

**FORM 45-103F2  
OFFERING MEMORANDUM  
FOR QUALIFYING ISSUERS**

**Date:** [Insert the date from the certificate page.]”

**The Issuer**

Name:

Head office:   Address:  
                  Phone #:  
                  E-mail address:  
                  Fax #:

Where currently listed or quoted? [e.g., TSE/CDNX]

**The Offering**

Securities offered:

Price per security:

Minimum/Maximum offering: [If there is no minimum state “\$0” as the minimum and also state: “You may be the only purchaser”.]

Payment terms:

Proposed closing date(s):

Tax consequences: “There are important tax consequences to these securities. See item 6.” [If tax consequences are not material, delete this item.]

Selling agent? [Yes/No. If yes, state “See item 7”. The name of the selling agent may also be stated.]

**Resale restrictions**

State: “You will be restricted from selling your securities for 4 months. See item 10”.

**Purchaser’s rights**

State: “You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel the agreement. See item 11”.

State in bold type:

**“No securities regulatory authority has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See item 8.”**

[All of the above information must appear on a single cover page.]

**Item 1 Use of Available Funds**

1.1 **Net Proceeds and Available Funds** - Using the following table, calculate and disclose the net proceeds of the offering and the funds which will be available to the issuer after this offering. If there is no minimum offering, state "\$0" as the minimum.

		Assuming min. offering	Assuming max. offering
A	Amount to be raised by this offering	\$	\$
B	Selling commissions and fees	\$	\$
C	Estimated Offering costs (e.g., legal, accounting, audit etc.)	\$	\$
D	Net proceeds: $D = A - (B+C)$	\$	\$
E	Current working capital (or working capital deficiency) of issuer as at [specify a date that is within 30 days of the certificate to the offering memorandum]	\$	\$
F	Available funds: $F = D + E$	\$	\$

1.2 **Use of Available Funds** - Using the following table, provide a detailed breakdown of how the issuer will use the available funds.

Description of intended use of available funds listed in order of priority.	Assuming min. offering	Assuming max. offering
	\$	\$
	\$	\$

1.3 **Reallocation** - The proceeds of this offering must be used for the purposes disclosed in the offering memorandum. The board of directors can reallocate the proceeds to other uses only for sound business reasons. If the available funds may be reallocated, include the following statement:

“We intend to spend the available funds as stated. We will reallocate funds only for sound business reasons.”

1.4 **Insufficient Proceeds** - If applicable, disclose that the proceeds of this offering either may not or will not be sufficient to accomplish all of the issuer’s proposed objectives and there is no assurance that alternative financing will be available.

**Item 2 Information About** [insert name of issuer or other term used to refer to issuer]

2.1 **Business Summary** - Briefly (in one or two paragraphs) describe the business intended to be carried on by the issuer over the next 12 months. State whether this represents a change of business. If the issuer is a non-resource issuer describe the products that the issuer is or will be developing or producing and the stage of development of each of the products. If the issuer is a natural resource issuer state whether the issuer’s principal properties are primarily in the exploration or in the development or production stage; what resources the issuer is engaged in exploring, developing or producing; and the locations of the issuer’s principal properties.

**2.2 Existing Documents Incorporated by Reference - State:**

“Information in the documents listed in the table below has been incorporated by reference into this offering memorandum from documents filed with securities regulatory authorities in Canada. The documents incorporated by reference are available for viewing on the SEDAR website at [www.sedar.com](http://www.sedar.com). In addition, copies of the documents may be obtained on request without charge from [insert complete address and telephone and the name of a contact person].

Documents listed in the table and information provided in those documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement in the offering memorandum or any other subsequently filed document that is also incorporated by reference in the offering memorandum.”

Using the following table, list all of the documents incorporated by reference (as required by C.2.2):

Description of document (In the case of material change reports, provide a brief description of the nature of the material change.)	Date of document

**2.3 Existing Documents Not Incorporated by Reference - State:**

“Other documents available on the SEDAR website, for example, most press releases, take-over bid circulars, prospectuses and rights offering circulars are not incorporated by reference into this offering memorandum unless they are specifically referenced in the table above. You are cautioned that your rights as described in item 11 of this offering memorandum only apply to information contained in this offering memorandum and documents or information incorporated by reference.”

**2.4 Existing Information Not Incorporated by Reference - Certain specified information (as outlined in Instruction C.2.4) contained in the documents incorporated by reference may be, but is not required to be, incorporated by reference into the offering memorandum. If the issuer does not wish to incorporate that information into the offering memorandum, the issuer must state that and include a statement in the offering memorandum identifying:**

- (a) the information that is not being incorporated by reference, and
- (b) the document in which the information is contained.

**2.5 Future Documents Not Incorporated by Reference - State:**

“Documents filed after the date of the offering memorandum are not deemed to be incorporated into this offering memorandum. However, if you subscribe for securities and an event occurs or there is a change in our business or affairs that makes the certificate to this offering memorandum no longer true, we will provide you with an update of the offering memorandum, including a newly dated and signed certificate, and will not accept your subscription until you have re-signed the agreement to purchase the securities.”

### Item 3 Directors, Officers, Promoters and Principal Holders

3.1. Using the following table, provide information about each director, senior officer, promoter and each person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of the issuer (a “principal holder”). If the principal holder is not an individual, state in a note to the table the name of any person or company that directly or indirectly beneficially owns or controls more than 50% of the voting rights of the principal holder.

Name and municipality of principal residence	Position(s) with the issuer

3.2 State: “You can obtain further information about directors and senior officers from [insert the name and date of the document(s) with the most current information, e.g., management information circular, annual information form or material change report].”

3.3 State: “Current information regarding the securities held by directors, senior officers and principal holders can be obtained from [insert a reference to the SEDI website at [www.sedi.ca](http://www.sedi.ca) or, if information cannot be obtained from the SEDI website, refer to the securities regulatory authority(ies) from which the information can be obtained, including any website(s)]. [Insert name of issuer or other term used to refer to issuer] can not guarantee the accuracy of the information available from [refer to the SEDI website or other source referred to above].”

### Item 4 Capital Structure

Using the following table provide disclosure of the issuer’s authorized and outstanding securities (including options, warrants and other securities convertible into shares) as at a specified date within 30 days prior to the date of the offering memorandum and assuming the minimum and maximum offering. If necessary to describe the material terms of the securities, notes to the table may be added.

Description of security	Number authorized to be issued	Number outstanding as at [insert date]	Number outstanding assuming min. offering	Number outstanding assuming max. offering

### Item 5 Securities Offered

5.1 **Terms of Securities** - Describe the material terms of the securities being offered, including:

- (a) voting rights or restrictions on voting,
- (b) conversion or exercise price and date of expiry,

- (c) rights of redemption or retraction, and
- (d) interest rates or dividend rates.

**5.2 Subscription Procedure -**

- (a) Describe how a purchaser can subscribe for the securities and the method of payment.
- (b) State that the consideration will be held in trust and the period that it will be held (refer at least to the mandatory two day period).
- (c) Disclose any conditions to closing. If there is a minimum offering that must be met, disclose when consideration will be returned to purchasers if the minimum is not met.

**Item 6 Income Tax Consequences**

- 6.1 State: "You should consult your own professional advisers to obtain advice on the tax consequences that apply to you".
- 6.2 If income tax consequences are a material aspect of the securities being offered (e.g., flow-through shares), provide
  - (a) a summary of the significant income tax consequences to Canadian residents, and
  - (b) the name of the person providing the tax disclosure in (a).

**Item 7 Compensation Paid to Sellers and Finders**

If any person or company has or will receive any compensation (e.g., commission, corporate finance fee, finder's fee, etc.) in connection with the offering, provide the following information to the extent applicable:

- (a) a description of each type of compensation and the estimated amount to be paid for each type,
- (b) if a commission is being paid, the percentage that the commission will represent of the gross proceeds of the offering (assuming both the minimum and maximum offering),
- (c) details of any broker's warrants or agent's option (including number of securities under option, exercise price and expiry date), and
- (d) if any portion of the compensation will be paid in securities, details of the securities (including number, type and if options or warrants, the exercise price and expiry date).

**Item 8 Risk Factors**

Describe in order of importance (starting with the most important) the risk factors material to the issuer that a reasonable investor would consider important in deciding whether to buy the issuer's securities.

Risk factors will generally fall in to the following three categories:

- (a) Investment Risk - risks that are specific to the securities being offered. Some examples include
  - ! arbitrary determination of price,

- ! no market or an illiquid market for the securities,
  - ! resale restrictions, and
  - ! subordination of debt securities.
- (b) Issuer Risk - risks that are specific to the issuer. Some examples include
- ! insufficient funds to accomplish the issuer's business objectives,
  - ! no history or a limited history of sales or profits,
  - ! lack of specific management or technical expertise,
  - ! management's regulatory and business track record,
  - ! dependence on key employees, suppliers or agreements,
  - ! litigation, and
  - ! political risk factors.
- (c) Industry Risk - risks faced by the issuer because of the industry in which it operates. Some examples include
- ! environmental and industry regulation,
  - ! product obsolescence, and
  - ! competition.

## Item 9 Reporting Obligations

- 9.1 Disclose the documents that will be sent to purchasers on an annual or on-going basis.
- 9.2 If corporate or securities information about the issuer is available from a government, regulatory authority, SRO or quotation and trade reporting system, disclose where that information can be located (including website address).

## Item 10 Resale Restrictions

- 10.1 State:
- "These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the distribution date."

## Item 11 Purchaser's Rights

State the following:

"If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

1. **Two Day Cancellation Right** - You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2<sup>nd</sup> business day after you sign the agreement to buy the securities.

2. **Statutory Rights in the Event of a Misrepresentation** - [Insert this section only if the securities legislation of the jurisdiction in which the trade occurs provides purchasers with statutory rights in the event of a misrepresentation in this offering memorandum. Modify the language, if necessary, to conform to the statutory rights.] If there is a misrepresentation in this offering memorandum, you have a statutory right to sue:
- (a) [name of issuer or other term used to refer to issuer] to cancel your agreement to buy these securities, or
  - (b) for damages against [State the name of issuer or other term used to refer to issuer and the title of any other person or company against whom the rights are available].

This statutory right to sue is available to you without regard to whether you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, there is a defence if you had knowledge of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in 2(a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within [state time period provided by the securities legislation]. You must commence your action for damages within [state time period provided by the securities legislation].

3. **Contractual Rights of Action in the Event of a Misrepresentation** - [Insert this section only if the securities legislation of the jurisdiction in which the trade occurs does not provide purchasers with statutory rights in the event of a misrepresentation in this offering memorandum.] If there is a misrepresentation in this offering memorandum, you have a contractual right to sue [name issuer or other term used to refer to issuer.]:
- (a) to cancel your agreement to buy these securities, or
  - (b) for damages.

This contractual right to sue is available to you without regard to whether you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that [name of issuer or other term used to refer to issuer] proves does not represent the depreciation in value of the securities resulting from the misrepresentation. [name of issuer or other term used to refer to issuer] has a defence if it proves that you had knowledge of the misrepresentation when you purchased the securities.

If you intend to rely on the contractual rights of action described in 3(a) or 3(b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you signed the agreement to purchase the securities.”

[If the trade occurs in Alberta, insert the following additional statement:

“[name of issuer or other term used to refer to issuer] acknowledges that the limitation period described above extends the limitation period provided by the *Limitations Act* (Alberta) and agrees to the extension.”]

**Item 12      Date and Certificate**

State the following on the certificate page of the offering memorandum:

“Dated [insert the date the certificate page of the offering memorandum is signed].

**This offering memorandum does not contain a misrepresentation.”**

The certificate must be signed by

- (a) the chief executive officer and the chief financial officer of the issuer (or, if the issuer does not have a chief executive officer or a chief financial officer, a person acting in that capacity),
- (b) on behalf of the directors of the issuer
  - (i) by any two directors who are authorized to sign other than the persons referred to in paragraph (a), or
  - (ii) by all the directors of the issuer, and
- (c) by each promoter of the issuer.



Instructions for Completing  
Form 45-103F2  
OFFERING MEMORANDUM FOR QUALIFYING ISSUERS

**A. General Instructions**

1. Only a “qualifying issuer” as defined in Multilateral Instrument 45-102 *Resale of Securities* (MI 45-102) may use this form.
2. An issuer using this form must incorporate by reference certain parts of its existing continuous disclosure base. An issuer that does not want to incorporate its existing continuous disclosure base into this form can only use Offering Memorandum Form 45-103F1.
3. Draft the offering memorandum so that it is easy to read and understand. Be concise and use clear, plain language. Avoid technical terms. If technical terms are necessary, provide a definition.
4. The issuer must address the items required by the form in the order set out in the form. However, it is not necessary to provide disclosure about an item that does not apply.
5. The issuer may include additional information in the form. However, the offering memorandum is generally not required to contain the level of detail and extent of disclosure required by a prospectus.
6. The issuer may wrap the offering memorandum around a prospectus or similar document. However, all matters required to be disclosed by the offering memorandum must be addressed and the offering memorandum must provide a cross-reference to the page number or heading in the wrapped document where the relevant information is contained. The certificate to the offering memorandum must be modified to indicate that the offering memorandum, including the document around which it is wrapped, does not contain a misrepresentation.
7. It is an offence to make a “misrepresentation” in the offering memorandum. This applies both to information that is required by the form and any additional information that is provided in the offering memorandum.
8. If the issuer is a limited partnership or trust, where the offering memorandum form requires disclosure about “directors”, provide disclosure for the general partner(s) and trustee(s). If a general partner or trustee is a corporation state the names of the directors of the general partner or trustee.
9. Issuers with mineral projects should refer to National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) when disclosing scientific or technical information for a mineral project of the issuer.
10. Securities legislation restricts what can be told to investors about the issuer’s intent to list or quote securities on an exchange or market. Refer to applicable securities legislation before making any such statements.

11. If an issuer uses this form in connection with a distribution under an exemption, other than section 4.1 of Multilateral Instrument 45-103 *Capital Raising Exemptions*, the issuer must modify the disclosure in item 11 to correctly describe the purchaser's rights. If a purchaser does not have statutory or contractual rights of action in the event of a misrepresentation in the offering memorandum, that fact must be stated in bold on the face page.

## **B. Financial Statements**

1. Any financial statements incorporated by reference into the offering memorandum must be prepared in accordance with Canadian generally accepted accounting principles. Any audit must be conducted in accordance with Canadian generally accepted auditing standards.
2. The issuer should refer to National Policy 48 *Future Oriented Financial Information*, or any successor instrument, if future oriented financial information is included in the offering memorandum.
3. If the issuer is a limited partnership, include the issuer must include in the offering memorandum financial statements of the general partner and, if the limited partnership has active operations, of the limited partnership.

## **C. Required Updates to the Offering Memorandum**

1. If the offering memorandum does not incorporate by reference either
  - (a) the audited financial statements for the issuer's most recently completed financial year (including the audit report), or
  - (b) the issuer's current AIF (as defined in MI 45-102),update the offering memorandum to incorporate by reference the document as soon as the document is filed on SEDAR but in any event no later than the 120<sup>th</sup> day following the financial year end.
2. Except for documents referred to in C.1, the offering memorandum does not have to be updated to incorporate by reference interim financial statements or other documents referred to in D.2.2 unless it is necessary to do so to prevent the offering memorandum from containing a misrepresentation.

## **D. Specific Instructions**

### **Item 2: Information about the Issuer**

- 2.2 ***Existing Documents Incorporated by Reference*** - In addition to any other document that an issuer may choose to incorporate by reference, the issuer must incorporate the following documents:
  - (a) the issuer's current AIF (as defined in MI 45-102),
  - (b) material change reports, except confidential material change reports, filed after the commencement of the issuer's current financial year,
  - (c) the interim financial statements for the issuer's most recently completed financial period for which the issuer prepares interim financial statements that are required

- to be filed,
- (d) the financial statements, together with the accompanying report of the auditor, for the issuer's most recently completed financial year for which annual financial statements are required to be filed,
  - (e) if, before the offering memorandum is filed, financial information about the issuer for a financial period more recent than the period for which financial statements are required under 2.2(c) and (d) is publicly disseminated by, or on behalf of, the issuer through news release or otherwise, the content of the news release or public communication,
  - (f) management's discussion and analysis (MD&A) for the annual comparative financial statements referred to in 2.2(d),
  - (g) MD&A for the issuer's interim financial statements, to the extent that the issuer is required to file interim MD&A with a Canadian securities regulatory authority,
  - (h) except as provided in D.2.4, information circulars, or, if the issuer is not required under securities legislation to prepare information circulars, annual filings that, in each case, are required to have been filed after the commencement of the issuer's current financial year,
  - (i) if the issuer has a mineral project, technical reports, certificates and consents required to be filed under NI 43-101 (or any successor instrument) that, in each case, are required to have been filed after the commencement of the issuer's current financial year, and
  - (j) on implementation of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (or any successor instrument), technical reports, certificates, consents and other documents that, in each case, are required under that instrument to have been filed after the commencement of the issuer's current financial year.

An issuer may incorporate any additional document provided that the document is available for viewing on the SEDAR website and that, on request by a purchaser, the issuer provides a copy of the document to the purchaser, without charge.

2.4 ***Existing Information Not Incorporated by Reference*** - An issuer is not required to incorporate by reference in an offering memorandum the disclosure required:

- (a) under securities legislation, in an information circular or annual filing of:
  - 1. the repricing downward of options or free standing stock appreciation rights,
  - 2. the composition of the compensation committee of the board of directors of the issuer and its report on executive compensation, and
  - 3. a graph comparing the yearly percentage change in the issuer's cumulative total shareholder return on publicly traded securities with the cumulative total return of a broad equity market index of a published industry or line-of-business index or other issuers,
- (b) by an exchange or other market on which the issuer's securities trade, in the issuer's information circular regarding the issuer's corporate governance practices.