to certify disclosure to the best of knowledge, information and belief is consistent with the due diligence defence which is available under the securities legislation.[2]

In light of the foregoing, we believe that the "to the best of our knowledge, information and belief" language should not be removed from the principal distributor certificate required by Form 81-101F2, and that the same qualification should apply to the principal distributor certificate required by Form 41-101F2. We ask the CSA to reconsider these Proposed Amendments.

We appreciate the opportunity to comment on the Proposed Amendments. We would be pleased to discuss our comments with your in further detail.

Yours truly,



[2] For instance, in Ontario, such defence is available pursuant to section 130(5) of the *Securities Act* (Ontario).

14 October 2011

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
New Brunswick Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

Attention: Ms. Alex Poole
Senior Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4
Fax: (403) 297-4482
Email: alex.poole@asc.ca

Dear Ms. Poole:

Re: Request for Comments – Proposed Amendments to NI 41-101

I am registered as a Professional Geologist with the Association of Professional Engineers and Geoscientist of British Columbia. I regularly act as a Qualified Person with respect to NI 43-101 Technical Reports filed by issuers reporting in jurisdictions in Canada.

I am responding to the request for comments on the Proposed Amendments to the Prospectus Rules and specifically CSA's Proposed Amendments to further extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to all foreign experts who have consented to the disclosure in a prospectus of information.

Question
(a) Do you believe that it is appropriate to extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to foreign experts who have consented to the disclosure in a prospectus of information from report, opinion or statement made by them given that these persons are liable under our statutory liability regime for misrepresentations in the prospectus that are derived from that report, opinion or statement?

Answer
No, I do not believe this is appropriate. I do not believe the convenience to investors afforded by this proposed rule change is commensurate with the negative repercussions this change will likely cause. A possible side effect of the proposed amendment could be that foreign QP's may be uncertain about the obligations and associated costs required to meet the submission to jurisdiction and appointment of an agent requirement. They may decline to participate in writing Technical Reports or other types of expert reports for companies listed in Canada. In addition some foreign jurisdictions may view this new requirement as a barrier to their resident professionals participating in the preparation of expert reports and impose regulatory counter measures on Canadian based experts that would impede Canadian QP's ability to prepare expert reports on projects in the foreign jurisdiction. Both of these consequences could harm Canada's position as a technical and financial leader in the mining industry.

Question
(b) If foreign experts are required to file a non-issuers' submission to the jurisdiction and appointment of an agent for service form, do you anticipate that this obligation will impose any significant practical or financial burden on these experts or issuers?

Answer
Yes, I believe this obligation will cause a significant practical and financial burden to foreign experts. The requirement to appoint an agent may necessitate an agent in each jurisdiction the issuer reports in. The requirement to submit to the jurisdiction may result in the requirement of the foreign expert to register with the professional association in each jurisdiction even if the project is outside of Canada. The costs for compliance could be substantial.

Question
Would your response change if the form requirement for foreign experts only concerned either submission to the jurisdiction or an appointment of an agent for service?

No, my response would not change.

I recommend the proposed amendment to extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to all foreign experts who have consented to the disclosure in a prospectus of information not be implemented.

Yours Truly,

Greg Kulla, P.Geo

Phone 604 374 8507
Email gkulla@shaw.ca

14 October 2011

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

Attention: Ms. Alex Poole
Senior Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4
Fax: (403) 297-4482
Email: alex.poole@asc.ca

Dear Ms. Poole:

Re: Request for Comments – Proposed Amendments to NI 41-101

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Question
(a) Do you believe that it is appropriate to extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to foreign experts who have consented to the disclosure in a prospectus of information from report, opinion or statement made by them given that these persons are liable under our statutory liability regime for misrepresentations in the prospectus that are derived from that report, opinion or statement?

Answer
No, I do not believe this would achieve a beneficial result. The convenience to investors afforded by this proposed rule change is outbalanced by the negative repercussions this change will probably result in. It is likely that the proposed amendment will cause foreign QP's to be uncertain about the obligations and associated costs required to meet the submission to jurisdiction and appointment of an agent requirement. Many will probably just decline to participate in writing Technical Reports for companies listed in Canada. It is likely that foreign jurisdictions will view this new rule as a barrier to their resident professionals producing expert reports and impose regulatory counter measures on Canadian based experts such as myself. This would impede my and other Canadian QP's ability to prepare expert reports on projects in the foreign jurisdiction. Either of these likely results would harm Canada's position in the world as a technical and financial leader in the mining industry.

Question
(b) If foreign experts are required to file a non-issuers' submission to the jurisdiction and appointment of an agent for service form, do you anticipate that this obligation will impose any significant practical or financial burden on these experts or issuers?

Answer
Yes, I believe this obligation will cause a significant practical and financial burden to foreign experts. The requirement to appoint an agent may necessitate an agent in each jurisdiction the issuer reports in. The requirement to submit to the jurisdiction may result in the requirement of the foreign expert to register with the professional association in each jurisdiction even if the project is outside of Canada. The costs for compliance could be substantial.

Question
Would your response change if the form requirement for foreign experts only concerned either submission to the jurisdiction or an appointment of an agent for service?

No, my response would not change.

It is my opinion that the proposed amendment to extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to all foreign experts who have consented to the disclosure in a prospectus of information should not be implemented.

Regards,

'Ignacy Lipiec'

Ignacy A. Lipiec, P.Eng
5409 Blueberry Lane
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tony.king.one@hotmail.com

PERC PAN-EUROPEAN RESERVES & RESOURCES REPORTING COMMITTEE

CRIRSCO

PERC SUBMISSION TO CSA

14 OCTOBER, 2011

Proposed Amendments to National Instrument 41-101 General Prospectus Requirements and Companion Policy 41-101CP to National Instrument 41-101 General Prospectus Requirements, and other proposed amendments, dated July 15, 2011.

1. INTRODUCTION

The Pan-European Reserves & Resources Reporting Committee (PERC) is a committee that represents four parent professional organisations: the European Federation of Geologists; the Institute of Materials, Minerals, and Mining; the Geological Society; and the Institute of Geologists of Ireland. These organisations represent a very large membership of professional geologists across Europe and worldwide.

PERC is a member organisation of CRIRSCO, the Committee for Mineral Reserves International Reporting Standards.

The role of PERC and other CRIRSCO members (which include also the Canadian Institute of Mining, Metallurgy and Petroleum (CIM)) is to define standards and promote best practice in public reporting of exploration results, mineral resources and mineral reserves. In Canada, the standards defined by CIM are incorporated into the NI 43-101 rules.

I refer to paragraph (g) on page 7 and the related request for comments on page 13 of the CSA consultation document. We are concerned that the proposed amendments to NI 41-101 conflict with the evolving international system of mutual recognition of professionals acting as "Qualified Persons" (in Canada) or "Competent Persons" (in many other jurisdictions), and in particular are also inconsistent with both previous and new provisions of NI 43-101.

We also consider that the proposed additional requirements on “Qualified Persons” are unnecessary given that satisfactory legal safeguards already exist to protect Canadian investors. We fear that the changes, if implemented, will give rise to serious unintended consequences relating to the availability of properly qualified and experienced professionals to prepare and sign off these vital reports, and may also lead mineral companies to choose to list elsewhere.

2. PERC COMMENTS IN DETAIL

1 - The proposed amendments would effectively put serious hurdles in the way of any consultant from outside Canada, and in particular from those consultants who are in small firms or are independent and who do not have existing offices or agents in Canada for whom the requirement to register or set up an agent there, perhaps for a single consulting assignment, is simply an unacceptable financial burden.

2 - Furthermore the concept of direct legal liability of "Qualified Person" (QP) consultants runs counter to the well established principle that it is the Issuer who is liable. The risk that a foreign QP

could be sued in a Canadian court could additionally impose severe financial burdens whether he or she wins or loses the case.

We consider that the proposed requirement for QPs to sign a paper accepting Canadian jurisdiction, and appoint an agent in Canada, is unnecessary and provides no greater protection or access to justice for a Canadian investor. For a civil case, if the QP is resident overseas it could still be very difficult for a Canadian plaintiff or prosecutor to ensure that the QP actually turns up to answer charges. For a criminal case (e.g. fraud) there are extradition treaties that can already be invoked. Most cases would be civil, and we therefore don't see how the proposed amendments would do anything beyond imposing additional costs on the QP and providing a false sense of security for the Canadian investor.

A very carefully conceived system is in place through the CRIRSCO reporting codes to ensure that the QP/CP is personally responsible to the issuer/company for the reliability of his/her reporting (i.e. liable to be sued in the civil courts for misconduct or negligence) and subject to disciplinary sanctions from their professional body if they transgress. The principal legal responsibility for a report should be with the issuer/company that commissioned it. Clearly, if a CP/QP were to commit fraud, they would already be liable to criminal prosecution in any event without the proposed new arrangements - and the issuer/company too.

3 - The reviewers of NI 43-101 went to great lengths to ensure that all the professional bodies and grades of membership listed there as suitable for QP/CP reporting under NI 43-101 encapsulated the important principle that CPs/QPs could be disciplined by their home organisation wherever in the world they were operating - indeed, we understand that some US state registration/licensing authorities were de-listed this time on the basis that they were not able to discipline members/registrants/licence holders outside their home state. On that point alone, the proposals for 41-101 look inconsistent with 43-101 and they endanger the CRIRSCO values and safeguards, which are designed to achieve (and in practice do achieve) a proper chain of international accountability - which the proposed change would not only fail to achieve but might entirely undermine.

4 - One consequence of the proposed amendments, for the Canadian mining industry, would be a shortage of Qualified Persons to sign off the geological parts of prospectuses – and this could therefore become a serious brake on development of minerals projects in Canada. Foreign mining engineers and geoscientists would be reluctant to take on a role which carries onerous additional registration requirements (for foreign resident QPs).

5 - In terms of the global mining industry, such new and additional restrictions by the Canadian authorities are likely to result in similar retaliatory regulations elsewhere, with a resulting breakdown of the system which has been carefully achieved, of international mutual recognition of professional qualifications. This would lead inevitably to restrictions in international opportunities for Canadian geological consultants.

6 - One direct result of the proposed amendments is that Canada would be less attractive as a jurisdiction under which mining companies wish to be listed. Many minerals companies which might otherwise have listed in Canada would now choose to list elsewhere, such as in London, where requirements are perceived to be less onerous and in particular where there would be less of a disincentive to QPs / CPs to sign off reports.

3. CONCLUSIONS

Should these amendments be enacted without substantial modification, there is a serious probability that it will be the end of the international Qualified Person/Competent Person system as we know it.

The proposed amendments would introduce an unnecessary new financial burden for foreign QPs and as a result there is a risk that many foreign QPs will not prepare technical reports for Canadian companies, reducing the pool of expertise available to these companies.

Another consequence might be a progressive transfer of listings from Canadian capital markets to markets elsewhere such as London where regulation is perceived to be less onerous.

ANSWERS TO QUESTIONS POSED (ON PAGE 13)

(a) Do you believe that it is appropriate to extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to foreign experts who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them given that these persons are liable under our statutory liability regime for misrepresentations in the prospectus that are derived from that report, opinion or statement?

Answer: No, we do not believe it is appropriate. Our reasoning is explained in detail above.

(b) If foreign experts are required to file a non-issuers' submission to the jurisdiction and appointment of an agent for service form, do you anticipate that this obligation will impose any significant practical or financial burden on these experts or issuers?

Answer: We believe the requirement would impose significant practical and financial burden on both the experts and the issuers employing the experts. Our reasoning for this is explained in detail above.

Would your response change if the form requirement for foreign experts only concerned either submission to the jurisdiction or an appointment of an agent for service?

Answer: No, it would not.

Dr Stephen Henley, CEng, FIMMM, FGS
Deputy Chairman, PERC
PERC Representative, CRIRSCO

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Registered office: 185 Starkholmes Road, Starkholmes, Matlock, Derbyshire DE4 5JA, UK

SUBMISSION TO CSA BY
RESOURCES COMPUTING INTERNATIONAL LTD
14 OCTOBER, 2011

Proposed Amendments to National Instrument 41-101 General Prospectus Requirements and Companion Policy 41-101CP to National Instrument 41-101 General Prospectus Requirements, and other proposed amendments, dated July 15, 2011.

1. INTRODUCTION

Resources Computing International Ltd (RCI) is a small independent geological consulting firm based in England. We have carried out a wide variety of resources estimation projects and prepared many reports either independently or as team members, as Qualified Persons (in Canada) and Competent Persons (elsewhere).

I refer to paragraph (g) on page 7 and the related request for comments on page 13 of the CSA consultation document. I am concerned that the proposed amendments to NI 41-101 conflict with the evolving international system of mutual recognition of professionals acting as "Qualified Persons" (in Canada) or "Competent Persons" (in many other jurisdictions), and in particular are also inconsistent with both previous and new provisions of NI 43-101.

I also consider that the proposed additional requirements on “Qualified Persons” are unnecessary given that satisfactory legal safeguards already exist to protect Canadian investors. I fear that the changes, if implemented, will give rise to serious unintended consequences relating to the availability of properly qualified and experienced professionals to prepare and sign off these vital reports, and may also lead mineral companies to choose to list elsewhere.

2. COMMENTS IN DETAIL

1 - The proposed amendments would effectively put serious hurdles in the way of any consultant from outside Canada, and in particular from those consultants who are in small firms like RCI or are independent and who do not have existing offices or agents in Canada for whom the requirement to register or set up an agent there, perhaps for a single consulting assignment, is simply an unacceptable financial burden.

2 - Furthermore the concept of direct legal liability of "Qualified Person" (QP) consultants runs counter to the well established principle that it is the Issuer who is liable. The risk that a foreign QP could be sued in a Canadian court could additionally impose severe financial burdens whether he or she wins or loses the case.

I consider that the proposed requirement for QPs to sign a paper accepting Canadian jurisdiction, and appoint an agent in Canada, is unnecessary and provides no greater protection or access to

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justice for a Canadian investor. For a civil case, if the QP is resident overseas it could still be very difficult for a Canadian plaintiff or prosecutor to ensure that the QP actually turns up to answer charges. For a criminal case (e.g. fraud) there are extradition treaties that can already be invoked. Most cases would be civil, and I therefore don't see how the proposed amendments would do anything beyond imposing additional costs on the QP and providing a false sense of security for the Canadian investor.

A very carefully conceived system is in place through the CRIRSCO reporting codes to ensure that the QP/CP is personally responsible to the issuer/company for the reliability of his/her reporting (i.e. liable to be sued in the civil courts for misconduct or negligence) and subject to disciplinary sanctions from their professional body if they transgress. The principal legal responsibility for a report should be with the issuer/company that commissioned it. Clearly, if a CP/QP were to commit fraud, they would already be liable to criminal prosecution in any event without the proposed new arrangements - and the issuer/company too.

3 - The reviewers of NI 43-101 went to great lengths to ensure that all the professional bodies and grades of membership listed there as suitable for QP/CP reporting under NI 43-101 encapsulated the important principle that CPs/QPs could be disciplined by their home organisation wherever in the world they were operating - indeed, I understand that some US state registration/licensing authorities were de-listed this time on the basis that they were not able to discipline members/registrants/licence holders outside their home state. On that point alone, the proposals for 41-101 look inconsistent with 43-101 and they endanger the CRIRSCO values and safeguards, which are designed to achieve (and in practice do achieve) a proper chain of international accountability - which the proposed change would not only fail to achieve but might entirely undermine.

4 - One consequence of the proposed amendments, for the Canadian mining industry, would be a shortage of Qualified Persons to sign off the geological parts of prospectuses – and this could therefore become a serious brake on development of minerals projects in Canada. Foreign mining engineers and geoscientists would be reluctant to take on a role which carries onerous additional registration requirements (for foreign resident QPs).

5 - In terms of the global mining industry, such new and additional restrictions by the Canadian authorities are likely to result in similar retaliatory regulations elsewhere, with a resulting breakdown of the system which has been carefully achieved, of international mutual recognition of professional qualifications. This would lead inevitably to restrictions in international opportunities for Canadian geological consultants.

6 - One direct result of the proposed amendments is that Canada would be less attractive as a jurisdiction under which mining companies wish to be listed. Many minerals companies which might otherwise have listed in Canada would now choose to list elsewhere, such as in London, where requirements are perceived to be less onerous and in particular where there would be less of a disincentive to QPs / CPs to sign off reports. While personally I might benefit from such a transfer of business, I do not consider it healthy that decisions on where best to raise capital should be distorted by what seem to me to be ill-considered regulatory factors.

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3. CONCLUSIONS

Should these amendments be enacted without substantial modification, there is a serious probability that it will be the end of the international Qualified Person/Competent Person system as we know it.

The proposed amendments would introduce an unnecessary new financial burden for foreign QPs and as a result there is a risk that many foreign QPs will not prepare technical reports for Canadian companies, reducing the pool of expertise available to these companies. On behalf of my own company I can write with certainty that although RCI accepts and is prepared to work within the new NI 43-101 regime, the proposals for 41-101 go too far and RCI would not be prepared to undertake any future QP assignments if they were enacted.

This is not necessarily a trivial matter. Despite its small size, RCI has an experience/expertise profile which is hard to find and may not be easily replaceable within Canadian firms: a combination of experience with the CRIRSCO and NI 43-101 reporting regimes, many years of work with the Russian mining industry and reporting systems, and fluency in the Russian language. We have advised and carried out work for Canadian-listed companies precisely because of this background. If such companies were in future unable to source specialist expertise wherever in the world it is available, they would be at a global competitive disadvantage.

Another consequence, therefore, might be a progressive transfer of listings from Canadian capital markets to markets elsewhere such as London where regulation is perceived to be less onerous.

ANSWERS TO QUESTIONS POSED (ON PAGE 13)

(a) Do you believe that it is appropriate to extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to foreign experts who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them given that these persons are liable under our statutory liability regime for misrepresentations in the prospectus that are derived from that report, opinion or statement?
Answer: No, I do not believe it is appropriate. My reasoning is explained in detail above.

(b) If foreign experts are required to file a non-issuers' submission to the jurisdiction and appointment of an agent for service form, do you anticipate that this obligation will impose any significant practical or financial burden on these experts or issuers?
Answer: I believe the requirement would impose significant practical and financial burden on both the experts and the issuers employing the experts. My reasoning for this is explained in detail above.

Would your response change if the form requirement for foreign experts only concerned either submission to the jurisdiction or an appointment of an agent for service?
Answer: No, it would not.

Dr Stephen Henley, CEng, FIMMM, FGS
Managing Director
Resources Computing International Ltd

SME Society for Mining, Metallurgy & Exploration

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October 14, 2011

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
New Brunswick Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

Attention: Ms. Alex Poole
Senior Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4
Fax: (403) 297-4482
Email: alex.poole@asc.ca

Dear Ms. Poole:

Re: Request for Comments – Proposed Amendments to NI 41-101

The Society for Mining, Metallurgy and Exploration (SME) is a professional society whose nearly 14,000 members represent professionals serving the minerals industry in more than 85 countries. SME members are engineers, geologists, metallurgists, educators, students, and researchers. SME advances the worldwide minerals community through information exchange and professional development. Within the society, we have a membership class, Registered Member, that is an Accepted Foreign Association in the updated Canadian NI43-101 legislation that allows Registered Members to act as Qualified Persons for Mineral Projects. This Registered Member class has over 500 members enabled to act as Competent/Qualified Persons within the international mining industry.

The Canadian Securities Administrators have requested comments on Proposed Amendments to National Instrument 41-101 General Prospectus Requirements and Companion Policy 41-101CP, and other proposed amendments, dated July 15, 2011.

This letter responds to issues the SME has identified with the proposed amendments that we believe will be potentially harmful to the alignment of international reporting standards as embodied by the CRIRSCO template with which our SME Guide for Reporting Exploration Information, Mineral Resources and Mineral Reserves and the Definition Standards of our sister society the CIM are aligned.

INTRODUCTION

SME is a founding member organization of CRIRSCO, the Committee for Mineral Reserves International Reporting Standards. CRIRSCO founding members also include the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), Joint (Australasian) Ore Reserves Committee (JORC), the South African Mineral Resources and Mineral Reserves Committee (SAMREC), the Comision Minera de Chile, and the Institution of Mining and Metallurgy reserves committee in the UK, now succeeded by the Pan-European Reserves & Resources Reporting Committee (PERC). CRIRSCO's goal is to define standards and promote best practice in public reporting of Exploration Results, Mineral Resources and Mineral Reserves. CIM Best Practice Guidelines are referenced in the Companion Policy of NI 43-101, and definitions from the CIM Definition Standards for Mineral Resources and Mineral Reserves have been incorporated by reference into NI 43-101. These standards are aligned with CRIRSCO standards as set forth in a Template to which all of the committees mentioned above have subscribed.

Our response is focussed on paragraph (g) of page 7 and the related request for comments on page 13 of the CSA consultation document. We share concerns as have other CRIRSCO members, that the proposed amendments to NI 41-101 will conflict with the evolving international system of mutual recognition of professionals acting as "Qualified Persons" (in Canada) or "Competent Persons" (in many other countries).

COMMENTS

In the SME's opinion, the proposed amendments will likely create significant hardship for non-Canadian consultants, particularly from small firms or independents acting as Qualified Persons (QPs) or experts. This hardship will result from the proposed requirement for appointing an agent for service in Canada in multiple jurisdictions. The proposed requirement could have the following consequences:

1. Foreign QPs and experts could decline to author technical documents that may be filed with Canadian securities regulators. For many mineral deposits, particularly those located outside Canada, the best qualified QP or expert may be a foreign professional. The proposed requirement could result in use of less qualified QPs and in the degradation of the quality of NI43-101 compliant technical reports that may be harmful to investors, their financial advisors and government.

2. If they did agree to author expert reports that could be referenced in future prospectus filings, QPs would have to find and appoint agents, pay fees and possibly register themselves or their firms with provincial professional associations and government

agencies. This will add costs to preparation of technical reports and possibly would delay their issuance while suitable agents and/or registrations are sought.

3. Where foreign QPs are involved, they could reasonably expect their clients to handle finding and appointing agents in various Canadian jurisdictions. In response companies could well decide it would simply be easier to list and/or raise capital in other countries. The proposed requirements could therefore reduce Canada's competitiveness and leadership role as a favoured jurisdiction for mining companies to be listed and to raise capital for mining projects.

We strongly believe that the concept of the QP or Competent Person (CP) embodied in the family of CRIRSCO compliant codes provides a great deal of assurance that public disclosure will be transparent, material and accurate. All QPs/CPs must have a university degree in geosciences or mining/metallurgical engineering and at least five years of relevant experience and must be members of a professional association with disciplinary powers, including the power to expel a member. These values and safeguards are designed to achieve (and in practice do achieve) a proper chain of accountability. Complaints against QPs are rare, and resort to legal action is even rarer. Given this, the benefits of finding and appointing agents in Canadian jurisdictions do not justify the costs and may result in unintended consequences detrimental to the Canadian capital markets as related above.

The SME is a strong supporter of CRIRSCO's efforts to bring consistency and stability within mining markets through promulgation of standard reporting practices for Exploration Information, Mineral Resources and Mineral Reserves, using QPs that can freely practice within many countries. The CSA's proposed requirements could likely result in retaliatory regulations elsewhere, further eroding the CRIRSCO reporting systems in both countries with existing CRIRSCO codes and in emerging markets which are looking to CRIRSCO and its members for assistance in developing their own reporting codes.

ANSWERS TO QUESTIONS POSED IN THE CSA REQUEST FOR COMMENTS

(a) Do you believe that it is appropriate to extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to foreign experts who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them given that these persons are liable under our statutory liability regime for misrepresentations in the prospectus that are derived from that report, opinion or statement?

Answer: No we do not believe it is appropriate. Our reasoning is explained above.

(b) If foreign experts are required to file a non-issuers' submission to the jurisdiction and appointment of an agent for service form, do you anticipate that this obligation will impose any significant practical or financial burden on these experts or issuers?

Answer: We believe the obligation will impose significant practical and financial burden on both the experts and the issuers employing the experts. Our reasoning for this is explained above.

Would your response change if the form requirement for foreign experts only concerned either submission to the jurisdiction or an appointment of an agent for service?

Answer: No it would not.

CONCLUSION

We recommend that the proposed requirement for submission of QPs and experts to jurisdiction and appointment of agents for service should not be enacted.

David L. Kanagy, CAE
Executive Director, SME

Cc: John Murphy, 2011 SME President

CANADIAN INSTITUTE OF MINING, METALLURGY AND PETROLEUM

Chuck Edwards
President 2011- 2012

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October 14, 2011

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission - Securities Division
Manitoba Securities Commission
Ontario Securities Commission
Autorite des marches financiers
New Brunswick Securities Commission
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendant of Securities, Northwest Territories
Superintendant of Securities, Yukon Territory
Superintendant of Securities, Nunavut

Dear Ms. Poole:

Re: Notice and Request for Comment: Proposed Amendments to National Instrument 41-101

On July 15th 2011, the Canadian Securities Administrators requested comments on a number of amendments which included proposed amendments to:

- National Instrument 41-101 *General Prospectus Requirements*
- Companion Policy 41-101CP to National Instrument 41-101 *General Prospectus Requirements*

The *Canadian Institute of Mining, Metallurgy and Petroleum* (CIM), *Standing Committee on Reserve Definitions* appreciates the opportunity to provide comment on page 7 paragraph (g) and page 13 of the July 15th CSA *Notice and Request for Comment*.

In our opinion, imposing additional burdens on *Foreign Qualified Persons* (QPs) is potentially damaging to the Canadian mining industry and unnecessary since foreign QPs must be registered with professional bodies listed in National Instrument 43-101 Companion Policy (Appendix A). As a CRIRSCO member (Committee for Mineral Reserve International Reporting Standards), we share the concern that these amendments deviate from the evolving international system of mutually recognized professional bodies for Qualified Persons.

Comments

The *CIM Standing Committee on Reserve Definitions* believes the proposed requirements for foreign QPs to file a "non-issuers submission to jurisdiction" and to appoint an "agent for service" in Canada will impose sufficient hardship to discourage foreign QPs from authoring Technical Reports required by Canadian securities law. Anticipated consequences to Canada include:

a) Increased shortage of "Qualified Persons" in an already tight market

b) Increased difficulty in attracting the most qualified professionals in an increasingly global mining industry. Canadian companies frequently evaluate mineral deposits which are not typical to Canada. For these projects, companies and investors rely on the specialized experience of foreign QPs.

c) Canada may lose its dominant position as a preferred location for international mining companies to list and raise capital. Exploration and mining companies may well decide to list in jurisdictions where their QPs are willing to prepare technical reports to support prospectus disclosure.

The proposed extension of the requirement on foreign directors to appoint an "agent for service" in Canada to a foreign QP appears unnecessary. Unlike a foreign director, who could easily change address without notice, a foreign QP must be registered with a recognized professional body. As a result, the QP can be readily contacted. Since the QP is already liable for the quality of opinions provided, these measures would not improve investor protection.

As one of the founding members of CRIRSCO, the CIM strongly supports CRIRSCO's goal in promoting consistent, best practice disclosure within the international mining community. CIM *Definition Standards* and *Best Practice Guidelines*, which are referenced by NI43-101, are aligned with standards in the CRIRSCO Template and other CRIRSCO members.

As a CRIRSCO member, we share the concern expressed by other members that these amendments deviate from the evolving international system of mutually recognized professional bodies and Qualified Persons. The *CIM Standing Committee on Reserve Definitions* is concerned our foreign colleagues will perceive the proposed CSA amendments as barriers to foreign experts preparing technical reports to support prospectus disclosure in Canada and a move towards isolation from the international mining community.

Answers to Questions on Page 13

(a) Do you believe that it is appropriate to extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to foreign experts who have consented to the disclosure in a prospectus of information from a

report, opinion or statement made by them given that these persons are liable under our statutory liability regime for misrepresentations in the prospectus that are derived from that report, opinion or statement?

Answer: No - As discussed above, we do not believe it is appropriate.

(b) If foreign experts are required to file a non-issuers' submission to the jurisdiction and appointment of an agent for service form, do you anticipate that this obligation will impose any significant practical or financial burden on these experts or issuers?

Answer: Yes - We believe the obligation will impose significant practical and financial burden on the expert and the issuer. Our reasoning for this is explained above.

Would your response change if the form requirement for foreign experts only concerned either submission to the jurisdiction or an appointment of an agent for service?

Answer: No.

Regards

Paul C. Bankes
Chairperson
CIM Standing Committee on Reserve Definitions

October 14, 2011

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
New Brunswick Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

Attention: Ms. Alex Poole
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Alberta Securities Commission
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Calgary, Alberta T2P 0R4
Fax: (403) 297-4482
Email: alex.poole@asc.ca

Dear Ms. Poole:

Re: Comments – Proposed Amendments to NI 41-101 *General Prospectus Requirements*

For more than 60 years, AMEC has provided a full range of services for mining and metals projects. We have more than 3,500 people on five continents who apply their skills and experience to mining developments in nearly 100 countries. AMEC draws on the resources of more than 27,000 engineering and project management personnel worldwide. As such, we are uniquely qualified to assess the potential consequences of the proposal to extend the requirement to file a submission to jurisdiction and appointment of agent for service form to all foreign experts.

AMEC is one of the few remaining, full service engineering consulting firms that are capable of, and willing to produce NI 43-101 technical reports on advanced mining projects. It is our observation and experience that many of the larger engineering firms will not allow their experts to be named in documents filed with securities regulators in Canada. The reason often cited by these consulting firms is their unwillingness to be exposed to the civil liability provisions under Canadian provincial securities laws. Rather than encourage a higher standard of expert reports, it is our observation that the civil liability provisions under the respective Canadian provincial and territorial Securities Acts have reduced the pool of qualified consultants capable of producing high quality expert reports that can be referenced in public documents.

It is our view that the proposed changes to NI 41-101 will dissuade even more consulting firms, large and small, from providing expert reports to mining and exploration companies reporting in a jurisdiction in Canada. This will reduce the pool of available consultants for Canadian reporting issuers, which will increase the costs and likely reduce the quality of the expert reports that can be obtained.

Our concerns are specific to: ***Part I - Key Proposed Amendments Generally Applicable to Issuers*; (g) Non-Issuer's Submission to the Jurisdiction and Appointment of Agent for Service**, - **Potential further extension of filing requirement to foreign experts**.

Questions relating to Non-Issuer's Submission to the Jurisdiction and Appointment of Agent for Service

(a) Do you believe that it is appropriate to extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to foreign experts who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them given that these persons are liable under our statutory liability regime for misrepresentations in the prospectus that are derived from that report, opinion or statement?

Answer: No, we do not believe that this proposed extension is appropriate. Any convenience afforded to investors purchasing shares off a prospectus by having foreign experts file a non-issuer's submission to the jurisdiction and appointment of an agent for service, will be counteracted by the likely negative effects this proposed rule change will cause to those same investors. Our reasoning is as follows:

1. Our view is that many of the foreign experts subject to this proposed amendment, are likely to be uncertain about the obligations and associated costs required to meet the submission to jurisdiction and appointment of an agent requirement. They may just decline to participate in writing Technical Reports or other types of expert reports for companies listed or planning to list in Canada. This could significantly reduce the number and quality of the experts available to Canadian reporting companies. This reduced pool of qualified experts would likely cause increased cost to issuers for the preparation of the expert reports, as well as delays in getting the expert reports prepared, and possibly result in poorer quality expert reports and technical disclosure. As a consequence of this, Canada could lose its position as the preferred listing jurisdiction for public mining and exploration companies. This could potentially cost Canada significant economic activity associated with all of the service companies that support these listed companies.

2. Some foreign jurisdictions may view this proposed new requirement on foreign experts as an unfair barrier to their resident professionals participating in the preparation of expert reports for issuers reporting in Canada, and impose their own regulatory counter measures on Canadian based experts. This could impede Canadian experts' ability to prepare expert reports on projects in those foreign jurisdictions. Canada could lose its position as a leading provider of global mining support services. This could potentially cost Canada significant economic activity associated with all of the service companies based in Canada that support the global

mining industry.

3. Additional negative effects that would be detrimental to issuers and their investors are explained in the answer to the question below.

(b) If foreign experts are required to file a non-issuers' submission to the jurisdiction and appointment of an agent for service form, do you anticipate that this obligation will impose any significant practical or financial burden on these experts or issuers?

Answer: We believe the obligation will impose significant practical and financial burden on both the experts and the issuers employing the experts. We do not believe that any convenience offered to investors by this proposed rule change justifies the risk of negative consequences that may result. Our reasoning is as follows:

1. Many issuers in Canada take advantage of NI 44-101 *Short Form Prospectus Distributions* when filing a prospectus. The short form prospectus facilitates quick access to the capital market for finance, by relying on an issuer's continuous disclosure record and incorporating many of its previously filed documents by reference into the prospectus. It is AMEC's experience that many of the expert reports referenced directly in a prospectus or in documents incorporated by reference, were prepared years before the prospectus filing. Under the proposed rule change to NI 41-101, foreign based authors of expert reports, including authors of technical reports filed under NI 43-101, will be required to appoint an agent for service. Issuers will likely find many of the foreign experts will not be knowledgeable of the details of Canadian provincial securities laws, and will not be aware that they may be asked to provide an agent for service in each jurisdiction in Canada where a prospectus may be filed. The proposed rule change will cause an uncertainty for issuers filing prospectuses in Canada as to whether the foreign experts referenced in their prospectus will be willing or able to provide an agent for service for each jurisdiction in which the prospectus is to be filed on a timely basis. Short form prospectuses are frequently arranged with short notice, and experts will have little time to arrange for an agent for service. This can cause significant delays in the receipt of the prospectus such that penalties may be incurred or the issuer may lose the finance and miss its market window.

2. Issuers recognizing the uncertainty in being able to have their foreign experts complete the appointment of agent form in the prospectus may choose to avoid prospectus filings and use prospectus exemptions to raise finance. This will mean investors participating in these financings will not be afforded the higher level of disclosure and investor protection available through prospectus finance. So investors are unlikely to receive any benefits and are more likely to be exposed to more risk by this proposed rule change.

3. AMEC is concerned that the foreign experts completing the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form will be considered to be practicing professionally in each of the jurisdictions in Canada where the prospectus is filed. Professional associations routinely review documents filed on SEDAR to determine if they can make a case that someone is practicing professionally in their jurisdiction and should be subject to their statutory right to practice laws. Foreign experts have incurred significant time and expense trying to meet the entrance requirements of Canadian provincial and territorial

professional associations for geoscience and engineering. In most cases, the processing time by professional engineering and geosciences associations in Canada of the application by foreign experts takes several months, in some cases years. The NI 41-101 rule change would add additional uncertainty to issuers as to whether foreign experts named in their prospectus would be willing to complete the form contemplated in the proposed amendment. There is likely to be reluctance by at least some of the foreign experts to expose themselves to the possible scrutiny of several different professional associations in Canada.

Would your response change if the form requirement for foreign experts only concerned either submission to the jurisdiction or an appointment of an agent for service?

Answer: No it would not.

Thank you for this opportunity to express our views on these proposed rule changes.
Yours very truly,

Greg Gosson, Ph.D., P.Geo.
Technical Director, Geology & Geostatistics
Mining & Metals Consulting
AMEC Americas Limited

Friday, October 14, 2011

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
New Brunswick Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

Attention:

Alex Poole Senior Legal Counsel, Corporate Finance Alberta Securities Commission Suite 600, 250-5th Street SW Calgary, Alberta T2P 0R4 Fax: (403) 297-4482 Email: alex.poole@asc.ca	Anne-Marie Beaudoin Corporate Secretary Autorité des marchés financiers 800, square Victoria, 22e étage C.P. 246, tour de la Bourse Montréal, Québec H4Z 1G3 Fax: 514-864-6381 consultation-en-cours@lautorite.qc.ca

Regarding Proposed Amendments to National Instrument 41-101

We are responding to your request for comment on the proposed changes to NI 41-101, in particular, in relation to the proposal for non-issuer submission to the jurisdiction and appointment of agent for service with regard to foreign experts who have consented to the disclosure of information in a prospectus. We disagree with this proposed amendment.

As a company that provides services to a number of issuers that have properties outside of Canada, we commonly work with foreign-based qualified persons ("QPs"). We utilize these engineers and geoscientists because of their local expertise, understanding of local conditions and costs, and their ability to access off-shore properties for required site visits, etc. more easily and at less cost. Many of the QPs are employed by consulting companies. These companies range in size from a few to many employees, but many do not have offices in Canada or even North America.

These experts are subject to the statutory liability regime for misrepresentations in a prospectus related to information from their technical report, opinion or statement. Therefore we do not believe that this additional requirement is necessary.
You have also asked if we believe that this change would impose a significant practical or financial burden on the experts. We expect that it would, especially if the consulting firm does not currently have a Canadian office. It seems unreasonable for a consultant to have to submit to a jurisdiction in order to write a report for a company that is based in British

Columbia, for example, if the property is not located there. We can foresee additional costs for setting up the agent, as well as potential for that company to be taxed for the work done for a BC-company in BC even though the work would not be done there. It would be reasonable to assume that these additional costs would be passed on to the issuer.

In the bigger picture context, there are already a number foreign experts and consulting companies that are unwilling to write the technical reports required under 43-101. We are concerned that this proposed amendment would increase the concerns of foreign experts and consulting firms and make it even less likely to find firms that will assist in this work, which would have a negative effect on issuers.

Yours truly,

Trevor Thomas, Legal Counsel
Hunter Dickinson Inc.

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Our Ref: CSA Notice RFC_14 October 2011_SRK.docx **14 October, 2010**

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Anne-Marie Beaudoin,
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Montréal, Québec H4Z 1G3.

RE: Questions relating to Non-Issuer's Submission to the Jurisdiction and Appointment of Agent for Service

1. INTRODUCTION

In respect of your request to comments and the specific questions highlighted in (2011) 34 OSCB (Supp-4) please find attached our response below.

2. COMMENT SECTION AS SUPPLIED BY THE CSA

As described in paragraph (g) of the "Summary of Key Proposed Amendments" section of this Notice, we are considering further extending the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to all foreign experts who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them.

We are interested in your general comments on this potential change. In particular, we welcome your comments on the following questions:

(a) Do you believe that it is appropriate to extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to foreign experts who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them given that these persons are liable under our statutory liability regime for misrepresentations in the prospectus that are derived from that report, opinion or statement? Why or why not?

(b) If foreign experts are required to file a non-issuers' submission to the jurisdiction and appointment of an agent for service form, do you anticipate that this obligation will impose any significant practical or financial burden on these experts or issuers? If so, please explain why. Would your response change if the form requirement for foreign experts only concerned either submission to the jurisdiction or an appointment of an agent for service?

3. SRK CONSULTING

The SRK Group comprises approximately 1,100 staff, offering expertise to the mining and metals sector in a wide range of resource engineering disciplines from 44 offices located on six continents. The SRK Group's independence is ensured by the fact that it holds no equity in any project and that it is itself wholly owned by its staff. This permits the SRK Group to provide its clients with conflict-free and objective recommendations on crucial judgement issues.

3.1.1 Market Sectors and Clients

The primary focus of our global consulting practices is the provision of natural resource consulting services to the mining and metals sector. We have a client base which includes private companies, publicly listed companies, ranging from junior exploration, to mid-tier developers and vertically integrated global operators; financial, accounting and legal advisors to the mining and metals sector; EPCM contractors; and public sector organisations.

3.1.2 Consulting Services

Our services to the mining and metals sector comprise both the management and completion of multi-disciplinary technical studies (authoring mandates) and reviews and audits (due diligence) of technical studies completed by others. Our work covers the full spectrum of the project development chain inclusive of grassroots exploration, advanced exploration properties, development properties, brown-field expansions and mine closure.

The multi-disciplinary studies we manage range from conceptual, through scoping, pre-feasibility to feasibility studies to bankable standards; and Environmental and Social Impact Assessments incorporating IFC Performance Standards, World Bank Guidelines and ICMM. Due diligence review mandates comprise independent technical reports to support our client's access to the global debt (Independent Engineers' Reports) and equity (CPRs, NI 43-101) capital markets.

4. SPECIFIC RESPONSE

4.1 General Response

We consider this to be neither warranted through a defined needs driven process nor appropriate given the current on-market practice in other jurisdictions. Indeed to some extent this could also, albeit unintentionally result in an effective restraint of trade which is counter-intuitive to the general global approach where regulatory authorities have generally accepted reciprocity through the *"Recognised Overseas Professional Organisations"* perspective as well as general use of foreign codes for reporting Mineral Resources and Ore Reserves (see CRIRSCO initiatives).

We also note that in respect of the reporting codes, there is a requirement already for membership of professional organisations which have stipulated codes of ethics and in certain areas mechanisms for dealing with transgression. Indeed in these instances the principal route for disciplinary procedures is for any member of the public to raise a direct issue with the professional organisation with which the QP is a member. Should such a complaint be upheld then there are various potential disciplinary sanctions, including in certain instances referral to "criminal prosecution" which may also result in "custodial sentences".

4.2 QUESTION A

Do you believe that it is appropriate to extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to foreign experts who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them given that these persons are liable under our statutory liability regime for misrepresentations in the prospectus that are derived from that report, opinion or statement? Why or why not?

We consider that the implementation of the above approach is not appropriate, specifically for the following reasons:

- **"Submission to the jurisdiction":**

  When companies such as ourselves contract from any of our consulting practices with

clients we seek to the best of our ability to ensure that the governing law and jurisdiction of such a contract is specifically tied to the governing law and jurisdiction from which the services are being provided e.g. the laws of England and Wales and the jurisdiction of the United Kingdom.

There are many good on market and commercial reasons for this, specifically in respect of securing "appropriate" professional indemnity insurance ("PII"). As advisors and consultants who have few liquid assets and are dependent on PII policies to pay out on liabilities, it is important to secure the best coverage available. For example from a UK perspective it is difficult if not practically possible to secure similar terms of PII coverage when the "jurisdiction read governing law" in terms of our contracts relates to either the United States or Canada. It is common for advisors and consultants within the UK to secure PII coverage on an "each and every" claim basis with legal costs in addition; however, this coverage significantly changes to an "aggregate" basis with costs in addition for United States or Canadian governing law and/or jurisdiction. We are aware that insurers in other jurisdictions completely exclude coverage under PII policies (or similar professional liability policies) where the governing law and/or jurisdiction relates to either United States or Canada for example South Africa, China and Australia.

Furthermore this could also create some conflict in that the terms and conditions as agreed between the service provider and the client (invariably the issuer) would then be different to that of the actual filing of documentation. If enacted this would generally lead to a forced scenario, irrespective of where the provision of services were that all contractual terms would then be subject to both Canadian jurisdiction and governing law.

Given the above, this would effectively result in international consulting firms from having to consider, that such a requirement would in effect have the assumed unintentional result of withdrawing from such mandates in the future, pending a commercial risk review of the PII and liability situation.

Accordingly we do not consider this to be either warranted or appropriate for the above reasons.

- "appointment of an agent for service form to foreign experts"

  This would effectively require the appointment of a local agent which accordingly necessitates considerations for:

  - A requirement for an effective permanent establishment or "local agent" would inevitably lead to additional fees for the issuer as, service providers would not consider providing the services unless the costs could be then on-wards charged to the issuer,
  - The potential liability for a "local agent" would far outweigh any nominal fee incurred by the local agent,
  - This would directly break across the current situation where the contractual chain of services and liability are clear in that the services are provided to the issuer with which the service provider has a contractual arrangement. Accordingly this would result in a requirement for the foreign expert to contract with the "local agent" which would then "contract" with the issuer and would be entirely dependent on the practicality of securing a "local agent" for hire,
  - One of the unintended consequences of insisting on a local agent, is that all issuers would seriously only consider those consulting practices which are prepared to (a) secure the services of a local agent or (b) already operate through a Canadian incorporated entity, effectively resulting in a direct restraint of trade and could on this

basis be challenged under other jurisdictional courts e.g. European Law in respect of competition related legislation.

Accordingly we do not consider this to be either warranted or appropriate for the above reasons.

4.3 QUESTION B

If foreign experts are required to file a non-issuers' submission to the jurisdiction and appointment of an agent for service form, do you anticipate that this obligation will impose any significant practical or financial burden on these experts or issuers? If so, please explain why. Would your response change if the form requirement for foreign experts only concerned either submission to the jurisdiction or an appointment of an agent for service?

We consider that should the above be implemented there are a number of potential unintended consequences, both practical and financial implications in respect of both experts and issuers which include the following items:

- Practically restricting practitioners/experts to entities which currently provide services through a Canadian incorporated entity or foreign companies who would be willing to register an establishment in Canada, whether through an office or a local incorporated entity;
- If foreign companies are required to register an establishment in Canada, whether through an office or a local incorporated entity, it would inevitably increase operating costs due to business compliance and company administration for example filing tax returns within the jurisdiction, filing annual reports within the jurisdiction and other matters to comply with local corporate legislation;
- For those companies operating in the mining and metals sector, consider preferential mandating of consulting firms which are incorporated in Canada from the outset of any process including and not limited to the provision of 43-101 Technical Reports;
- Require additional contractual documentation whereby, services are effectively channelled through a local agent which will inevitably incur additional costs;
- Result in significantly reduced PII coverage due to the requirement for consideration of governing laws and/or jurisdiction of either Canada or the United States, again this may result in an unacceptably high commercial risk in respect of technical consultancy fees which tend to be less than GBP100k and generally of the order of GBP60k for 43-101 Technical Reports;
- May result in reciprocal arrangements being required by other jurisdictions, thereby effectively eliminating the good will secured through reciprocity of Recognised Overseas Professional Organisations and reporting codes; and
- May also result in fewer QPs being available to prepare such technical reports as foreign QPs will feel the strain of the additional costs and legal and regulatory requirements. This in turn may lead to frustration amongst issuers and may force them to list on stock exchanges outside Canada.

Whilst we are unaware of the other submissions from consulting practices incorporated outside of Canada, we are sure that the issues highlighted above are likely to equally apply to our colleagues in the broader mining and metals sectors. Notwithstanding this we have consulted with the Institute of Materials, Minerals and Mining whose current President has reviewed and provided input to this document as co-signatory. Should you wish to discuss

any of the points raised do not hesitate to contact us directly.

For and behalf of SRK Consulting (UK) Limited,

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Managing Director,
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For and behalf of Institute of Materials, Minerals and Mining

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AUSTRALASIAN
JOINT ORE RESERVES
COMMITTEE (JORC)

Chairman: **Mr P T Stoker** **Phone (07) 3376 1007 Fax (07) 3839 0099**
Secretariat: **The AusIMM** **Phone (03) 9662 3166 Fax (03) 9662 3662**

POSTAL ADDRESS: Ground Floor, 204 Lygon Street, Carlton Vic 3053
JORC WEBSITE: www.jorc.org

15 October 2011

A submission by the Australasian Joint Ore Reserves Committee on the proposal by Canadian Securities Authorities (CSA) to extend the requirement for submission to jurisdiction and appointment of an agent for service to include foreign experts

This submission is addressed to Canadian securities regulatory authorities, as below:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission – Securities Division
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

This submission is lodged with the following representatives of the Canadian securities regulatory authorities (CSA) in accordance with the CSA's request for comment.

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JORC was notified by Dr Bill Shaw of Golder Associates of e-mail advice received on 20 September 2011 from the British Columbia Securities Commission (BCSC) drawing attention to "a proposal the Canadian Securities Administrators are seeking public comment on, which could have a significant impact on qualified persons under NI 43-101 and their mining company clients".

The specific matter drawn to JORC's attention was a proposal which is "part of proposed amendments to NI 41-101 General Prospectus Requirements, which CSA published for comment on July 15, 2011. The proposal is to extend the requirement to file a submission to jurisdiction and appointment of agent for service to all foreign experts, including qualified persons under NI 43-101. At present, only the issuer, the directors and officers who sign the prospectus on behalf of the issuer, and certain individuals specified in Part 5 of NI 41-101, are required to file a submission to jurisdiction and appointment of agent, so this proposal would significantly expand the current requirements".

The BCSC e-mail went on to advise that "if adopted, this proposal will have an impact on the mining industry because of the extensive reliance by mining companies on foreign qualified persons. We therefore urge you to discuss the implications of this proposal with your legal counsel and provide written comment letters to CSA by October 15, 2011."

JORC has now discussed these matters within the committee and with its parent bodies and sees it as appropriate to lodge a submission to CSA because of the implications for global minerals reporting, but more specifically because of the potential effects on the quality and efficiency of public reporting for the minerals industry in Canada.

JORC refers also to paragraph (g) on page 7 of the CSA Notice and Request for Comment to which the questions below are directly related. JORC notes that while the proposed changes refer to prospectuses, all reporting under NI 43-101 is also potentially likely to be caught as technical reports prepared by the foreign qualified person experts are commonly likely to be incorporated by reference into prospectuses, so extending the reach of the proposed changes.

The relevant questions are posed on page 13 of the CSA Notice and Request for Comment as follows:

Questions relating to Non-Issuer's Submission to the Jurisdiction and Appointment of Agent for Service:

(a) Do you believe that it is appropriate to extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to foreign experts who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them given that these persons are liable under our statutory liability regime for misrepresentations in the prospectus that are derived from that report, opinion or statement? Why or why not?

Response: JORC does not believe that is appropriate to extend the requirement to file a non-issuer's **submission to the jurisdiction** and **appointment of an agent for service form** to **foreign experts** for the following reasons:

(1) As noted by CSA, the qualified person is already liable for the quality of the opinions provided, so there is no increase in protection for investors by the adoption of this measure as applied to foreign qualified person experts.
(2) Safeguards already exist to protect Canadian investors, both via the Canadian legal system and the ethical and professional practices provisions of the qualified person's Accepted Foreign Association as listed in the NI 43-101 Companion Policy.
(3) The likelihood of additional administrative (and hence financial) burden is high, particularly for individual qualified persons, although JORC is not in a position to quantify that increase. Hence it may make experts less likely to be prepared to act as qualified persons, or may lead them to increase what they charge if they chose to act.
(4) This may be exacerbated if the qualified persons perceive an increase in exposure. As noted, the scope of liability does not change but the proposed requirement will make it easier for complainants to bring an action against a foreign qualified person expert. It may be more likely that foreign qualified person experts will be added to claims made against the issuer and its directors (ie where a complainant sues all involved parties) if the foreign qualified person expert has an address in Canada to which service can be made.

(b) If foreign experts are required to file a non-issuers' submission to the jurisdiction and appointment of an agent for service form, do you anticipate that this obligation will impose any significant practical or financial burden on these experts or issuers? If so, please explain why.

Response: JORC is of the opinion that:

(1) Foreign qualified person experts are already liable so theoretically there is no additional potential cost if an action is warranted. As noted above, given the increase in ease of lodging a legal action including the foreign qualified person (whether warranted or not), then the qualified persons' fees structure will need to recognise that increased risk.
(2) It is already difficult to obtain professional indemnity insurance for activities in the United States at a reasonable cost and it would seem that as this proposal will increase potential for liability to be tested (whether warranted or not) it will be more difficult or at least more

expensive for foreign qualified person experts to obtain professional liability cover for reporting in Canada. This would automatically make it more difficult for Canadian issuers to retain the services of foreign qualified person experts, but certainly make their services more expensive.

(3) There will undoubtedly be an increase in costs, but JORC is not well placed to quantify that increase. More seriously for Canadian issues and exchanges is the likelihood of foreign qualified person experts declining to act as qualified persons for Canadian reports thus potentially affecting the quality and timeliness of information available to the market.

(b) Would your response change if the form requirement for foreign experts only concerned either submission to the jurisdiction or an appointment of an agent for service?

Response: No it would not.

JORC considers that the proposed additional requirements on foreign qualified person experts are unnecessary given that satisfactory legal safeguards already exist to protect Canadian investors, both via the Canadian legal system and the ethical and professional practices provisions of the qualified person's Accepted Foreign Association as listed in the NI 43-101 Companion Policy. JORC is concerned that the proposed changes may cause serious (perhaps unintended) consequences relating to the availability of properly qualified and experienced professionals to prepare and take responsibility for technical reports and prospectuses in Canada, and may also lead mineral companies to choose to list elsewhere.

JORC is concerned about the lack of clarity around the potential extent of the effects of the proposed changes which on first glance do not appear to be unreasonable. One of the opinions JORC has reviewed, from a Canadian law firm, states:

> "As an example, if the QP was part of a company then the company may be required to register in British Columbia, conceivably on the basis that it is carrying on business in British Columbia even though the only connection to British Columbia would be the report. If there is a requirement to register in British Columbia, particularly in the case of a consulting company, it would then be obligated to file annual reports, potentially file tax returns and comply with other reporting requirements under the various *Business Corporations Acts* applicable, potentially in case of most issuers, other jurisdictions in Canada as well as British Columbia. It is not clear whether a QP would submit to one jurisdiction or all 13 in Canada and if more than one jurisdiction, the compliance costs could be excessive to say the least.
>
> There is also the risk that if a QP is submitted to the jurisdiction that they would then become obligated to register under the *Professional Engineers and Geoscientists Act* of British Columbia or similar statutes in other jurisdictions and this would impose additional regulatory requirements on foreign QPs. This appears to be an extension of extra territorial jurisdiction and this would likely not be well received by foreign QPs."

Should these amendments be enacted without substantial modification, there is a serious possibility that it will be the end of the international Qualified Person/Competent Person Recognised Overseas (Foreign) Professional Organisation (ROPO) system as we know it, as a requirement for foreign qualified persons to be registered in Canada would undoubtedly lead to reconsideration of the recognition of the Canadian professional bodies in the Australian and Southern African ROPO systems and potentially isolate Canadian professionals from participation in the international minerals and investment marketplace.

Yours sincerely,

SIGNATURE REMOVED

Peter Stoker
Chairman JORC

FÉDÉRATION EUROPÉENNE DES GÉOLOGUES
EUROPEAN FEDERATION OF GEOLOGISTS
FEDERACIÓN EUROPEA DE GEÓLOGOS

15 October 2011

For the attention of:

- British Columbia Securities Commission
- Alberta Securities Commission
- Saskatchewan Financial Services Commission
- Manitoba Securities Commission
- Ontario Securities Commission
- Autorité des marchés financiers
- Superintendent of Securities, Prince Edward Island
- Nova Scotia Securities Commission
- New Brunswick Securities Commission
- Securities Commission of Newfoundland and Labrador
- Superintendent of Securities, Yukon Territory
- Superintendent of Securities, Northwest Territories
- Superintendent of Securities, Nunavut

c/o: Ms. Alex Poole
Senior Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4

By email only: alex.poole@asc.ca

Ladies and Gentlemen

Proposed Amendments to National Instrument 41-101 General Prospectus Requirements and Companion Policy 41-101CP to National Instrument 41-101 General Prospectus Requirements, and other proposed amendments, dated July 15, 2011.

I write on behalf of the European Federation of Geologists (EFG) to respond to the invitation to comment on the above. I have answered the specific questions on page 13 of the consultation document at the end of this letter. However, to put our answers in context, I first set out the background to our interest in this matter and then some detailed comments setting out our concerns.

BACKGROUND

The EFG (www.eurogeologists.eu) is a federation of some 21 geological societies and associations from across Europe. It is a professional organisation which exists to raise and maintain standards of professional practice in geology and to increase the visibility of geology generally (to decision makers in the European Commission and members states, and the public). In particular, it sets standards for professional geologists, and awards a validated and internationally recognised professional qualification to geologists who can demonstrate that they reach and maintain those standards (EurGeol). The reason for raising and maintaining standards of professional practice is to ensure that professional geologists (whether working in applied or pure research, or in commercial activities involving the earth or earth resources) are well educated, properly qualified, competent, and behave at all times ethically for the good of the environment and society.

Awarding the professional title of European Geologist to a professional geologist not only rewards that person for their achievements but, more important, it imposes on him/her obligations relating to the way he/she should practise his/her profession; these are backed up by binding and enforceable disciplinary and ethical codes. The EFG has an associate member in Canada, namely *Geoscientists Canada* and we collaborate closely with them and other professional bodies all over the World to harmonise the standards and requirements for professional standards and ethical and disciplinary codes in the geosciences.

The title EurGeol is especially valued by European professional geologists who are responsible for public reporting of exploration results, mineral resources and mineral reserves. EFG is one of the four parent organisations of the Pan European Reserves & Resources Reporting Committee (PERC) and has published and maintains the PERC Code. PERC is a member organisation of CRIRSCO, the Committee for Mineral Reserves International Reporting Standards.

The role of PERC and other CRIRSCO members (including also the Canadian Institute of Mining, Metallurgy and Petroleum (CIM)) is to define standards and promote best practice in public reporting of exploration results, mineral resources and mineral reserves through the codes and rules that they publish and maintain. In Canada, the standards defined by CIM are incorporated into the NI 43-101 rules; in Europe equivalent standards are incorporated in the PERC Code. Suitably qualified and experienced professional members of PERC's European parent organisations are listed in the PERC code and, through mutual recognition agreements (ROPO agreements), are recognised in other CRIRSCO codes.

SUMMARY OF EFG CONCERNS

I refer to paragraph (g) on page 7 and the related request for comments on page 13 of the CSA consultation document, where it is proposed that there should be additional requirements on Qualified Persons (QPs) signing reports.

We are concerned that the proposed amendments to NI 41-101 conflict with the established international system of mutual recognition of professionals acting as "Qualified Persons" (in Canada) or "Competent Persons" (in many other jurisdictions), and in particular are also inconsistent with both previous and new provisions of NI 43-101. EurGeols with suitable experience act as QPs in Canada and are therefore directly affected by these changes.

We also consider that the proposed additional requirements on QPs are unnecessary given that satisfactory legal safeguards already exist to protect Canadian investors. We fear that the changes, if implemented, will give rise to serious unintended consequences relating to the availability of properly qualified and experienced professionals to prepare and sign off these vital reports, and may also lead mineral companies to choose to list elsewhere.

DETAILED COMMENTS

1. The proposed amendments would effectively put serious hurdles in the way of any consultant from outside Canada, and in particular from those consultants (including EurGeols) who are in small firms or are independent and who do not have existing offices or agents in Canada for whom the requirement to register or set up an agent there, perhaps for a single consulting assignment, is simply an unacceptable financial burden.
2. Furthermore the concept of direct legal liability of QP consultants runs counter to the well established principle that it is the Issuer who is liable. The risk that a foreign QP could be sued in a Canadian court could additionally impose severe financial burdens whether he or she wins or loses the case.

   We consider that the proposed requirement for QPs to sign a paper accepting Canadian jurisdiction, and appointing an agent in Canada, is unnecessary and provides no greater protection or access to justice for a Canadian investor. For a civil case, if the QP is resident overseas it could still be very difficult for a Canadian plaintiff or prosecutor to ensure that the QP actually turns up to answer charges. For a criminal case (e.g. fraud) there are extradition treaties that can already be invoked. However, most cases would be civil, and we therefore do not see how the proposed amendments would do anything beyond imposing additional costs on the QP and providing a false sense of security for the Canadian investor.

   A very carefully conceived system is in place through the CRIRSCO reporting codes to ensure that the QP/CP is personally responsible to the issuer/company for the reliability of

his/her reporting (i.e. liable to be sued in the civil courts for misconduct or negligence) and subject to disciplinary sanctions from their professional body (including the EFG) if they transgress. The legal responsibility for a report should be with the issuer/company that commissioned it. Clearly, if a CP/QP were to commit fraud, they would already be liable to criminal prosecution in any event without the proposed new arrangements - and the issuer/company too.

3. The reviewers of NI 43-101 went to great lengths to ensure that all the professional bodies and grades of membership listed there as suitable for QP/CP reporting under NI 43-101 encapsulated the important principle that CPs/QPs could be disciplined by their home organisation wherever in the world they were operating - indeed, we understand that some US state registration/licensing authorities were de-listed this time on the basis that they were not able to discipline members/registrants/licence holders outside their home state. EFG was audited and the qualification EurGeol was confirmed as being a suitable grade for a QP reporting under NI 43-101 subject to that person being suitably experienced. On that point alone, the proposals for 41-101 look inconsistent with 43-101 and they undermine the CRIRSCO values and safeguards, which are designed to achieve (and in practice do achieve) a proper chain of accountability - which the proposed change would not only fail to achieve but might entirely undermine.
4. One consequence of the proposed amendments, for the Canadian mining industry, would be a shortage of Qualified Persons to sign off the geological parts of prospectuses – and this could therefore become a serious brake on development of minerals projects in Canada. Foreign mining engineers and geoscientists will be reluctant to take on a role which carries onerous additional registration requirements (for foreign resident QPs).
5. In terms of the global mining industry, such new and additional restrictions by the Canadian authorities are likely to result in similar retaliatory regulations elsewhere, with a resulting breakdown of the system which has been carefully achieved, of international mutual recognition of professional qualifications. This would lead inevitably to restrictions in international opportunities for Canadian geological consultants.
6. One direct result of the proposed amendments is that Canada would be less attractive as a jurisdiction under which mining companies wish to be listed. Many minerals companies which might otherwise have listed in Canada would now choose to list elsewhere, such as in London. In London, regulatory requirements are perceived to be less onerous, but we assure you that safeguards for investors in relation to QPs are no less effective. The additional regulation is likely to be a disincentive to European QPs / CPs to sign off reports in Canada.

CONCLUSIONS

Should these amendments be enacted without substantial modification, there is a serious probability that it will be the end of the international Qualified Person/Competent Person system as we know it.

The proposed amendments would introduce an unnecessary new financial burden for foreign QPs, including those holding the EurGeol title, and as a result there is a risk that many foreign QPs will not prepare technical reports for Canadian companies, reducing the pool of expertise available to these companies.

ANSWERS TO QUESTIONS POSED (ON PAGE 13)

(a) Do you believe that it is appropriate to extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to foreign experts who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them given that these persons are liable under our statutory liability

regime for misrepresentations in the prospectus that are derived from that report, opinion or statement?

Answer: No, we do not believe it is appropriate. Our reasoning is explained in detail above.

(b) If foreign experts are required to file a non-issuers' submission to the jurisdiction and appointment of an agent for service form, do you anticipate that this obligation will impose any significant practical or financial burden on these experts or issuers?

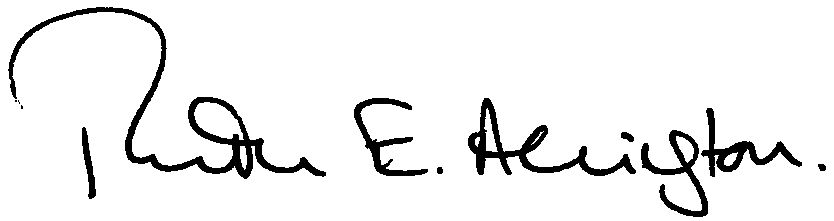
Answer: We believe the requirement would impose significant practical and financial burden on both the experts and the issuers employing the experts. Our reasoning for this is explained in detail above.

(c) Would your response change if the form requirement for foreign experts only concerned either submission to the jurisdiction or an appointment of an agent for service?

Answer: No, it would not.

We hope that you will find this response of assistance and would be pleased to provide any further information that you may find useful.

Yours faithfully



EurGeol Ruth Allington

FIMMM, CEng, FGS, CGeol, MIQ

President, European Federation of Geologists

[Submitted by email]
Edmundo Tulcanaza
Chilean Commission for the Qualification of Competences
in Mineral Prospects, Mineral Resources, and Mineral Reserves

This is a submission by the Chilean Commission for the Qualification of Competences in Mineral Prospects, Mineral Resources, and Mineral Reserves (ChileanCo) on the proposal by Canadian Securities Authorities (CSA) to extend the requirement for submission to jurisdiction and appointment of an agent for service to include foreign experts

This submission is addressed to Canadian securities regulatory authorities, as below:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission – Securities Division
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

This submission is lodged with the following representatives of the Canadian securities regulatory authorities (CSA) in accordance with the CSA's request for comment.

Alex Poole
Senior Legal Counsel, Corporate Finance
Alberta Securities Commission
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Email: alex.poole@asc.ca

Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
Fax: 514-864-6381
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"ChileanCo" as part of its umbrella organization CRIRSCO has been notified of a proposal to extend the requirement to file a submission to jurisdiction and appointment of agent for service to all foreign experts, including qualified persons under NI 43-101.

The "ChileanCo" has discussed this issue and sees it as appropriate to lodge a submission to CSA because of the implications for global minerals reporting, but more specifically because of the potential effects on the efficiency of public reporting for the minerals industry in Canada and Chile.

The"ChileanCo" would like also refer to paragraph (g) on page 7 of the CSA Notice and Request for Comment to which the questions below are directly related.

The relevant questions are posed on page 13 of the CSA Notice and Request for Comment as follows:

Questions relating to Non-Issuer's Submission to the Jurisdiction and Appointment of Agent for Service:

(a) Do you believe that it is appropriate to extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to foreign experts who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them given that these persons are liable under our statutory liability regime for misrepresentations in the prospectus that are derived from that report, opinion or statement? Why or why not?

Response: The success of the Canadian Capital Markets in the minerals industries sector has been due to the well structured system established by Canadian entities and also to the Qualified Person concept and associated ideas among which the Recognized Overseas Professional Organizations (ROPO) has been one of the main assets for this success. Throwing doubts and changes on these efficiencies and successes do not help to gain confidence in the Canadian system. It is the contrary. Doubts on the efficiency of the present system will produce a probable exit of your present clients to other international capital markets.

In Chile there are more than one hundred Canadian Junior Companies that inform to the Canadian Stock Houses. However, the information to these entities is not the only information required in Chile (Law 20.235). All news, memorandums, press releases and others require the information of a Qualified Competent Person. If the ROPO system fails because of these proposals, Canadian QPs may become affected.

(b) If foreign experts are required to file a non-issuers' submission to the jurisdiction and appointment of an agent for service form, do you anticipate that this obligation will impose any significant practical or financial burden on these experts or issuers? If so, please explain why.

Response: Obviously. If such a proposal is finally imposed those foreign qualified person experts will have to incorporate these additional potential cost into the qualified persons' fees. No doubts about this.

(c) *Would your response change if the form requirement for foreign experts only concerned either submission to the jurisdiction or an appointment of an agent for service?*

Response: No. It is the concept that the ChileanCo do not agree with.

Yours sincerely,

Edmundo Tulcanaza

President
Comision Calificadora de Competencias en
Recursos y Reservas Mineras de Chile

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18 October 2011

A submission by AMC Consultants Pty Ltd (AMC) on the proposal by Canadian Securities Authorities (CSA) to extend the requirement for submission to jurisdiction and appointment of an agent for service to include foreign experts

This submission is addressed to Canadian securities regulatory authorities, as below:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission – Securities Division
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

This submission is lodged with the following representatives of the Canadian securities regulatory authorities (CSA) in accordance with the CSA's request for comment.

Alex Poole
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The British Columbia Securities Commission (BCSC) drew AMC's attention to "a proposal the Canadian Securities Administrators are seeking public comment on, which could have a significant impact on qualified persons under NI 43-101 and their mining company clients", in an e-mail dated 20 September 2011.

The specific matter drawn to AMC's attention was a proposal which is "part of proposed amendments to NI 41-101 General Prospectus Requirements, which CSA published for comment on July 15, 2011. The proposal is to extend the requirement to file a submission to jurisdiction and appointment of agent for service to all foreign experts, including qualified persons under NI 43-101. At present, only the issuer, the directors and officers who sign the prospectus on behalf of the issuer, and certain individuals specified in Part 5 of NI 41-101, are required to file a submission to jurisdiction and appointment of agent, so this proposal would significantly expand the current requirements".

The BCSC e-mail went on to advise that "if adopted, this proposal will have an impact on the mining industry because of the extensive reliance by mining companies on foreign qualified persons. We therefore urge you to discuss the implications of this proposal with your legal counsel and provide written comment letters to CSA by October 15, 2011."

AMC sees it as appropriate to lodge a submission to CSA because of the implications for global minerals reporting, but more specifically because of the potential effects on the quality and efficiency of public reporting for the minerals industry in Canada.

AMC notes that while the proposed changes refer to prospectuses, reporting under NI 43-101 is also potentially likely to be affected as technical reports prepared by the foreign qualified persons are commonly incorporated by reference into prospectuses, so extending the impact of the proposed changes.

The relevant questions are posed on page 13 of the CSA Notice and Request for Comment as follows:

Questions relating to Non-Issuer's Submission to the Jurisdiction and Appointment of Agent for Service:

(a) Do you believe that it is appropriate to extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to foreign experts who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them given that these persons are liable under our statutory liability regime for misrepresentations in the prospectus that are derived from that report, opinion or statement? Why or why not?

AMC does not believe that is appropriate to extend the requirement to file a non-issuer's **submission to the jurisdiction** and **appointment of an agent for service form** to **foreign experts** for the following reasons:

As noted by CSA, the qualified person is already liable for the quality of the opinions provided, so there is no increase in protection for investors by the adoption of this measure as applied to foreign (qualified person) experts.

Safeguards already exist to protect Canadian investors, both via the Canadian legal system and the ethical and professional practices provisions of the qualified person's Accepted Foreign Association as listed in the NI 43-101 Companion Policy.

While the likelihood of additional administrative (and hence financial) burden is not considered particularly high by AMC, which already has two Canadian offices in Vancouver and Toronto, the burdens may be high for individual qualified persons. Hence it may make experts less likely to be prepared to act as qualified persons, or may lead them to increase what they charge if they chose to act.

This may be exacerbated if the qualified persons perceive an increase in exposure. As noted, the scope of liability of qualified persons does not change but the proposed requirement will make it easier for complainants to bring an action against a foreign qualified person. It may be more likely that foreign qualified persons will be added to claims made against the issuer and its directors (ie where a complainant sues all involved parties) if the foreign expert has an address in Canada to which service can be made. The impact of the change may be to encourage wider action including the QPs without providing any efficiency or cost benefits.

(b) If foreign experts are required to file a non-issuers' submission to the jurisdiction and appointment of an agent for service form, do you anticipate that this obligation will impose any significant practical or financial burden on these experts or issuers? If so, please explain why. Would your response change if the form requirement for foreign experts only concerned either submission to the jurisdiction or an appointment of an agent for service?

AMC is of the opinion that foreign qualified persons are already liable so theoretically there is no additional liability attached to this proposal. As noted above, given the increase in ease to include a foreign qualified person when lodging a legal action, whether warranted or not, then the qualified persons' fees structure will need to recognise that there is an increased risk of legal action.

It would seem that as this proposal will increase potential for foreign qualified persons to be included in legal actions (whether warranted or not), it will be more difficult or at least more expensive for foreign qualified persons to obtain professional liability cover for reporting in Canada. This would almost certainly make it more difficult for Canadian issuers to retain the services of foreign qualified persons, but certainly make their services more expensive.

AMC believes there will almost certainly be an increase in costs. More seriously for Canadian issuers and exchanges is the likelihood of foreign experts declining to act as qualified persons for Canadian reports thus potentially affecting the quality and timeliness of information available to the market.

AMC's response would not change if the form requirement for foreign experts only concerned either submission to the jurisdiction or an appointment of an agent for service.

AMC considers that the proposed additional requirements on foreign experts are unnecessary given that satisfactory legal safeguards already exist to protect Canadian investors, both via the Canadian legal system and the ethical and professional practices

provisions of the qualified person's Accepted Foreign Association as listed in the NI 43-101 Companion Policy.

AMC suggests that further consideration should be given to whether the proposed changes may cause serious (perhaps unintended) consequences relating to the availability of properly qualified and experienced professionals to prepare and take responsibility for technical reports and prospectuses in Canada, and whether they may also lead mineral companies to choose to list elsewhere.

It is also unclear whether the requirement to submit to jurisdiction extends to individual employees of international consultancy firms such as AMC with registered entities within Canada. AMC regularly draws on the expertise of its overseas consultants to assist on projects being managed by our Canadian offices. These projects are already governed under contract by the applicable provincial jurisdiction and AMC therefore assumes that no further submission would be required. In the event all non-resident QPs were required to file a submission as individuals despite providing services through a local entity, this would clearly restrict the number of available and experienced consultants AMC could assign to act as qualified person under NI 43-101, and reduce flexibility in meeting client's requirements.

In addition, AMC is aware of opinions which indicate that a qualified person who submitted to jurisdiction and appointment of agent in order to report on a foreign mineral property in one or more of the 13 provincial jurisdictions in Canada, may then become obligated to register under the relevant acts of that jurisdiction. For instance the *Professional Engineers and Geoscientists Act* of British Columbia or similar statutes in other provinces. These acts would impose additional regulatory requirements on foreign QPs who will already be subject to their home organisation/regulatory body.

This would undoubtedly lead to a serious contraction of the numbers of foreign qualified persons willing and available to take responsibility for technical reports and be referenced in prospectuses, which may ultimately result in discouraging international issuers from seeking a Canadian listing

Yours sincerely,

Peter McCarthy
Chairman, AMC Consultants Pty Ltd

THE SOUTH AFRICAN MINERAL CODES
P O Box 61127, MARSHALLTOWN, 2107 Tel: (27)11-834-1273 Fax: (27)11-833-8156 Web: www.samcode.co.za

19 October 2011

Mr Alex Poole

Senior Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street, SW
Calgary, Alberta
T2P 0R4

Per email: Alex.Poole@asc.ca

Dear Sir

Re: Samrec and Samval Committee Submission to CSA

Proposed Amendments to National Instrument 41-101 General Prospectus Requirements and Companion Policy 41-101CP to National Instrument 41-101 General Prospectus Requirements, and other proposed amendments, dated July 15, 2011.

The SAMREC and SAMVAL Committee (SSC) is a committee that operates under the auspices of the Geological Society of South Africa (GSSA) and the Southern African Institute of Mining and Metallurgy (SAIMM) and is responsible, together with the Johannesburg Stock Exchange and various other related Professional Associations, for the development, administration and on-going enforcement of the SAMREC and SAMVAL codes. The purpose of the SSC is to provide standards, recommendations and guidelines for reporting of mineral resources and reserves, and the valuation of mineral assets in South Africa. The SSC is represented on CRIRSCO by 2 members and through this actively engages with the international community.

In line with our mandate we hereby wish to comment on the proposed amendments to NI 41 -101 whereby there will be a future requirement for QPs to register or set up an agent in Canada. We wish to register our very deep sense of concern that the proposed amendments to NI 41-101 will conflict with the evolving international system of mutual recognition of professionals acting as Qualified Person (In Canada) or Competent Persons (elsewhere in the world as per the CRIRSCO arrangements) in line with the NI 43-101 provisions. It is in short our belief that this requirement could severely undermine the international system whereby recognized mining professionals enjoy the ability to offer their services globally in a professionally secure and orderly manner. As a committee we wish to support and endorse the comments made by CRIRSCO and the Pan-European Reserves and Resources Reporting Committee (PERC).

1 - The proposed amendments would effectively put serious hurdles in the way of any consultant from outside Canada, and in particular from those consultants who are in small firms or are independent and who do not have existing offices or agents in Canada for whom the requirement to register or set up an agent there, perhaps for a single consulting assignment, is simply an unacceptable burden.

2 - Furthermore the concept of direct legal liability of "Qualified Person" (QP) consultants, which it appears that this amendment seeks to establish, runs counter to the well-established principle that it is the Issuer who is liable. A very carefully conceived system is in place through the CRIRSCO reporting codes to ensure that the QP/CP is personally responsible to the issuer/company for the reliability of his/her reporting (i.e. liable to be sued in the civil courts for negligence) and subject to disciplinary sanctions from their professional body if they transgress. The legal responsibility for a report should be with the issuer/company that commissioned it. Clearly, if a CP/QP were to commit fraud, they would already be liable to criminal prosecution in any event without the proposed new arrangements - and the issuer/company too.

3 - The reviewers of NI 43-101 went to great lengths to ensure that all the professional bodies and grades of membership listed there as suitable for QP/CP reporting under NI 43-101 encapsulated the important principle that CPs/QPs could be disciplined by their home organisation wherever in the world they were operating - indeed, we understand that some US state registration/licensing authorities were de-listed this time on the basis that they were not able to discipline members/registrants/licence holders outside their home state. On that point alone, the proposals for 41-101 look inconsistent with 43-101 and they undermine the CRIRSCO values and safeguards, which are designed to achieve (and in practice do achieve) a proper chain of accountability - which the proposed change would not only fail to achieve but might entirely undermine.

4 - One consequence for the Canadian mining industry will be a shortage of Qualified Persons to sign off the geological parts of prospectuses – which could therefore have a serious impact on the development of new minerals projects in Canada. Geologists in Canada and elsewhere will be reluctant to take on a role which carries onerous additional registration requirements (for foreign resident QPs) as well as a new direct legal liability (for Canadian and foreign QPs alike).

5 - In terms of the global mining industry, such new and additional restrictions by the Canadian authorities are likely to result in similar retaliatory regulations elsewhere, with a resulting breakdown of the system which has been carefully achieved, of international reciprocal recognition of professional qualifications and experience. This would lead inevitably to restrictions in international opportunities for Canadian geological consultants.

Answers to questions posed in the CSA request for comments:

Question: Do you believe that it is appropriate to extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to foreign experts who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them given that these persons are liable under our statutory liability regime for misrepresentations in the prospectus that are derived from that report, opinion or statement?

Answer: No we do not believe it is appropriate. Our reasoning is explained above.

Question: If foreign experts are required to file a non-issuers' submission to the jurisdiction and appointment of an agent for service form, do you anticipate that this obligation will impose any significant practical or financial burden on these experts or issuers?

Answer: We believe the obligation will impose significant practical and financial burden on both the experts and the issuers employing the experts. Our reasoning for this is explained above.

Question: Would your response change if the form requirement for foreign experts only concerned either submission to the jurisdiction or an appointment of an agent for service?

Answer: No it would not.

CONCLUSION

Should these amendments be enacted without substantial modification, there is a serious probability that it will be the end of the Qualified Person/Competent Person system as we know it. It is unlikely that any professional geologist will put their name to a document if there is a remote possibility that they will be held directly legally accountable. This liability should remain with the Issuer.

Yours sincerely

Edward PW Swindell
Pr.Sci. Nat. FGSSA,
Chairman SSC.

Professor Nielen van der Merwe
Pr.Eng . B Sc. Eng, M Sc Eng, PhD
F SAIMM, F SANIRE
President, SAIMM

Dr Johan Krynauw
Pr.Sci. Nat. FGSSA
President, GSSA

The Southern African Institute of Mining and Metallurgy
Founded in 1894
www.saimm.co.za

Geological Society of South Africa
GSSA
www.gssa.org.za

COMMITTEE FOR MINERAL RESERVES INTERNATIONAL REPORTING STANDARDS

October 19, 2011

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission - Securities Division
Manitoba Securities Commission
Ontario Securities Commission
Autorite des marches financiers
New Brunswick Securities Commission
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendant of Securities, Northwest Territories
Superintendant of Securities, Yukon Territory
Superintendant of Securities, Nunavut

Attention: Ms. Alex Poole, Alberta Securities Commission
alex.poole@asc.ca

Dear Ms. Poole:

Re: Notice and Request for Comment:
Proposed Amendments to National Instrument 41-101

On July 15th 2011, the Canadian Securities Administrators (CSA) requested comments on a number of amendments which included proposed amendments to:

- National Instrument 41-101 *General Prospectus Requirements*
- Companion Policy 41-101CP to National instrument 41-101 *General Prospectus Requirements*

The **Committee for Mineral Reserves International Reporting Standards, (CRIRSCO)** appreciates the opportunity to provide comment on page 7 paragraph (g) and page 13 of the July 15th Notice and Request for Comment.

CRIRSCO wishes to make a submission on behalf of its Members, as it feels that the proposed change imposes significant burden on Foreign Qualified Persons (QPs) (also known as Competent Persons in other jurisdictions) and is not in the best interests of CRIRSCO, its members, the CSA and indeed the Canadian Minerals industry as it deviates from the evolving international system of mutually recognized professional bodies and QPs. It suggests that further consideration of the changes in legislation is warranted.

I realise the deadline has passed, but ask that you accept this submission on such an important topic.

CRIRSCO

CRIRSCO's members are National Reporting Organisations[1] (NROs) that are responsible for developing mineral reporting codes, standards and guidelines in Australasia (JORC), Chile (National Committee), Canada (CIM), Europe (PERC), Russia (NAEN), South Africa (SAMREC) and the USA (SME). The member NROs nominate representatives to the Committee. The combined value of mining companies listed on the stock exchanges of these countries accounts for a significant proportion of the listed capital of the mining industry. The current list of NROs and their sponsors is shown in Appendix 1.

A trend towards tighter corporate governance and regulation demands the application of good practice in mineral reserve management as well as high standards of public reporting by responsible, experienced persons. Based on the reporting codes of the above countries, CRIRSCO has developed an International Reporting Template (the Template), the purpose of which is to assist with the dissemination and promotion of effective, well-tried, good practice for public reporting of Exploration Results, Mineral Resources and Mineral Reserves already widely adopted through national reporting codes and standards. The International Accounting Standards Board (IASB) has recognized the benefit of having internationally accepted definitions for mineral resources and reserves for the purposes of IFRS.

CRIRSCO aims to promote best practice in the international public reporting of Mineral Exploration Results, Mineral Resources and Mineral Reserves. CRIRSCO is an international advisory body without legal authority, relying on its constituent members to ensure regulatory and disciplinary oversight at a national level. Its existence recognises the truly global nature of the minerals industry and the agreed need for international consensus on reporting standards.

CRIRSCO aims to achieve its stated objective by:

- Promoting uniformity, excellence and continuous improvement in national and international reporting standards for Mineral Exploration Results, Mineral Resources and Mineral Reserves, through consultation and cooperation.

- Representing the international minerals industry on resource and reserve reporting issues, including discussions with other international organisations, attending international meetings and providing written submissions.

- Encouraging the continued development of international reciprocity of Competent/Qualified Persons through nationally-based Recognised Professional Organisations ("ROPOs").

- Promoting the use of a uniform and coherent best practice reporting standard for Mineral Exploration Results, Mineral Resources and Mineral Reserves, including the provision and maintenance of the CRIRSCO International Reporting Template.

- Facilitating the exchange of information and dialogue among CRIRSCO members and other stakeholders through an actively managed web site that promotes discussion on current issues.

[1] A National Reporting Organisation is defined as the body that produces and is responsible for a reporting standard, whether for a single country or a grouping of countries.

SUBMISSION

In CRIRSCO's opinion, the proposed amendments will impose additional administrative and financial burdens on foreign QPs, particularly individuals or those from small consulting firms. This burden will result from the proposed requirements for foreign QPs to file a "non-issuers submission to jurisdiction" and to appoint an "agent for service" in Canada. The following unintended consequences are anticipated:

1. Smaller pool of QPs to prepare National Instrument 43-101 (NI43-101) technical reports or any expert report as foreign QPs may decline to author technical documents which support the scientific and technical disclosure in prospectuses filed with Canadian securities regulators.

2. Potential negative effect on the quality and efficiency of the Canadian capital market. For example, the current technical report prepared by a QP on an issuer's material property may support disclosure of a mineral resource on a property. If the issuer wants to use this report to support a prospectus and a foreign QP prepared the report, the foreign QP would now have to find and appoint agents, pay fees and possibly register themselves or their firms with provincial professional associations and government agencies. This has the potential to increase the cost of preparing technical reports and possibly would delay their issuance while suitable agents and/or registrations are sought.

3. Perception that Canada is creating barriers to foreign QPs being able to prepare technical reports for Canadian securities purposes.

CRIRSCO Members strongly believe that the concept of the QP or CP embodied in the family of CRIRSCO compliant codes provides a great deal of assurance that public disclosure will be transparent, material and accurate. All QPs/CPs must have a university degree in geosciences or mining/metallurgical engineering and at least five years of relevant experience and must be members of a professional association with disciplinary powers, including the power to expel a member. These values and safeguards are designed to maintain a proper chain of accountability.

CRIRSCO is of the opinion that the benefits of finding and appointing agents in Canadian jurisdictions do not justify the costs for foreign QPs or provide enhanced protection to the Canadian investing public and may result in unintended consequences detrimental to the Canadian capital markets.

ANSWERS TO QUESTIONS POSED IN THE CSA REQUEST FOR COMMENTS

(a) Do you believe that it is appropriate to extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to foreign experts who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them given that these persons are liable under our statutory liability regime for misrepresentations in the prospectus that are derived from that report, opinion or statement?

Answer: No, we do not believe it is appropriate. Our reasoning is explained above.

(b) If foreign experts are required to file a non-issuers' submission to the jurisdiction and appointment of an agent for service form, do you anticipate that this obligation will impose any significant practical or financial burden on these experts or issuers?

Answer: We believe the obligation will impose significant practical and financial burden on both the experts and the issuers. Our reasoning for this is explained above.

(c) Would your response change if the form requirement for foreign experts only concerned either submission to the jurisdiction or an appointment of an agent for service?

Answer: No, it would not.

CRIRSCO appreciates the opportunity to provide comments on this important issue.

Sincerely

Deborah A. McCombe, P. Geo.

Chairperson

CRIRSCO

416-642-1476

Appendix 1: National Minerals Reporting Codes and their Sponsors

The following countries are currently represented on CRIRSCO. Member organisations include all bodies that have a direct influence on the form and content of national reporting codes although they may be more or less active in the affairs of the national committee.

Australasia	
National Committee	Joint Ore Reserves Committee (JORC)
Member organisations	Australasian Institute of Mining & Metallurgy (AusIMM) Australian Institute of Geoscientists (AIG) Minerals Council of Australia (MCA)
Representation from	Australian Securities Exchange (ASX) Financial Services Institute of Australia (FinSIA)
Canada	
National Committee	Canadian Institute of Mining, Metallurgy and Petroleum (CIM)
Member organisations	Canadian Institute of Mining, Metallurgy and Petroleum (CIM)
Chile	
National Committee	National Committee for the Certification of Competency in Mineral Resources and Reserves
Member organisations	Mining Council (Consejo Minero) SONAMI (small + medium sized mining companies) Institute of Mining Engineers of Chile Association of Geologists Association of Engineers
Europe	
National Committee	Pan European Resources and Reserves Reporting Committee (PERC)

Member organisations	European Federation of Geologists (EFG) The Geological Society of London Institute of Materials, Minerals and Mining (IMMM) Institute of Geologists of Ireland (IGI)
South Africa	
National Committee	South African Mineral Resource Committee (SAMREC)
Member organisations	Southern African Institute of Mining and Metallurgy (SAIMM) South African Council for Natural Scientific Professions (SACNASP) Geological Society of South Africa (GSSA) Geostatistical Association of South Africa (GASA) South African Council for Professional Land Surveyors and Technical Surveyors (PLATO) Association of Law Societies of South Africa General Council of the BAR of South Africa Department of Minerals and Energy Johannesburg Stock Exchange (JSE) Council for Geoscience The Banking Association of South Africa The Chamber of Mines of South Africa (CoM)
United States of America	
National Committee	Society for Mining, Metallurgy and Exploration (SME)
Member organisations	Society for Mining, Metallurgy and Exploration (SME)
Russia	
National Committee	National Association for Subsoil Examination (NAEN)
Member organisation	Russian Society of Subsoil Use Experts(OERN)

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20 October 2011

Matter 81968880

Proposed Amendments to National Instrument 41-101 General Prospectus Requirements

Dear Alex,

1. Introduction

This submission is made by the Australian Institute of Geoscientists (AIG) in response to the Proposed Amendments to National Instrument 41-101 General Prospectus Requirements and Companion Policy 41-101CP, and other proposed amendments published by the Canadian Securities Administrators (CSA) on 15 July 2011.

AIG is the leading professional institute representing geoscientists in all professional sectors throughout Australia. AIG is the only professional institute in Australia that exclusively represents the complete spectrum of geoscientists. Our members include professionals from the fields of mineral, coal and petroleum exploration, geophysics, geochemistry, environmental geoscience, engineering geology, mining geology and hydrogeology, as well as those who use geoscience skills in management, research, education, consulting, computing and information systems. AIG has over 2500 members, a significant proportion of which are qualified to act as Competent Persons (CP) or Qualified Persons (QP) in Canada in compliance with reciprocal recognition arrangements for overseas professionals incorporated in NI-43-101.

CSA has sought comments in response to the following questions:

a) Do you believe that it is appropriate to extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to foreign experts who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them given that these persons are liable under our statutory liability regime for misrepresentations in the prospectus that are derived from that report, opinion or statement? Why or why not?

b) If foreign experts are required to file a non-issuers' submission to the jurisdiction and appointment of an agent for service form, do you anticipate that this obligation will impose any significant practical or financial burden on these experts or issuers? If so, please explain why. Would your response change if the form requirement for foreign experts only concerned either submission to the jurisdiction or an appointment of an agent for service?

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AIG referred the proposal to members to seek individual feedback and also consulted legal advisors in Australia during the preparation of this submission. We consider that the CSA proposal will have negative and potentially detrimental impacts for both Canadian companies and, more broadly, existing international standards for provision of information to investors through reports detailing exploration results, mineral resources and ore reserves for mineral resource industry securities.

2. Proposed Amendments to General Prospectus Requirements

We understand that the proposed amendments will require all foreign experts or QPs to file a form on submission of a prospectus in which they will:

a) submit to the jurisdiction in which they are providing the expert report, opinion or statement that is to be included in a prospectus; and,

b) be required to appoint an agent for service in respect of any potential legal proceedings that could be brought against that expert in respect of that expert report, opinion or statement.

The proposed amendment would, in effect, require QPs to comply with the same requirements as solicitors, auditors, accountants, engineers or appraisers that are named in a prospectus as giving authority to a statement made in a prospectus.

This would be a novel requirement. As far as AIG is aware, it is not a current requirement in other jurisdictions, and it is not the case in our home jurisdiction, Australia.

We appreciate that the CSA is seeking to overcome any perceived difficulty in a plaintiff commencing civil proceedings against a foreign QP who has provided a report, opinion or statement for inclusion in a prospectus, however, it is important that the CSA understands the potential implications of these proposed amendments on the international system of mutual recognition of professional qualifications which has been developed in this industry.

AIG's primary purposes in this submission are to:

a) ensure that the CSA is fully informed about existing arrangements to ensure that QP's are subject to appropriate professional disciplinary procedures;

b) test whether there is a genuine problem which has led to this reform proposal, or whether it anticipates difficulties that rarely arise in practice;

c) outline how we anticipate that the reform may negatively impact upon our members; and,

d) explore whether there may be unintended or unanticipated consequences of the proposed reform which may be more avoided upon a more careful consideration of the issues.

AIG is also not aware of whether there is a genuine problem which has led to this reform proposal, or whether the proposal simply anticipates difficulties that rarely arise in practice.

3. Potential Implications

3.1 Agent for Service

As the proposal is currently put, international QPs will be required to appoint agents in foreign jurisdictions. While this sounds simple when applied only in Canada, the practical likelihood of implementation of this reform will be that other jurisdictions may see it as a barrier to their nationals, and will impose similar restrictions. This is likely to create an international system in which QPs will need to appoint agents in each jurisdiction in which they provide services, even sporadically.

This will, in turn, impose a significant administrative and financial burden on all QPs, including those in Canada, who will need to appoint agents in other jurisdictions in which they are engaged to provide expert reports. AIG believes that this may make experts less likely to be prepared to act as QPs, or may lead them to increase what they charge if they choose to act, particularly where they are only engaged to complete a single assignment in the jurisdiction.

AIG is also very concerned at the contents of an article written by Canadian law firm Fraser Milner Casgrain (FMC Law), in which it is suggested that where a QP is consulting on behalf of a firm or company in a particular Canadian jurisdiction, (say, British Columbia), that firm or company may be required to register in that jurisdiction as if it is carrying on business in that jurisdiction. If this is the case, it would impose a significant and additional financial burden on the firm or company in complying with the various financial reporting and taxation requirements imposed on firms and companies within the jurisdiction.

There is also the potential that a QP engaged to consult in, for example, British Columbia, would be required to register under any legislation in the jurisdiction, prior to accepting any consulting engagement. FMC Law has provided the Professional Engineers and Geoscientists Act in British Columbia as an example of this.

3.2 Submission to the Jurisdiction

The justification for requiring QPs to submit to the jurisdiction, and so removing what may at times represent a barrier to plaintiffs in Canada from bringing civil actions against QPs, raises two key concerns:

a) practicalities of its implementation – at this stage, it is not sufficiently clear how this will be implemented and any consequences that may arise as a result of these mechanisms; and,

b) whether the proposed amendments will have the practical consequence of encouraging plaintiffs to bring action against foreign entities with the expectation that they will be a “soft” settlement target because of their desire not to litigate in an unknown jurisdiction. Again, while this may be difficult to accept in a Canadian context, if this requirement is applied in multiple jurisdictions, one can well imagine how it will act as a practical disincentive to QP’s providing their services in those jurisdictions.

While AIG is open to mechanisms which may provide Canadian investors with comfort in this regard, it considers that the need for, and preferred mechanisms, of the proposed reform should be carefully considered before implementation.

4. AIG's Concerns

We contend that the proposed changes to 41-101 would create significant and unnecessary impediments to AIG members operating in Canada, especially QPs who act as independent, self-employed consultants and contractors, or are employed by small companies.

AIG is concerned that if its members are faced with a significant financial burden either to permit them to consult in foreign jurisdictions, or expose them to significant cost and legal uncertainty following the provision of their services, they will be disinclined to provide services in those foreign jurisdictions.

This will inevitably affect the Canadian mining industry in reducing the number of QPs willing to act in the jurisdiction.

Canadian companies participate in a global exploration and mining industry where it is frequently necessary for companies to use foreign QPs in overseas countries where they elect to pursue exploration, project development and acquisition opportunities. The proposed changes may have the unintended effect of restricting access to QPs to support overseas business activities of Canadian companies.

The proposal also has the potential to disrupt the international system of mutual recognition of professional qualifications established by QPs and their representative bodies over the past 20 years. This system is backed by the Committee for Mineral Reserves International Reporting Standards (CRIRSCO) and the Recognised Overseas Professional Organisations (ROPO) system.

The CRIRSCO is a representative body formed in 1994 and made up of representatives that are responsible for developing mineral reporting codes and guidelines in Australasia (JORC), Canada (CIM), Chile (National Committee), Europe (National Committee PERC), South Africa (SAMREC) and the USA (SME). The aim of CRIRSO is to promote high standards of reporting of mineral deposit estimates and of exploration progress.

The ROPO system also ensures a consistent and reliable guide to quality of QPs.

AIG strongly supports the concept of the QP or CP embodied in the family of the Committee for Mineral Reserves International Reporting Standards (CRIRSCO) compliant codes provides a high level of confidence that public reporting is transparent, material and correct. CRIRSCO is a representative body formed in 1994 and made up of representatives that are responsible for developing mineral reporting codes and guidelines in Australasia (JORC), Canada (CIM), Chile (National Committee), Europe (National Committee PERC), South Africa (SAMREC) and the USA (SME). The Recognised Overseas Professional Organisations (ROPO) system ensures a consistent and reliable guide to the quality of QPs.

The CRIRSCO/ROPO values and safeguards deliver a robust chain of accountability. Complaints against QPs are rare, and resort to legal action is even rarer – the proposed changes appear to be targeting a problem that does not exist. Given this, the benefits of finding and appointing agents in Canadian jurisdictions does not support the costs the exercise and AIG believes it is quite likely that it will result in unintended consequences detrimental to the Canadian capital markets as discussed above.

As with kindred bodies globally, the AIG is a strong supporter of CRIRSCO's efforts to bring consistency and stability within mining markets through promulgation of

standard reporting practices for Exploration Information, Mineral Resources and Mineral Reserves, using QPs that can freely practice within many countries.

The CSA's proposed requirements could likely result in equivalent regulations elsewhere (whether seen as retaliatory or simply to mimic the reform), further eroding the CRIRSCO reporting systems in both countries with existing CRIRSCO codes and in emerging markets which are looking to CRIRSCO and its members for assistance in developing their own reporting codes.

The underlying concept of the proposed changes – direct legal liability of QPs – is in our view an unnecessary and overly burdensome change. The responsibility for a prospectus must remain with the Issuer, not individual contributors. There is a very well established and functionally system already in place internationally to ensure that QPs are both personally liable to the Issuer for their reports and also subject to disciplinary sanctions from their professional body if they breach their obligations to their Code of Ethics.

We appreciate the opportunity to comment upon the proposed changes, and invite the CSA to engage further with the international geoscience community, including AIG, to ensure that the proposed amendments do not result in any unintended consequences for the Canadian or the international market.

The view of AIG, however, is that these proposed amendments have potential to restrict the practice of QPs generally, and particularly QPs from overseas jurisdictions. This will act to limit the ability of Canadian companies operating within a global industry to access appropriate professional services outside Canada, ultimately affecting their ability to comply with NI 43-101 and ensure investors benefit from the most appropriate and best quality advice available, in conflict with the principle objective of NI 43-101.

Yours sincerely,

Andrew Waltho
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October 20, 2011

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Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
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Autorité des marchés financiers
New Brunswick Securities Commission
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

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Dear Sirs/Mesdames:

Proposed Amendments to National Instrument 41-101 (NI 41-101), National Instrument 44-101 (NI 44-101) , National Instrument 44-102 (NI 44-102) and National Instrument 81-101 (NI 81-101)

This letter is provided to you in response to the Notice and Request for Comments – Proposed Amendments to NI 41-101, NI 44-101, NI 44-102, and NI 81-101 published at (2011) 34 OSCB (Supp-4). Defined terms used in the Notice and Request for Comments will be similarly used in this letter.

KEY PROPOSED AMENDMENT GENERALLY APPLICABLE TO ISSUERS

1. Foreign experts submission to jurisdiction:

We acknowledge the policy basis for the proposed extension of the requirement to file a non-issuer's submission to jurisdiction and appointment of an agent for service form to foreign experts, and appreciate that CSA Staff are soliciting comments on this potential change. In this regard, we have the following observations on this aspect of the proposal.

Firstly, given the potential impact of this change on firms and individuals that act as qualified persons in the mining context, we think it is important that this proposal dovetail with the recent beneficial amendments to National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") and National Instrument 44-101 – *Short Form Prospectus Distributions* ("NI 44-101").[1] As the CSA noted when those amendments were published for comment, qualified persons often work in remote locations and can be unreachable on short notice. The proposed change would appear to require a submission to jurisdiction form to be signed by a qualified person and filed each time a long form or short form prospectus is filed, even if the qualified person would otherwise not be required to provide an updated written consent (e.g., in a situation where the issuer is relying on the exemption in section 4.2(8) of NI 43-101 from the requirement to file an updated technical report). Accordingly, the proposed change would appear to run counter to some of the efforts of CSA Staff to reduce the burden on an issuer in the transactional context.

Secondly, we believe it is essential for CSA Staff to obtain comments on the proposed change from the consulting firms and other outside firms and individuals that act as qualified persons, since they are the persons who would be directly affected by the proposed change. For instance, it is unclear whether this change would affect such qualified persons' view of their potential liability exposure under Canadian securities laws, which in turn could impact the fees which outside qualified persons charge to issuers for their involvement in a transaction (e.g., for reviewing the disclosure summarizing the technical report, providing a consent, participating in due diligence sessions, etc.). While this change directly affects qualified persons, it could also indirectly affect issuers if transactions were to be impacted by the need to obtain a submission to jurisdiction form for a prospectus offering and if any incremental costs for doing so were to be passed on to the issuer.

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[1] For example, we refer to the recent amendments to NI 43-101 providing exemptions from the requirement to provide updated certificates and consents of qualified persons in respect of previously filed technical reports that are still current and meet applicable independence requirements, as well as the recent amendments to NI 44-101 allowing for the consulting firm that employed a qualified person to provide a consent for a technical report, in place of the qualified person, such as in a situation where the original qualified person is no longer with the firm.

2. **Time to file final prospectus:**

Based on our experience, we believe that the existing 90 day period and proposed new 180 day total period of time permitted to file a final prospectus in section 2.3 of NI 41-101 should not negatively impact a typical Canadian public offering. We note that the current 90 day period can sometimes be too short in the context of cross-border public offerings, such as in the case of an initial public offering in Canada and in the United States where a long form registration statement is being filed. This is because it can take longer than 90 days for an issuer to clear comments in the United States on its long form registration statement.

We think the 90 day period and proposed 180 day total period in section 2.3(1.2) is generally long enough to account for the time to clear comments in the United States, but we note that issuers may continue to require exemptive relief from time to time on cross-border offerings where the review of the corresponding registration statement in the United States will not allow for the Canadian final prospectus to be filed within the prescribed timeframes in Canada.

KEY PROPOSED AMENDMENTS APPLICABLE TO INVESTMENT FUNDS

1. **Leverage disclosure:**

We note that split share offerings do not consider preferred shares to be leverage like bank borrowings to which limitations are attached by a contract for example. The leverage is obtained by virtue of the ranking of these shares in the capital structure and there is no minimum or maximum amount of leverage required by their terms. The actual amount of leverage from time to time can vary dramatically based on the value of the portfolio after issuance. Accordingly, we do not believe this disclosure should apply to the preferred shares or securities of split corporations or trusts.

We thank you for the opportunity to provide our comments on the proposed amendments. If you have any questions or comments please contact Desmond Lee at 416-862-5945 or Andrew Aziz at 416-862-6840 concerning the proposed investment funds amendments.

Yours very truly,

Osler, Hoskin & Harcourt LLP

Osler, Hoskin & Harcourt LLP