A.S.C. POLICY 4.1
JUNIOR NATURAL RESOURCE ISSUERS

1. PROCEEDS FROM OFFERING

1.1 If an issuer intends to list its shares on a stock exchange, the minimum offering price per share or unit shall be sufficient to meet the listing requirements of the stock exchange. It is the responsibility of the issuer to ensure that it meets the listing requirements of the exchange on which it wishes to list.

1.2 The selling or underwriting commission or fee (including securities taken in lieu of cash) on an underwritten offering, a guaranteed offering, or a best efforts offering shall not exceed 25% of the offering price to the public.

1.3 The issuer shall have a property and the minimum subscription raised shall be sufficient to carry out the first phase of a work program on that property as recommended by an engineer's or geologist's report prepared in accordance with National Policy 2A or 2B. Not more than 40% of the gross amount subscribed by the public shall be used to defray selling commissions, other expenses of issue and administrative and general overhead expenses of the issuer.

1.4 Proceeds raised in excess of the minimum subscription and up to the maximum subscription should be allocated substantially for a recommended extension or further phase, if warranted, of the work program on the property referred to in item 1.3 or for another recommended work program on another property supported by an engineer's or geologist's report as referred to in item 1.3, or for which such report will be obtained, and at least 50% of the excess proceeds must be committed to a work program on a property. In respect of any portion of the excess proceeds not so allocated, details shall be given as to how such unallocated proceeds are intended to be applied. Issuers should refer to the instructions to Item 5 of Form 14 of the Regulations under the Alberta Securities Act for further guidance.

1.5 Securities of a junior natural resource issuer should not be offered to the public primarily for the purpose of raising funds to settle debt incurred in connection with a prior exploration and/or a development program unless the issuer can demonstrate that it has achieved successful results from that program and/or holds other significant property. For greater clarification, a portion of the proceeds from a distribution of securities to the public may, in the discretion of the Director, be used to settle debt incurred in such prior program if an engineer's or geologist's report prepared in accordance with National Policy 2A or 2B as the case may be

1.5.1 recommends, in the case of a junior mining issuer, further exploration and/or development work on that property, or

1.5.2 substantiates, in the case of a junior oil and gas issuer, that the discounted value of

1.5.2.1 reserves established by the program, and

1.5.2.2 other reserves of the issuer

together with the value of any unexplored or undeveloped acreage of the issuer significantly exceeds such debt.

Issuers may wish to seek further clarification through discussion on this matter at a pre-filing conference with the Deputy Director, Securities.

1.6 Proceeds raised through a best efforts offering must be deposited with and held by a trustee, acceptable to the Director, which will usually be a licensed trust company.

1.7 Proceeds from subscriptions for securities on a best efforts basis shall be deposited by the agent with the trustee at least weekly.

1.8 The trustee shall not release the proceeds to the issuer until the required minimum subscription has been reached.

1.9 The agreement with the trustee shall be in writing and a manually signed or notarially certified copy of the agreement shall be filed with the prospectus.

1.10 If a unit offering to the public includes a share purchase warrant, the total number of shares which may be issued pursuant to the exercise of such warrants shall not exceed the total number of shares issued as part of the unit offering.

1.11 A warrant in a unit offering to the public must be exercised at a price higher than the offering price of the share to the public.

1.12 The exercise period of a warrant referred to in item 1.11 shall not exceed one year from the date of the prospectus.

1.13 Issuance of a piggyback warrant upon exercise of a warrant referred to in item 1. 11 is not permitted.

2. OPTIONS TO UNDERWRITERS

2.1 As an incentive to an underwriter for agreeing to purchase an offering as principal and thereby assuming the full risk of an underwriting, an option to purchase additional shares may be granted to an underwriter. The option shall be granted only when, under the terms of the underwriting agreement, the underwriter assumes a commitment to purchase the offering.

2.2 Not more than 1 option may be granted to the underwriter, which option shall be non-transferable.

2.3 The total number of shares subject to an option shall not exceed 50% of the shares underwritten.

2.4 The exercise price per share under an option shall be higher than the offering price per share to the public of the underwritten shares by not less than:

2.4.1 5¢ per share if the offering price is up to and including 500 per share;

2.4.2 10¢ per share if the offering price is above 500 per share and up to and including $1.00 per share;

2.4.3 25¢ per share if the offering price is above $1.00 per share.

2.5 The underwriter must exercise an option in full and make payment forthwith to the issuer when the shares on any stock exchange on which the shares are listed have traded above the "limit" price defined as follows:

If the option price per share is	*The limit price is the following percentage of the option price*
- less than $.50	200%
- not less than $.50 and under $1.00	175
- not less than $1.00 and under $2.00	160
- not less than $2.00 and under $3.00	150
- not less than $3.00 and under $4.00	140
- not less than $4.00	130

2.6 Shares of an issuer, listed or intended to be listed on a stock exchange, obtained by an underwriter through exercise of an option must be immediately offered to the public.

2.7 If the shares obtained by an underwriter through exercise of an option are sold to the public at a price in excess of the limit price, at least 60% of the excess shall be paid to the issuer and the remainder retained by the underwriter.

2.8 The exercise period of an option shall not be longer than 180 days following the date of the prospectus but, upon application to the Director, an extension of the exercise period may be permitted under special circumstances at the discretion of the Director provided, however, that the exercise period and any extension granted shall not exceed one year from the date of the prospectus.

2.9 If an option has been granted to an underwriter, the face page of the prospectus shall disclose that fact, the expiration date, number of shares optioned, option price per share, and proceeds to be paid to the issuer if the option is exercised.

2.10 The "use of proceeds" section of the prospectus shall state the proceeds to be received by the issuer if the option is exercised, the principal purposes for which the proceeds are to be used and the approximate amount intended to be used for each purpose. Reference should be made to item 1.4 of this policy for guidance on the purposes for which the proceeds are to be used.

3. WARRANTS TO AGENTS

3.1 In a best efforts offering, an agent contracts with the issuer to give his best efforts to sell the issue and expects to be able to distribute the offering successfully, but does not agree to purchase the securities as principal. There are two types of best efforts offerings:

3.1.1 an offering without a guarantee by an agent (a non-guaranteed offering) and

3.1.2 an offering whereby the agent guarantees to purchase from the issuer all the shares or units unsubscribed for in an offering of shares or units (a guaranteed offering).

3.2 An agent may be granted a non-transferable share purchase warrant entitling it to subscribe for

3.2.1 25% in the case of a guaranteed offering, or

3.2.2 10% in the case of a non-guaranteed offering of the total number of shares in the share or unit offering.

3.3 Issuance of a piggyback warrant upon exercise of a non-transferable share purchase warrant referred to in item 3.1 is not permitted.

3.4 The exercise price per share under a warrant to the agent shall be higher than the offering price per share to the public. In the case of a unit offering, the price per share to the public shall be computed by dividing the number of shares in a unit into the unit offering price. The exercise price per share under a nontransferable share purchase warrant shall not be less than the exercise price per share under a transferable share purchase warrant issued to the public pursuant to the prospectus.

3.5 The exercise period of a non-transferable warrant shall be set out in the prospectus, which period shall be the same as for transferable warrants issued to the public pursuant to the prospectus. The exercise period shall be not longer than the earlier of 1 year from the date of the prospectus or 180 days from the day on which the shares of the issuer are listed.

3.6 If the agent sells any shares acquired through exercising its non-transferable warrant when the market price on any stock exchange on which such shares are listed exceeds the limit price set out in item 2.5 but calculated as a percentage of the exercise price, at least 60% of the excess shall be paid to the issuer and the remainder retained by the agent.

3.7 The "use of proceeds" section of the prospectus shall state the principal purposes for which the proceeds, which may be received by the issuer from the exercise of a non-transferable warrant, will be expended and the approximate amount intended to be used for each purpose. Reference should be made to item 1.4 of this policy for guidance on the purposes for which the proceeds are to be expended.

3.8 The face page of the prospectus shall disclose details of an agent's nontransferable warrant including the maximum number of shares issuable thereunder, the exercise price per share, and the expiry date of the warrant.

Effective date: March 15, 1987