

A.S.C. POLICY 2.5
DORMANT COMPANIES: APPLICATIONS FOR EXEMPTION FROM
QUARTERLY INTERIM FINANCIAL STATEMENTS REQUIREMENTS

1. PURPOSE OF POLICY

1.1 Reporting issuers are required, pursuant to the provisions of sections 120(l) and 122 of the Alberta Securities Act (the "Act"), to prepare and mail security holders and file with the Alberta Securities Commission (the "Commission") quarterly unaudited comparative interim financial statements. The Commission recognizes that, in the case of dormant issuers, particularly junior natural resource issuers whose funds have largely been spent and whose management may be awaiting changed or suitable conditions to reactivate operations and obtain additional financing, interim financial statements provide little in the way of useful information to security holders and other investors. The money spent on preparation, printing and mailing these statements might more usefully be retained for other needs. The security holders and investors will continue to receive the benefit of the annual audited financial statements and informational statements.

2. APPLICATION FOR EXEMPTION

2.1 If management can demonstrate that the preparation and mailing of the issuer's quarterly unaudited comparative financial statements will not be of significant benefit to security holders and investors and represents a material financial burden to the issuer, an application may be made by the issuer for an order under section 123(b)(iii) of the Act exempting the applicant from the requirement to produce, mail to security holders and file with the Commission quarterly unaudited comparative financial statements. To assist the Director of the Commission in reaching the conclusion that an exemption should be granted, the application should be accompanied by:

2.1.1 a statutory declaration made by the chief executive officer disclosing that:

2.1.1.1 working capital is less than \$25,000;

2.1.1.2 the issuer is inactive or dormant, describing briefly the nature, extent and value of its assets and an estimate of the expenditures required during the coming year in order to keep the issuer in good standing and to preserve its assets;

2.1.1.3 the issuer has no present plans to obtain further assets, to explore or develop any property or other assets held, or to seek additional financing for any purpose; there are no material facts

concerning the issuer which have not been furnished to its security holders and the Commission; and

2.1.1.4 there are no material facts concerning the issuer which have not been furnished to its security holders and the Commission; and

2.1.1.5 the issuer is not listed on a stock exchange.

2.1.2 an acknowledgement signed by all the issuer's senior officers and directors stating they will forthwith advise the Commission of any significant change in the foregoing circumstances or any material change in the issuer's affairs.

2.2 When and as long as the conditions in item 2.1.1 exist, the issuer will be considered an inactive or dormant issuer for the purpose of an application for an order under section 123(b)(iii) of the Act. No fee is payable upon such application.

3. THE ORDER

3.1 The Director of the Commission, upon being satisfied that in the circumstances an order might issue, will condition the order so that it will terminate immediately upon there being any significant change in the circumstances of item 2.1.1 or any material change in the issuer's affairs. A change in the senior officers, directors or controlling security holders will be viewed as such a change. These changes will not prevent an immediate and further application to extend the exemption on similar grounds.

3.2 In addition, the Director of the Commission will condition an order to the effect that the directors and senior officers of the issuer shall advise the Director, in writing, within 60 days after the end of each quarter, whether there has been a significant change in the circumstances set forth in item 3.1.1 or any material change in the issuer's affairs since the issuance of the order.

4. ANNUAL STATEMENTS AND PROXY SOLICITATION MATERIAL

4.1 The Commission will not normally grant an order exempting the filing and distribution of annual financial statements and proxy solicitation material because these disclosure documents are the cornerstone of continuing security holder and investor protection.

Effective date: March 15, 1987